

WAGES

Introduction

5.1 As of now there is no uniform and comprehensive wage policy for all sectors of the economy in India. Wages in the organized sector are determined through negotiations and settlements between employer and employees. In the unorganized sector, where labour is vulnerable to exploitation due to illiteracy and having no effective bargaining power, minimum rates of wages are fixed/ both by Central and State Governments in the scheduled employments falling within their respective jurisdictions under the provisions of the Minimum Wages Act, 1948. The Act binds the employers to pay to the workers the minimum wages so fixed from time to time.

Minimum Wages Act, 1948

5.2 On the recommendation of the 8th Standing Labour Committee, the Minimum Wages Bill was introduced in the Central Legislative Assembly on 11.04.1946 to provide for fixation of minimum wages in certain employments. The Minimum Wages Bill was passed by the Indian Dominion Legislature and came into force on 15th March 1948. Under the Act both State and Central Government are "Appropriate Governments" for fixation/revision of minimum rates of wages for employments covered by the Schedule to the Act. The minimum rate of wages also include Special Allowance i.e. Variable Dearness Allowance (VDA) linked to Consumer Price Index Number which are revised twice a year effective from April and October. The Central Government and Twenty-four States/UTs have adopted VDA as a component of minimum wage. The range of wages for the unskilled workers as fixed/ revised in respect of employments covered under Central and State sphere are at **Table 5.1**.

National Minimum Wage

5.3 The 28th Indian Labour Conference in 1985 recommended a national basic subsistence level wage below which no wages may be fixed regardless of the nature of work, nature of employment and other considerations. In the absence of uniformity in minimum wages the Central Government adopted the concept of national floor level minimum wage and fixed it at Rs, 35/- per day in 1996, based on the recommendation of the National Commission on Rural Labour in 1991 and subsequent increase in the price level.

5.4 The Central Government raised the national floor level minimum wage to Rs.40/- per day in 1998 and further to Rs.45/- w.e.f. 01.12.1999, and Rs. 50/- per day w.e.f. 1.9.2002 keeping in view the rise in consumer price index. The national minimum wage has last been revised upwards to Rs. 66/- per day with effect from 1.02.2004 on the basis of the recommendations of Central Advisory Board. All the States/UTs Governments have been requested by Hon'ble Labour Minister to ensure fixation/revision of minimum rates of wages in all the scheduled employments not below Rs. 66/- per day.

Enforcement of Minimum Wages Act, 1948

5.5 Minimum Wages under Central sphere are enforced through Central Industrial Relations Machinery (CIRM). The position in respect of cases of enforcement by CIRM is provided in the Table below:-

Enforcement of Provisions of Wage Laws by Central Industrial Relations Machinery (CIRM) during 2003-2004						
S.No	Name of the Act	No of Inspections done	Irregularities rectified	Prosecutions Launched	Convictions Obtained	Claims filed
1	2	3	4	5	6	7
1	Payment of Wages Act, 1936					
	i) Mines	4197	57385	1290	1225	5
	ii) Railways	1182	7800	-	-	1
	iii) Air Transport	47	638	31	3	-
2	Minimum Wages Act, 1948	15212	186549	5260	3094	3956

5.6 Under State sphere the enforcement is ensured by the State Machinery. The position of enforcement of Minimum Wages Act, 1948 in different States/UTs during 2002-03 is shown in **Table 5.2**. The Government has initiated the process of examining certain amendments to the Minimum Wages Act, 1948 with a view to make the provisions more worker friendly.

The Payment of Wages Act, 1936

5.7 The Payment of Wages Act, 1936 was enacted to regulate payment of wages to workers employed in Industries and to ensure a speedy and effective remedy to them against illegal deductions and/or unjustified delay caused in paying wages to them. The Act ensures that no deductions, which are unauthorized, shall be made from the wages of the employees. The specific day for paying the wages is 7th day of the month in case of industries employing less than 1000 workers.

Status of Payment of wages (Amendments) Bill, 2002

5.8 The existing wage ceiling of Rs. 1600/- p.m. was fixed way back in 1982 and depreciation of money since then has resulted in narrowing down of its applicability. Keeping this end in view, a Bill named "The Payment of wages (Amendment) Bill, 2002" to enhance the wage ceiling upto Rs. 6500/- as well as to remove certain other ambiguities/weaknesses, was introduced in the Rajya Sabha on 16th May, 2002. The Bill was therefrom referred to the Standing Committee on Labour & Welfare. The Standing Committee has inter-alia recommended for periodic revision of the wage ceiling by way of notification instead of the legislation method. The Ministry has decided in consultation with the M/o Law & Justice to accept most of the recommendations of the Standing Committee on Labour & Welfare and accordingly an official amendment to the Bill has been prepared. The Cabinet note on the subject is ready for submission.

MANISANA WAGE BOARDS

5.9 The Government, in September 1994 constituted two Wage Boards- one for the working journalists and the other for the non-journalists newspaper and news agency employees under the common Chairmanship of Justice Rajkumar Manisana Singh. The Wage Boards submitted their final recommendations to the Government on 25.7.2000. The Government accepted these recommendations with some minor modifications and decisions of the Government were notified in the Gazette of India (Extraordinary) on 5.12.2000 and 15.12.2000 respectively.

5.10 All States and U.Ts have been asked to take effective measures for implementing the recommendations of the Wage Boards. They have specifically been advised to set up Tripartite Committees/ Implementation Cells for speedy and effective implementation of Awards of Manisana Wage Board and to furnish progress report on quarterly basis. A Central Level Monitoring Committee has also been constituted under the Chairmanship of Labour & Employment Adviser for reviewing the implementation of the Awards. Four meetings of the Committee were held on 8.3.2002, 13.11.2002, 6.7.2003 and 28.1.2004 wherein it was decided that Chief Labour Commissioner (Central) through his Regional Labour Commissioners (Central) would liaise with State Governments with regard to effective implementation of the awards, following which there has been overall improvement in performance. It has also been decided that Central Monitoring Committee should visit various States where the implementation of the award is not satisfactory. The first round of visit scheduled for Assam and West Bengal was made during 10-12th July, 2003 to review the implementation of the Award.

5.11 The National Commission on Labour (NCL) has recommended that there is no need for any Wage Board, statutory or otherwise, for fixing the wage rates for workers in any industry. Keeping in view the sensitivity of the issue, it has been decided to have further deliberations regarding desirability of setting up of Wage Boards under the Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955.

PAYMENT OF BONUS ACT, 1965

5.12 The Payment of Bonus Act, 1965 provides for payment of bonus to employees. According to the Act, "employee" means any person (other than an apprentice) employed on a salary or wage not exceeding Rs.3500 per mensem in any industry to do any skilled or unskilled, manual, supervisory, managerial, administrative, technical or clerical work for hire or reward. However, according to Section 12 of the Act, the bonus payable to employees whose salary or wage exceeds Rs. 2500 per mensem, has to be calculated as if his salary or wage were Rs. 2500 per mensem. The above wage ceilings under Section 2(13) and Section 12 of the Act respectively were last revised vide Payment of Bonus (Amendment) Ordinance, 1995 promulgated on 9th July 1995 and made effective from 1st April, 1993.

5.13 The proposal regarding amendment to the Payment of Bonus Act, 1965 to enhance eligibility limit from Rs. 3500/- to 5000/- and calculation ceiling from Rs.2500/- to Rs. 3500/- had been under consideration of the Government. Meanwhile, the Second National Commission on Labour (NCL) has submitted its report recommending enhancement in the ceilings for reckoning entitlement and for calculation of bonus to Rs. 7500/- and Rs. 3500/- respectively. The issue is being examined afresh in the light of NCL's recommendations, as the benefits of bonus are required to be extended to the employees of Public Sector Undertakings (both Central & State), Central & State Governments and Autonomous Organisations besides Private Sector resulting in huge financial burden to the Government exchequer. In order to work out the actual financial implications on payment of bonus, the information has been called from Department of Public Enterprises and the Department of Expenditure. All State/UT Governments have also been requested to send their views on the proposal relating to amendment of the Payment of Bonus Act, 1965 as per recommendations of NCL.

Table- 5.1

STATE-WISE RANGE OF MINIMUM WAGES

As on 31.01.2004

Sl. No.	Centre / States / UTs.	No. of Scheduled Employments	Lowest and Highest rates of minimum wages per day (in Rs.)	
			4	5
1	Centre Sphere			
	(i)Agriculture	1	90.05	90.05
	(ii)Stone Mines for stone breaking and stone crushing	1	72.97	72.97
	(iii)Other scheduled employments	43	56.44	56.44
2	Andhra Pradesh	65	52.00	96.38
3	Arunachal Pradesh	25	39.87	42.11
4	Assam	67	50.00	63.00
5	Bihar	74	45.18	64.62
6	Chhattisgarh	36	52.87	79.13
7	Goa	20	60.00	125.00
8	Gujarat	52	50.00	99.20
9	Haryana	47	83.31	83.31
10	Himachal Pradesh	24	60.00	60.00
11	Jharkhand	61	64.73	64.73
12	Jammu & Kashmir	18	45.00	45.00
13	Karnataka	64	30.50	91.50
14	Kerala	40	67.14	169.04
15	Madhya Pradesh	36	54.56	82.58
16	Maharashtra	67	45.00	169.04
17	Manipur	15	66.00	66.00
18	Meghalaya	24	50.00	50.00
19	Mizoram	3	84.00	84.00
20	Nagaland	36	50.00	50.00
21	Orissa	83	52.50	52.50
22	Punjab	60	82.65	82.65
23	Rajasthan	39	60.00	70.65
24	Sikkim	The Minimum Wages Act, 1948 has been extended to the State of Sikkim Vide Notification No. 1270 (E) dated 31.10.2003 by the Ministry of Home Affairs.		
25	Tamil Nadu	65	52.15	125.20
26	Tripura	12	50.00	53.00
27	Uttar Pradesh	65	58.00	105.07
28	Uttranchal	62	58.00	106.31
29	West Bengal	55	62.42	203.71
30	Andaman & Nicobar Islands	6	100.00	124.42
31	Chandigarh	44	100.00	100.00
32	Dadra & Nagar Haveli	43	50.00	80.00
33	Daman & Diu	71	50.00	60.00
34	Delhi	29	107.10	107.10
35	Lakshadweep	3	52.00	52.00
36	Pondicherry	4	45.00	65.00

Table-5.2

DETAILS REGARDING ENFORCEMENT OF MINIMUM WAGES ACT, 1948
IN DIFFERENT STATES/UNION TERRITORIES
2002 – 2003

Sl. No.	Names of States/UTs	No. of inspections made	No. of irregularities detected	No. of irregularities rectified	No. of claims filed	No. of claims settled	No. of Persons Prosecuted	Amount of fine realised (in Rupees)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
1	Andhra Pradesh	82578	1672	1160	21939	12978	973	464315
2	Assam	3441	1173	1173	NIL	NIL	NIL	NIL
3	Bihar	242319	48801	39042	17243	1770	-	5305817
4	Goa	763	923	199	22	11	102	118480
5	Gujarat	109395	112373	59184	39	3	5389	205022
6	Himachal Pradesh	1059	901	631	2	1	374	86100
7	Jammu & Kashmir	984	389	249	1	1	142	4900
8	Kerala	7680	9742	-	25	73	191	188000
9	Madhya Pradesh	1949	1218	632	74	94	403	298785
10	Maharashtra	160954	166223	132441	31	34	182	417170
11	Punjab	6236	102	-	99	87	200	75900
12	Rajasthan	11076	760	315	223	354	217	37200
13	Sikkim	The Minimum Wages Act, 1948 has been extended to the State of Sikkim Vide Notification No. 1270 (E) dated 31.10.2003 by the Ministry of Home Affairs.						
14	Tamil Nadu	153301	10990	1246	2570	2808	2566	1731587
15	Tripura	219	105	NIL	51	NIL	NIL	3000
16	Uttar Pradesh	378	NA	9	-	-	-	-
17	Uttaranchal	4000	1198	499	257	196	278	44375
18	West Bengal	14591	3058	2744	2	4	183	80213
19	A & N Islands	150	150	-	23	49	41	6200
20	Chandigarh	254	181	-	97	57	91	34300
21	Daman & Diu	392	7	7	NIL	NIL	NIL	NIL
22	Delhi	7534	4616	4030	628	593	488	475050
23	Pondicherry	5170	NIL	NIL	NIL	NIL	NIL	NIL

Note:- 1. Information received from Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Dadar & Nagar Haveli and Lakshdweep is stated to be Nil.

2. The information has not been received from the States of Chhatisgarh, Haryana, Jharkhand, Karnataka, Manipur & Orissa.