

Chapter-5

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 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 is revised twice a year effective from April and October. The Central Government and Twenty-five 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 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. 01.09.2002 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 01.02.2004 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-5.2**

5.6 Under State the State Industrial Relation Machinery ensures sphere the enforcement. The position of enforcement of Minimum Wages Act, 1948 in different States/UTs during 2003-04 is shown in **Table-5.3**.

5.7 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

5.8 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

5.9 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, 2004" to enhance the wage ceiling upto Rs.6500/- as well as to improve upon certain other features, was introduced in the Rajya Sabha on 16th May, 2002. The Bill was there from 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 Ministry of Law & Justice to accept most of the recommendations of the Standing Committee on Labour & Welfare and accordingly an official amendment to the Bill namely The Payment of Wages (Amendment) Bill 2004 was considered and passed by Rajya Sabha on 02.12.2004.

MANISANA WAGE BOARDS

5.10 The Working Journalists and other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955 provides for regulation of conditions of service of working journalists, non-journalists newspaper and news-agency employees. Section 9 and 13 of the Act, inter-alia, provide for constitution of two Wage Boards for fixing or revising rates of wages in respect of working journalists and non-journalist newspaper and news-agency employees respectively. According to the Act, a Wage Board shall consist of the following:

1. Two persons representing employers in relation to newspaper establishments;
2. Two persons representing Working Journalists/non-journalists and
3. Three independent persons, one of whom shall be a person who is, or has been a judge of High Court or the Supreme Court and who shall be appointed by the Government as the Chairman of the Wage Boards.

5.11 The act does not lay down the periodicity for constituting the Wage Board. 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 25.07.2000. The Government accepted these recommendations with some minor modifications and decisions of the Government were notified in the Gazette of India (Extraordinary) on 05.12.2000 and 15.12.2000 respectively. However, the recommendations are required to be implemented by the State Governments under the provisions of the Act.

5.12 All States and Union Territories have been asked to take following steps for implementing the recommendations of the Wage Boards:

- (i) Creation of special cells in the state/Union Territories to oversee the progress of the implementation of awards.
- (ii) Constitution of a Tripartite Monitoring Committee to monitor the progress of implementation.
- (iii) Gearing up of the State Labour Enforcement Machinery for speedy implementation of the recommendations.
- (iv) Submission of quarterly progress reports to the Ministry on implementation of the recommendations commencing from the quarter ending 31.03.2001.

5.13 A Central Level Monitoring Committee has also been constituted under the Chairmanship of Labour & Employment Adviser for reviewing the implementation of the recommendations. Other members of the Committee are Joint Secretary of Ministry of Information and Broadcasting, Chief Labour Commissioner (Central) and Director-in-charge of Wage Board Section in the Ministry as the Member Secretary .

5.14 Four meetings of the Committee were held on 08.03.2002, 13.11.2002, 06.06.2003 and 28.01.2004 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.

5.15 In pursuance of the Directions of the Central Government, so far information about 1211 Newspaper Establishments have been received from the State Governments/Union Territories. Out of 1211 Newspaper Establishments, only 333 (27.5%) have fully and 101 (8.34%) have partially implemented the Award. 777 Newspaper Establishments (64.2%) have not yet implemented the recommendations of the Manisana Wage Board. Out of 35 States/Union Territories, only 19 States/Union Territories are sending quarterly progress report regularly. 10 States /Union Territories are not at all furnishing the quarterly progress report even after repeated reminders. The recommendations of the wage Board are not applicable to 7 States/Union Territories because either there is no newspaper establishment or the Newspaper establishments are very small. 18 States/ Union Territories have formed Tripartite Committees to oversee the implementation of the recommendations. The details are at **Table 5.4**

PAYMENT OF BONUS ACT, 1965

5.16 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 09.07 1995 and made effective from 01.04.1993.

5.17 The proposal regarding amendment to the Payment of Bonus Act, 1965 to enhance eligibility limit from Rs.3500/- to Rs.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. As per Second National Commission on Labour recommendations, a proposal for amendment in Payment of Bonus Act, 1965 so as to raise the eligibility ceiling from Rs.3500/- to Rs.7500/- p.m. and the calculation ceiling from Rs.2500/- p.m. to Rs.3500/- p.m. is under consideration in consultation with other concerned Departments/Ministries.

STATE-WISE RANGE OF MINIMUM WAGES as on 31.12.2004				
Sl. No.	Centre/States/UTs.	No. of Scheduled Employments	Lowest and Highest rates of minimum wages per day (in Rupees)	
(1)	(2)	(3)	(4)	(5)
1.	Centre Sphere			
	(i) Agriculture	1	94.04	104.89
	(ii) Stone Mines for stone breaking and stone crushing	1	76.12	192.11
	(iii) Construction & Mining	40	58.96	71.12
	(iv) Loading/Unloading & Ash Pit cleaning in Railways	2	56.71	81.70
	(v) Security Service	1	70.00 (Draft Notification)	70.00 (Draft Notification)
2	Andhra Pradesh	65	45.00	110.00
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	94.00
8	Gujarat	52	50.00	99.20
9	Haryana	47	87.29	88.29
10	Himachal Pradesh	24	65.00	65.00
11	Jharkhand	61	64.73	64.73
12	Jammu & Kashmir	18	45.00	45.00
13	Karnataka	72	56.30	97.07
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	70.00	70.00
19	Mizoram	3	84.00	84.00

(1)	(2)	(3)	(4)	(5)
20	Nagaland	37	50.00	50.00
21	Orissa	83	52.50	52.50
22	Punjab	60	82.65	82.65
23	Rajasthan	61	73.00	74.00
24	Sikkim	The Minimum Wages Act has been extended to Sikkim w.e.f. 01.10.2004.		
25	Tamil Nadu	65	52.15	125.20
26	Tripura	12	50.00	53.00
27	Uttar Pradesh	65	58.00	105.07
28	Uttaranchal	62	58.00	106.31
29	West Bengal	55	62.42	203.86
30	Andaman & Nicobar Islands	6	100.00	124.42
31	Chandigarh	44	100.00	100.00
32	Dadra & Nagar Haveli	43	84.00	84.00
33	Daman & Diu	71	50.00	60.00
34	Delhi	29	110.10	110.10
35	Lakshadweep	3	52.00	52.00
36	Pondicherry	5	45.00	65.00

Table 5.2							
Enforcement of Provisions of Wage Laws by Central Industrial Relations Machinery (CIRM) during 2004-2005 (Provisional)							
Sl.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	4906	55092	1587	1470	4
	ii)	Railways	1540	-	2	-	-
	iii)	Air Transport	136	923	49	14	-
2	Minimum Wages Act, 1948		18587	211115	8838	5599	3843

Table-5.3

**DETAILS REGARDING ENFORNCEMENT OF MINIMUM WAGES ACT, 1948
IN DIFFERENT STATES/ UTs. 2003- 2004**

Sl No.	Name of the State/UTs	No. of inspections made	No. of irregularities detected	No. of irregularities rectified	No. of Claims filed	No. of Claims settled	No. of Person Prosecuted	Amount of fine Realised in rupees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Andhra Pradesh	52204	506	404	19820	15293	1185	134573
2.	Assam	2831	584	416	14	13	-	600
3.	Bihar	297439	55996	55491	24590	2057	54	4800
4.	Goa	1038	3202	140	9	15	36	29900
5.	Gujarat	60299	52769	29552	1878	477	522	698375
6.	Haryana	5212	-	-	2928	193	829	4136805
7.	Jammu & Kashmir	931	221	81	-	-	146	13600
8.	Maharashtra	39585	52001	22475	33	116	94	119735
9.	Manipur	118	31	9	-	-	-	-
10.	Meghalaya	633	-	-	-	-	-	-
11.	Orissa	29798	23535	12212	57	2	214	12750
12.	Rajasthan	7681	266	113	293	239	251	80990
13.	Sikkim	The Minimum Wages Act has been extended to Sikkim w.e.f.1.10.2004.						
14.	Uttaranchal	3322	1045	388	223	177	334	26960
15.	West Bengal	28478	6710	6340	215	2	1	64250
16.	A & N Islands	234	1170	1124	24	21	3	7500
17.	Chandigarh	62	23	23	38	33	11	7500
18.	Dadra & Nagar Haveli	71	28	28	1	-	04	-
19.	Daman & Diu	295	-	-	-	-	-	-
20.	Pondicherry	8589	-	-	-	-	--	-

- Note:-**
- The information has not been received from the States of Chhattisgarh, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Nagaland, Punjab, Tamil Nadu, Tripura, Uttar Pradesh, Delhi.
 - Information received from Arunachal Pradesh, Mizoram, Lakshadweep is stated to be Nil.

Table 5.4

State-wise Statement showing the present position of the constitution of State level Monitoring Committee and Quarterly Progress Report for the implementation of the Manisana Wage Board recommendations

Sl. No	State/U.Ts.	QPR	No. of Estt.	Which have implemented			Tripartite Committee Formed	Impl. Cell
				Fully	Partially	Not		
1.	Andhra Pradesh	N.R	-	-	-	-	19.10.02	-
2.	Assam	06/04	91	6	2	83	03.04.02	1
3.	Arunachal Pradesh	03/04	6	-	-	6	26.04.04	-
4.	Bihar	N.R	-	-	-	-	19.06.02	-
5.	Chhattisgarh	9/03	4	1	-	3	25.03.03	-
6.	Goa	06/04	7	2	2	3	25.09.02	-
7.	Gujarat	06/04	19	16	-	3	29.01.03	-
8.	Haryana	N.R	-	-	-	-	-	-
9.	Himachal Pradesh	12/03	22	-	2	20	17.04.04	-
10.	J & K	12/03	62	-	62	-	-	-
11.	Jharkhand	N.R	-	-	-	-	-	-
12.	Karnataka	9/03	108	19	24	65	07.04.03	-
13.	Kerala	9/03	46	4	7	35	14.03.01	-
14.	Madhya Pradesh	N.R	-	-	-	-	-	-
15.	Manipur	N.R	-	-	-	-	-	-
16.	Maharashtra	03/04	166	76	-	90	22.02.02	-
17.	Nagaland	N.R	-	-	-	-	-	-
18.	Orissa	N.R	-	-	-	-	17.11.01	1
19.	Punjab	12/03	12	9	-	3	-	-
20.	Rajasthan	3/03	*243	5	1	237	04.04.01	-
21.	Tamil Nadu	12/03	89	87	-	2	21.08.03	-
22.	Tripura	03/04	18	-	-	18	Yes	-
23.	Uttar Pradesh	03/04	260	67	1	192	20.09.01	-
24.	Uttaranchal	N.R	-	-	-	-	-	-
25.	West Bengal	N.R	-	-	-	-	24.04.03	-
26.	Chandigarh	06/04	10	7	-	3	-	-
27.	Delhi	06/04	36	28	-	8	06.05.03	-
28.	Pondicherry	03/04	12	6	-	6	-	-
	Total		1211	333	101	777		

* 207 estts. are one man estt.

NR: Not Received

QPR: Quarterly Progress Report

@ : The recommendations are not applicable in the States/UTs. of Mizoram, Sikkim and Dadar &

Nagar Haveli as the newspaper establishments are very small.

@@: There is no newspaper establishment in the States/UTs. of Meghalaya, Andaman & Nicobar Islands, Daman & Diu and Lakshadweep