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How India Cut Minimum Wages For Gulf-Bound Migrants In The Pandemic

In September 2020, the ministry of external affairs cut minimum wages for migrant workers recruited to six Arab Gulf countries, rolling back important wage reforms that helped secure armies of low-paid migrants a decent job in the Gulf. The result is Indians are working longer hours for less pay

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Window cleaners in the United Arab Emirates.

Bangalore: At a job interview last November, Roshan Dandugalla* was promised a 950-dirham cleaner's job (\$259 or Rs 18,910) at a major hospitality and cleaning firm in Abu Dhabi, United Arab Emirates. Hours before he got on the plane in December, his agent in Mumbai gave him a contract for 735 dirhams (\$200 or Rs 14,630).

"In the agreement, my salary was 735 dirhams," Roshan said. "The agent took my signature on the agreement but did not give me a copy."

Roshan's colleague, Arvind Karamkanti* went through the same ordeal: promised 950-dirhams, he signed a 735-dirham contract. Roshan's agent's excuse was that salaries had been lowered due to the pandemic.

In September 2020, when India's airspace was closed and recruitment shops shut, the [ministry of external affairs](#) issued two wage circulars ([here](#) and [here](#)) which effectively reduced the minimum monthly wages for migrants recruited to work in six Gulf countries by at least 20 to 50%.

The Indian government set minimum referral wages to protect wages of nationals in [18 "Emigration Check Required \(ECR\)" countries](#), places like Afghanistan, Saudi Arabia, Malaysia, Libya, where Indians are commonly recruited to work blue-collar jobs. Wage rates are notified by executive order following consultations with Indian missions and form a benchmark for foreign businesses hiring from India.

Wages in Bahrain, Oman, Qatar, United Arab Emirates (UAE) were slashed to \$200; in Saudi Arabia, to \$324; in Kuwait to \$196 for domestic

workers and \$245 for all other workers.

It is unclear why the Abu Dhabi company rolled back its initial offer. But the 735-dirham wage offered to Roshan and Arvind is \$200 and matches India's wage circular.

"A few years ago, when India increased its referral minimum wage, this Abu Dhabi company adhered to the changes, and increased wages," said Bheem Reddy, president, Emigrants Welfare Forum, a migrant rights non-profit.

The ministry of external affairs did not respond to an emailed list of questions sent on 8 January 2021 about the new minimum wage.

A Region Without A Wage Floor

Much of the Arab Gulf's 23-million migrant workforce, arrive on flights from South Asia and Africa, over 1 in 3 are Indian nationals. In the oil-rich monarchies of the region, the Gulf's migrant workforce are in charge of the drudgery: they build skyscrapers, clean hotels, fix air-conditioners, serve food, care for the sick, the old, and young.

Despite their contributions, none of the Gulf countries, except Qatar—that announced a \$275 minimum wage last August—have a statutory minimum wage.

India's referral wage system—fixed by executive order—tried to plug the gap, providing foreign employers benchmark wages by occupation.

Foreign employers, under India's Emigration Act, 1983, have to submit to the Indian government worker contracts and other documentation, laying out proposed working and living conditions including wages. The emigration officer by law could reject recruitment permits, when wages fell below the prescribed rates.

Until the new circulars were announced, the wages schedule offered workers a specific monthly salary based on their job and the country of destination—this varied widely.

For example, in the UAE, a carpenter's minimum wage was set at 1,200 dirhams (\$327 or Rs 23,885); in Saudi Arabia, at 1,700 Saudi riyals (\$453 or Rs 33,134); in Kuwait, at 100 dinars (\$330 or Rs 24,131). Even in the same country, a carpenter had a different minimum wage to a nurse, a nurse had a different wage to a domestic worker, and so on.

But wages were higher. The wage band for Bahrain varied from 100-300 Bahraini dinars (\$265-\$796); Kuwait from 100-350 Kuwaiti dinar (\$330-\$1,155); Oman from 75-500 Omani rials (\$195-\$1300); Qatar from 1400-3900 Qatari rials (\$385-\$1071); Saudi Arabia from 1500-2100 Saudi riyals (\$400-\$560); and UAE from 800-3,000 dirhams (\$218-\$817).

It was a complicated system that was much abused. Errant employers rigged it—offering model contracts to workers at home, which they later substituted with a worse contract once they arrived in the Gulf. Often, workers were told about the substitution in advance.

In November 2014, when India implemented fresh wage hikes, the spokesperson for the ministry of overseas Indian affairs (merged with the ministry of external affairs in 2016) told Reuters: "We want the Indian

workforce to be paid higher salaries. Inflation, the value of the Indian currency and a rise in the cost of living in the Gulf were the factors that led to the decision."

The Impact Of The New Referral Wages

The Telangana government has opposed the new wage reductions. Telangana's NRI affairs Minister K.T. Rama Rao [tweeted](#) to India's External Affairs Minister, Dr. S. Jaishankar, calling the new circulars, "a cause for huge concern" and said "the wages of lakhs of migrant workers from Telangana working in the Gulf countries will get adversely impacted."

"Already there is considerable distress among all migrant workers due to wage losses as a result of Covid & lockdowns, Rao said, "I request you to use your good offices to ensure that our migrant workers' interests are protected."

The residence status of migrants in the Gulf are [tied](#) to their contracts and employers. When contracts expire, or are terminated, migrants—who sometimes spend half their lives in the region—must return promptly home. Because of this restrictive labour sponsorship system, employers retain significant control.

"Employers might pressure existing workers who are paid more, to work for the \$200 wage listed in the circular. That is one danger. Or they can send workers back to India, and recruit freshers for a lower wage," said Bheem Reddy. "The foreign remittances also, naturally, will come down. This is one way of looking at it."

There are other problems. The \$200 referral wage for Qatar is lower than the country's \$275 minimum wage, effective this March. The minimum wage, like other recent progressive labour reforms, have been established after years of [campaigning](#) by human rights observers and the United Nations regarding Qatar's poor treatment of its migrant workforce.

"It [the referral wage] doesn't make sense because Qatar already has a minimum wage," said Ray Jureidini, PhD, research professor on migration and labour at the Hamad Bin Khalifa University in Qatar.

Under Qatar's new wage law, workers who are [not](#) provided free food and housing must be paid at least 500 riyals for rent and 300 riyals for provisions. The new wage circulars are silent about worker stipends.

The Impact Of The Pandemic

The coronavirus pandemic, the country-wide lockdowns, the economic downturn in the region, have hit migrant workers hardest. Across [sectors](#), companies big and small, reduced worker salaries, placed them on unpaid leave, or sacked them without notice.

Employers who couldn't afford to pay workers, simply didn't, and [embassies](#) and [labour courts](#) were flush with labour complaints—most of them unaddressed, months after they were filed.

Far fewer workers are travelling overseas. Until November, only 88,964 Indians had been [granted](#) emigration clearances to work abroad in 2020. In contrast, 340,157 and 368,043 workers received [clearances](#) in 2018 and 2019.

Private recruiting agencies closed down, and borrowed to stay afloat. Worker visas issued at the start of the pandemic were cancelled. “Our offices were closed from March to October last year,” Ramana Chitla, a registered recruiting agent told **Article 14**. “Earlier, I used to receive 60-100 visas each month. Today, I have just 20 visas.”

For [years](#), India’s recruiting agencies have been [lobbying](#) the government to withdraw its protective wage system. Their argument: India’s referral wages are significantly higher than actual wage rates in the Gulf and in light of this—foreign employers were taking their business elsewhere.

India’s move to depress wages may be driven by its desire to compete in the international labour market with neighbours—Nepal, Bangladesh, Pakistan, Sri Lanka—whose citizens are vying for the same jobs. Lowering expected wages might drive up demand.

Meanwhile in Abu Dhabi, Arvind Karamkanti started work at the end of December for 735 dirhams. “I started with the night shift,” he said. “Now I work in the day—9 hours duty with an hour’s break for lunch. Total 10 hours duty.”

**The names of migrant workers have been changed on request for fear of reprisals from their employers.*

(Nikhil Eapen is a freelance journalist and a researcher at [Equidem](#), a labour-rights organisation)



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