



Date: 20 January 2022

Regarding: Minimum wage underpayment in Karnataka and Sindh

Dear Brand,

I am writing on behalf of the Clean Clothes Campaign (CCC) about minimum wage underpayment in both Karnataka, India and Sindh, Pakistan. We would like to request your assistance in ensuring the law is respected and that workers, who are owed a significant debt by this point, receive the full wage arrears they are due.

As I'm sure you are aware, the [Guardian article](#) from December last year, based on research from the Workers' Rights Consortium, brought to light worker reports in Karnataka about how the lack of respect for the new minimum wage law from April 2020 was impacting on families – inability to cover basic living costs such as rent and food, and children going hungry. The 'theft' of workers' wages is mounting month on month. A [calculator](#) put together by the WRC now has wages owed to workers in Karnataka at \$57 million US. A similar situation is being [reported](#) in Sindh, Pakistan. The 40% minimum wage hike announced in July 2021 was much needed, following [reports](#) around that time that 81 percent of Pakistani garment workers had said that cost of living increases and wage stagnation had pushed them below the poverty line. Yet in a similar fashion in Karnataka, suppliers have failed to respect the new minimum wage payment and worker protest and legal battles have followed.

We are aware of the legal complications that are being brought to stall the minimum wage increases for as long as possible. However, in India, Karnataka High Court's [September 2020 order](#) declaring postponement of payment of the VDA increase as illegal, and the High Court's [July 2021 reaffirmation of that order](#), stating that employers must implement the increase and pay the arrears immediately, are the standing legal situation by law.

In Pakistan, the situation is more complicated. While the Sindh High Court [upheld the minimum wage](#) increase on October 15, stating that workers were owed the new minimum retroactively from 1 July 2021, employers appealed this in the Supreme Court, who are setting up a 3 judge bench to hear the matter this month. The final judgement is expected in January; however an interim order has been issued by the Supreme Court, stating that employers must pay arrears to workers, at between 19,000-20,000 rupees per month.

As I am sure you are aware your code of conduct says that at a very minimum you will ensure national minimum wage law is respected, not to mention the aspiration to achieve a living income for workers. These minimum wage revisions have been put in

place in both India and Pakistan due to the cost of living inflating so fast, and are long overdue for many workers who have been reporting the inability to buy nutritious food for their families due wages not covering the bear minimum. Regardless of the outcome of the court processes in both countries it is your stated duty to ensure suppliers pay wages that cover workers basic needs. The urgency of this situation is clear. The UNGPs further mandate your company to ensure respect for, and remedy for violations of, human rights including the right to a minimum living wage.

We would hope that your company will, as a minimum: a) make a clear statement to all suppliers in Karnataka and Sindh that they must pay the legally mandated increases in VDA and minimum wage respectively, and all arrears back to the date of their inceptions (April 2020 and July 2021); b) ensure your purchasing practices cover a ringfenced sum for the new minimum rates, to allow suppliers to pay the legal minimums, and state this intention to suppliers in your buying process; c) engage with suppliers to help them provide back pay to workers to cover the arrears owed, if necessary offering finance and financial support to make this happen; d) report clearly and transparently on your action on this topic, so other companies, supplier federations and local government officials can see you taking leadership.

We've been in touch with the ETI and had an update about their work. We support collective efforts on diplomacy with the Labour Commissioner in Karnataka, but we hope that you will also be taking concrete steps with your direct suppliers to ensure payment reaches workers as soon as possible.

Please do let us know your response and the action you are taking with your suppliers in both Karnataka and Sindh to ensure that workers receive the payment of the revised minimum wages and the arrears they are owed. In particular:

- a) If you acknowledge that suppliers have an obligation to pay the minimum wage increase in both Karnataka and Sindh
- b) If you have already taken steps to ensure the new legal minimums are paid in your suppliers in both locations
- c) If this work has addressed the purchasing practices and supplier finance repercussions.
- d) If you are ensuring that workers receive a lump sum for all the arrears they are owed back to the date of the new minimums.

I'm aware you may have been contacted by multiple parties about the situation in Karnataka. We would like to raise the Sindh situation in particular as it is developing and needs attention. This is a matter of urgency as expressed above so we hope you can act quickly to ensure these workers aren't left destitute for far longer.

Yours Sincerely,



Anna Bryher
Labour Behind the Label