

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 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-six 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 Floor level 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 1.02.2004 on the basis of the recommendations of the 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 **Table 5.2**.

5.6 In the State Sphere, 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/UTs during 2005-06 is shown in **Table 5.3**.

5.7 There is constant interaction with the State Governments by writing letters, personal interaction and holding meetings of the Regional Committee for effective implementation of the Minimum Wages Act, 1948. Meetings of the Northern Region were held at Chandigarh on 19.04.2006 and Amritsar (Punjab) on 28.09.2006, of North Eastern Region at Guwahati (Assam) on 06.07.2006, of Southern Region at Tirupati (Andhra Pradesh) on 28.06.2006, of Eastern Region at Ranchi (Jharkhand) on 23.09.2006 and of Western Region at Panjim (Goa) on 05.10.2006.

5.8 The Minimum Wages Act 1948 was last amended in the year 1986 and further amendments are under consideration of the Government, which were discussed in the 40th session of ILC held on 9th & 10th Dec, 2005. The matter would be discussed further in the Central Advisory Committee on Minimum Wages, in order to arrive at a consensus as mandated in the National Common Minimum Programme (NCMP) before finalizing the proposals.

The Payment of Wages Act, 1936

5.9 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 wage ceiling under Payment of Wages Act, 1936, was fixed at Rs. 1600/- pm in 1982. With a view to enhance the wage ceiling to Rs. 6500/- p.m. 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 6.9.2005 as an Act 41 of 2005 by the Ministry of Law & Justice. Subsequently, the Ministry of Labour & Employment has issued the Notification S.O. 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. Section 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:

- (a) Three persons representing employers in relation to newspaper establishments;
- (b) Three persons representing working journalists for Wage Board under Section 9 and three persons representing non-Journalist Newspaper Employees for Wage Board under Section 13 C of the Act.
- (c) 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 thereof.

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, Ministry of Labour and Employment for reviewing the implementation of the recommendations. Other members of the Committee are Joint Secretary, 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 Chief Labour Commissioner (Central) through his Regional Labour Commissioners (Central) would liaise with State Governments for 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, Bhubaneshwar in Orissa and Kolkata in West Bengal during 10-12 July, 2003; Bhopal and Indore in Madhya Pradesh during 26-29 October, 2005; Hyderabad in Andhra Pradesh during 4-6 January, 2006; Jaipur in Rajasthan during 2-3 March, 2006 and Bangalore in Karnataka and Thiruvananthapuram in Kerala during 10-14 March, 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 Government /Union Territories. Out of 1507 Newspaper Establishment, only 423 (28.06%) have fully and 148 (9.82%) have partially implemented the Awards. 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. 4 States/Union Territories are not at all furnishing the quarterly progress report even after repeated reminders. The recommendations to oversee the implementation of the recommendations.

A statement showing the state-wise position of the Constitution of State Level Monitoring Committee and small.19 States / Union Territories have the state-wise position of the Constitution of State Level Monitoring Committee and Quarterly Progress Report for the implementation of the Manisana Wage Board recommendations is given in **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 provides for payment of bonus to every employee, 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 Sector 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 The 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 that can be paid in any accounting year shall not exceed

20% of the salary/wage of an employee under section 31 A of the Payment of Bonus Act, 1965 .

5.20 A proposal to amend the Payment of Bonus Act, 1965 so as to enhance the eligibility limit from Rs.3500/- 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 on Labour 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

S No	State/Union Territory	Range of Minimum Wages per day (in rupees)
	Central	66-115
States/Union Territories		
1.	Andhra Pradesh	45.00-128.00
2.	Arunachal Pradesh	55.00-57.00
3.	Assam	48.00-97.00
4.	Bihar	66.00-75.00
5.	Chhattisgarh	52.87-79.13
6.	Goa	75.00-94.00
7.	Gujarat	50.00-99.00
8.	Haryana	94.00-95.00
9.	Himachal Pradesh	70.00
10.	Jammu & Kashmir	66.00
11.	Jharkhand	50.06-77.57
12.	Karnataka	63.00-103.00
13.	Kerala	72.00-189.00
14.	Madhya Pradesh	61.37-94.13
15.	Maharashtra	45.00-155.22
16.	Manipur	69.55-72.40
17.	Meghalaya	70.00
18.	Mizoram	91.00
19.	Nagaland	66.00-70.00
20.	Orissa	55.00
21.	Punjab	90.44-94.24
22.	Rajasthan	73.00-82.00
23.	Sikkim	85.00
24.	Tamil Nadu	54.44-150.00
25.	Tripura	51.35-65.77
26.	Uttar Pradesh	58.00-104.41
27.	Uttaranchal	61.61-97.00
28.	West Bengal	64.22-125.00
29.	Andaman & Nicobar	100.00-107.00
30.	Chandigarh	114.00
31.	Dadra & Nagar Haveli	91.00
32.	Daman & Diu	80.00
33.	Delhi	127.38
34.	Lakshadweep	70.00
35.	Pondicherry	45.00-124.00

Table-5.2							
Enforcement of Provisions of Wage Laws by Central Industrial Relations Machinery (CIRM) during 2005-2006							
Sl. No	Name of the Act		No of Inspections done	Irregularities Rectified	Prosecutions Launched	Convictions Obtained	Claims filed
1	Payment of Wages Act,1936						
	i)	Mines	3084	47805	1410	1261	9
	ii)	Railways	1082	7178	13	0	0
	iii)	Air Transport	118	770	22	18	0
2	Minimum Wages Act,1948		12392	140307	4620	4616	2208

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 31.12.2005)								
S.No	State /U.T	QPR	No. of estt.	Which have			Tripartite Committee Formed	Impl Cell
				Fully Implemented	Partially Implemented	Not Implemented		
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	-	16	6	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.A.	-	-	-	-	@@	-
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.	Uttranchal	09/05	+149	4	-	145	Yes	-
28.	West Bengal	N.R	-	-	-	-	24.4.2003	-
29.	A & N Island	N.A	-	-	-	-	@@	-
30.	Chandigarh	09/05	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	162	922		

* 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.
