

Chapter-5

WAGES

Introduction

5.1 Even though there is no uniform and comprehensive wage policy for all sectors of the economy in India, mechanism exists for determination of wages in the Organized and Unorganized sectors and their enforcement. 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 lack of 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 Central and the State Governments 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 The UPA Government is committed to enhance the welfare and well being of farm labour and workers particularly those in the Unorganized sector and to ensure the fullest implementation of Minimum Wages laws for labour. 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**

In the State Sphere

5.6 The State Industrial Relations Machinery ensures enforcement of Minimum Wages Act. Under the National Common Minimum Programme, the progress relating to enforcement of Minimum Wages Act, 1948 is being sent regularly to PMO. The position of enforcement of Minimum Wages Act, 1948 in different States / Union Territories during 2004-2005 is shown in **Table 5.3**.

5.7 The Minimum Wages Act, 1948 was last amended in the year 1986 and at present, a comprehensive amendment is under consideration of the Government. As per direction of the Cabinet, draft proposals were circulated on 02.07.2001 to all the State Governments /Union Territories administrators for obtaining approval of the respective Labour Ministers. The comments received there from are being examined in the Ministry. The proposed amendments alongwith the present provisions in the Minimum Wages Act, 1948, were also discussed in the 40th session of Indian Labour Conference (ILC).The matter would be discussed further in the Central Advisory Committee on Minimum Wages before drafting of the final proposals,

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.

Payment of Wages (Amendment) Act, 2005 (41 of 2005)

5.9 The existing wage ceiling under Payment of Wages Act, 1936, was fixed at Rs.1600/- per month in 1982. With a view to enhance the wage ceiling to Rs. 6500/- per month for applicability of the Act, to empower the Central Government to further increase the ceiling, in future, by way of notification and to enhance the penal provisions etc., the Payment of Wages (Amendment) Act, 2005, which was passed by both Houses of Parliament, has been notified on 08.09.2005, as an Act 41 of 2005, by the Ministry of Law & Justice. Subsequently, the Ministry of Labour & Employment has issued the Notification No. SO 1577(E) to make the Payment of Wages (Amendment) Act, 2005 effective from the 9th November, 2005.

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. Sections 9 and 13(c) 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. Three persons representing employers in relation to newspaper establishments;

2. Three persons representing Working Journalists/non-journalists and

3. Four 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 Five meetings of the Committee were held on 08.03.2002, 13.11.2002, 06.06.2003, 28.01.2004 and 11.08.2005 wherein it was decided that the Chief Labour Commissioner (Central) through his Regional Labour Commissioners (Central) would liaise with State Governments with regard to effective implementation of the awards. It has also been decided that Central Monitoring Committee should visit various States where the implementation of the award is not satisfactory. To review the implementation of the Award, the Central Level Monitoring Committee visited Guwahati in Assam, Bhubaneswar in Orissa during 10-12 July, 2003, Bhopal and Indore in Madhya Pradesh during 26-27 October, 2005 and Hyderabad in Andhra Pradesh during 4-6 January, 2006.

5.15 In pursuance of the Directions of the Central Government, so far information about 1507 Newspaper Establishments have been received from the State Governments/Union Territories. Out of 1507 Newspaper Establishments, only 423 (28.06%) have fully and 148 (9.82%) have partially implemented the Award. 936 Newspaper Establishments (62.11%) have not yet implemented the

recommendations of the Manisana Wage Board. Out of 35 States / Union Territories, only 23 States / Union Territories are sending quarterly progress report regularly. 5 States /Union Territories are not, at all, furnishing the quarterly progress report even after repeated reminders. The recommendations of the Wage Boards are not applicable to seven (7) States / Union Territories because either there is no newspaper establishment or the Newspaper establishments are very small. 19 States/ Union Territories have formed Tripartite Committees to oversee the implementation of the recommendations. A statement showing the state-wise position of the constitution of State Level Monitoring Wage Board recommendations is at **Table 5.4**

PAYMENT OF BONUS ACT, 1965

5.16 The Payment of Bonus Act, 1965 provides for payment of bonus to employees of factories and establishments employing 20 or more persons.

5.17 Clause (13) of Section 2 of Payment of Bonus Act, 1965 defines “employee” for the purposes of this Act, as a person, whose salary/wage does not exceed Rs.3500/- per mensem in any industry provided he has worked not less than 30 working days in that year. Section 12 of the Payment of Bonus Act, 1965 provides for calculation ceiling of Rs.2500/- per mensem at present, which

means bonus payable to the eligible employee shall be calculated as if his salary / wage was Rs.2500/- per mensem only.

5.18 The eligibility and calculation ceilings under clause (13) of Section 2 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.

5.19 Minimum bonus of 8.33% is payable by every industry and establishment under section 10 of the Act. The maximum bonus including productivity linked bonus can be paid in any accounting year shall not exceed 20% of the salary/wage of an employee under section 31 A of the Act.

5.20 A proposal to amend the Payment of Bonus Act, 1965 so as to enhance the eligibility limit from Rs.3500/- per month to Rs.7500/- per month and calculation ceiling from Rs.2500/- to Rs.3500/- per month as per the recommendations of the second National Commission of Labour (NCL) is under consideration of the Government in consultation with all concerned.

Table 5.1		
RANGE OF MINIMUM WAGES FOR UNSKILLED WORKERS IN DIFFERENT STATES/UNION TERRITORIES		
Sl. No	State/Union Territory	Range of Minimum Wages per day (in rupees)
(1)	(2)	(3)
	Central Sphere	61-115
	States/Union Territories	
1.	Andhra Pradesh	45-110
2.	Arunachal Pradesh	55-57
3.	Assam	48-97
4.	Bihar	66-71
5.	Chhattisgarh	53-79
6.	Goa	56-94
7.	Gujarat	50-99
8.	Haryana	87-88
9.	Himachal Pradesh	65
10.	Jammu & Kashmir	66
11.	Jharkhand	68
12.	Karnataka	57-99
13.	Kerala	72-174
14.	Madhya Pradesh	57-87
15.	Maharashtra	44-149
16.	Manipur	70-72
17.	Meghalaya	70
18.	Mizoram	91
19.	Nagaland	66-70
20.	Orissa	53
21.	Punjab	88
22.	Rajasthan	73-76
23.	Sikkim	85
24.	Tamil Nadu	54-137
25.	Tripura	50-66
26.	Uttar Pradesh	57-110
27.	Uttaranchal	62-95
28.	West Bengal	44-123
29.	Andaman & Nicobar	100-107
30.	Chandigarh	114
31.	Dadra & Nagar Haveli	89
32.	Daman & Diu	75
33.	Delhi	122
34.	Lakshadweep	70
35.	Pondicherry	45-160

Table 5.2						
Enforcement of Provisions of Wage Laws by Central Industrial Relations Machinery (CIRM) during 2005-2006 (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	5097	59345	1857	1759	3
	ii) Railways	1687	-	3	-	-
	iii) Air Transport	125	897	46	12	-
2	Minimum Wages Act, 1948	19815	186215	8906	5801	2998

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 (As on 30.09.2005)

S.No	State/U.T	QPR	No. of estt.	Which have implemented			Tripartite Committee Formed	Impl Cell
				Fully	Partially	Not		
1.	Andhra Pradesh	05/05	37	8	29	-	19.10.02	-
2.	Assam	09/04	91	6	2	83	3.4.02	1
3.	Arunachal Pradesh	09/05	6	-	-	6	26.4.04	-
4.	Bihar	09/05	7	6	-	1	19.6.02	-
5.	Chhattisgarh	9/03	4	1	-	3	25.3.03	-
6.	Goa	09/05	7	6	1	-	25.9.2002	-
7.	Gujarat	09/05	19	16	-	3	29.1.03	-
8.	Haryana	N.R	-	-	-	-	-	-
9.	Himachal Pradesh	12/03	22	-	2	20	17.4.04	-
10.	J & K	12/03	62	-	62	-	-	-
11.	Jharkhand	N.R	-	-	-	-	-	-
12.	Karnataka	12/04	103	17	28	58	7.4.2003	-
13.	Kerala	12/04	46	5	6	35	14.3.2001	-
14.	Madhya Pradesh	09/04	126	35	10	81	-	-
15.	Manipur	N.R	-	-	-	-	-	-
16.	Maharashtra	12/04	136	114	-	22	22.2.02	-
17.	Meghalaya	N.A.	-	-	-	-	@@	-
18.	Mizoram	N.A	-	-	-	-	@	-
19.	Nagaland	N.R	-	-	-	-	-	-
20.	Orissa	12/04	19	7	5	7	17.11.01	1
21.	Punjab	12/04	10	7	-	3	-	-
22.	Rajasthan	3/03	*243	5	1	237	4.4.01	-
23.	Sikkim	N.A	-	-	-	-	@	-
24.	Tamil Nadu	06/05	90	85	1	4	21.8.2003	-
25.	Tripura	09/04	18	-	-	18	Yes	-
26.	Uttar Pradesh	03/04	260	67	1	192	20.9.01	-
27.	Uttaranchal	09/05	+149	4	-	145	Yes	-
28.	West Bengal	N.R	-	-	-	-	24.4.2003	-
29.	A & N Island	N.A	-	-	-	-	@@	-
30.	Chandigarh	03/05	3	-	-	3	-	-
31.	Delhi	6/05	36	28	-	8	6.5.03	-
32.	Daman & Diu	N.A	-	-	-	-	@@	-
33.	D & Nagar Haveli	N.A	-	-	-	-	@	-
34.	Lakshadweep	N.A	-	-	-	-	@@	-
35.	Pondicherry	09/05	13	6	-	7	-	-
	Total		1507	423	148	936		

* 207 estts. are one man estt. + 143 estts. are one man estt. NR: Not Received, N.A: Not Applicable QPR: Quarterly Progress Report @ : The recommendations are not applicable in these States/Uts. as the newspaper estt. are very small.

@@: There is no newspaper establishment in these States/UTs.