

January 19, 2022

The Honorable Rajesh Masand  
President  
The Clothing Manufacturers Association of India (CMAI)  
[info@cmαι.in](mailto:info@cmαι.in); [bglr@cmαι.in](mailto:bglr@cmαι.in)

**SUBJECT: Buyer Expectation on Payment of Dearness Allowance in Karnataka State**

Dear Mr. Masand:

On behalf of the American Apparel & Footwear Association (AAFA), I am writing to urge your members to immediately pay their workers in Karnataka State the legally mandated increases in the Variable Dearness Allowance (VDA) that were implemented in both April 2020 and March 2021. Further, our members expect any arrears owed to workers to be paid in full in a timely manner, but no later than March 2022.

Representing more than 1,000 world famous name brands, AAFA is the trusted public policy and political voice of the apparel and footwear industry, its management and shareholders, its three million U.S. workers, and its contribution of more than \$350 billion in annual U.S. retail sales. Our members source garments and shoes from all over the world, increasingly from India.

Thanks in large part to your leadership, U.S. garment imports from India have grown steadily over the last decade, surging 39.9% in the first 11 months of this year alone. That growth has been spurred by your industry's strong commitment to corporate social responsibility as well as the reliability of India as a major supplier. As a result, India is now the 4<sup>th</sup> largest supplier of garments to the U.S. market.

While we understand that a case on this issue remains pending before the Honourable High Court of Karnataka, legal experts agree that prior decisions by the High Court make clear that the increases in the dearness allowance are legally owed to workers. According to our calculation and understanding, based on the minimum wage increase for the period from April 1, 2021 to March 31, 2022 by Zones/skill levels of workers for Karnataka, a garment worker's legal minimum wage should include Basic Pay and Dearness Allowance of 40.02 Rs per day (1040.40 Rs per month) from April 1, 2021.

The ongoing uncertainty created by repeated delays in the High Court case and suppliers' steadfast refusal to pay the legally mandated dearness allowance, and all arrears owed, has not only put the reputation of our members at great risk but has begun to undermine our industry's long-standing, and growing, sourcing relationship with the state of Karnataka. In turn, the unending delays and continuing intransigence threaten the very economic livelihoods of thousands of garment workers in Karnataka State.

Therefore, I again strongly urge your members to immediately pay workers the legally mandated dearness allowance, as noted above, and pay any arrears owed to workers in full in a timely manner, but no later than March 2022.

Thank you for your time and consideration in this matter. Please contact Nate Herman of my staff at [nherman@aafaglobal.org](mailto:nherman@aafaglobal.org) if you have any questions or would like additional information.

Sincerely,



Steve Lamar  
President & CEO