

Introduction

5.1 Even though there is no uniform and comprehensive wage policy for all sectors of the economy in India, a 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 the 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 rates 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 a Uniform National Minimum Wage, the Central Government introduced a National Floor Level Minimum Wage. Initially, it was fixed at Rs.35/- per day in May, 1996 based on the recommendations of the National Commission on Rural Labour, 1991 and by taking into consideration the subsequent increase in price level. The Central Government has revised the National Floor Level Minimum Wage periodically to Rs.40/-per day in 01.08.1998, Rs.45/- per day in 01.12.1999, Rs.50/- per day in 01.09.2002 and Rs.66/- per day in 01.02.2004. The National Floor Level Minimum Wage has lately been revised to Rs. 80/- per day with effect from 01.09.2007, on the basis of the increase in the Consumer Price Index for Industrial Workers. The fixation and revision of National Floor Level Minimum Wage is a non-statutory measure. Thus, the State/UT Governments have been requested to revise the minimum wages upwards so as to ensure that in none of the scheduled employments; the minimum wages are less than the National Floor Level Minimum Wage of Rs. 80/- per day.

Central Advisory Board (CAB)

5.4 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 was discussed further in the meetings of reconstituted Central Advisory Board on Minimum Wages held on 22nd February 2008 and 7th July, 2008. The Minimum Wages (Amendment) Bill, is under formulation stage.

Minimum Wages Advisory Board (MWAB)

5.5 Minimum Wages Advisory Board in its first meeting held on 22.01.2008, has recommended to fix/revise the minimum rates of wages for the scheduled employments (a) "Employment of Sweeping and Cleaning excluding activities prohibited under the Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act, 1993" and (b) "Employment of Watch and Ward". Based on the recommendations of the Minimum Wages Advisory Board (MWAB) in its meeting held on 22.01.2008, the Ministry of Labour & Employment has issued the following notifications:

- (i) The Final Notification in the Gazette of India (Extra Ordinary) vide S.O. No. 1994(E) dated 7th August, 2008 fixing the minimum rates of wages for workers employed in the scheduled employment "Employment of Sweeping and Cleaning excluding activities prohibited under the Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act, 1993" in the Central sphere at Rs.120/-, Rs. 150/- and Rs.180/- per day for Area 'C', 'B' and 'A' respectively.
- (ii) The Final Notification in the Gazette of India (Extra Ordinary) vide S.O. No. 2233(E) dated 18th September, 2008 fixing the minimum rates of wages for workers employed in the scheduled employment "Employment of Watch and Ward" in the Central sphere (a) without arms at Rs.120/-, Rs.150/- and Rs.180/- per day and (b) with arms at Rs.140/-, Rs.170/- and Rs.200/- per day for Area 'C', 'B' and 'A' respectively and

As decided in the meeting of Minimum Wages Advisory Board on 26th August, 2008, the draft

proposals in respect of revision of rates of minimum wages for workers engaged in the scheduled employments of Constructions, Loading and Unloading and Non-Coal Mines starting with Rs.120/-, Rs.150/-and Rs.180/- per day for unskilled workers to Rs.200/-, Rs.220/- and Rs.240/- per day for highly skilled workers in Area 'C', 'B' and 'A' respectively in the central sphere are likely to be notified shortly for inviting comments and suggestions. The proposed rates of minimum wages for these scheduled employment is at Table 5.2.

Enforcement of Minimum Wages Act, 1948

5.6 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 Wage 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 5.3**. In the State Sphere, the State Industrial Relations Machinery ensures enforcement of the Minimum Wages Act. The position of enforcement of this Act in different States/UTs during 2005-06 is shown in **Table 5.4**.

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 wage ceiling under Payment of Wages Act, 1936, was fixed at Rs. 1600/- p.m. 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. In exercise of the powers conferred by sub-section (6) of Section 1 of the Act, the Central Government, on the basis of figures of the Consumer Expenditure Survey published by National Sample Survey Organization, has enhanced the wage ceiling from Rs. 6500/- to Rs. 10,000/- per month vide gazette notification No. S.O. 1380 (E) dated 8th August, 2007.

The Payment of Bonus Act, 1965:

5.8 The Payment of Bonus Act, 1965 provides for the payment of bonus to persons employed in certain establishments, employing 20 or more persons, on the basis of profits or on the basis of production or productivity and for matters connected therewith.

5.9 The minimum bonus of 8.33% is payable by every industry and establishment under the 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 the section 31 A of the Act.

5.10 Two ceilings are available under the Payment of Bonus Act, 1965. Section 2(13) which defines an employee is generally known as the eligibility limit and Section 12 is known as the calculation ceiling. The two ceilings are revised to keep pace with the price rise and increase in the salary structure. The two ceilings revised over the years are as follows:

SL. No	Year of Amendment	Eligibility limit (Rs. Per Month)	Calculation ceiling (Rs. Per Month)
1.	1965	Rs. 1600	Rs.750
2.	1985	Rs.2500	Rs. 1600
3.	1995	Rs. 3500	Rs. 2500
4.	2007	Rs. 10000	Rs. 3500

5.11 At present, employees drawing salary or wage not exceeding Rs. 10,000/- per month in any industry to do any skilled or unskilled, manual, supervisory, managerial, administrative, technical or clerical work for hire or reward are eligible for payment of Bonus. The eligibility limit and calculation ceiling under clause 13 of section 2 and Section 12 of the Act respectively were last revised from Rs.3,500/- to Rs. 10,000/- per month and from Rs.2500/- to Rs. 3500/- per month, in the year 2007 and made effective from 1st April,2006.

WAGE BOARDS

5.12 In the 1950s and 60s, when the organised labour sector was at a nascent stage of its development without adequate unionisation or with trade unions without adequate bargaining power, Government in appreciation of the problems which arise in the arena of wage fixation, constituted various Wage Boards. The Wage Boards are tripartite in character in which representatives of workers, employers and independent members participate and finalise the recommendations. The utility and contribution of such boards in the present context are not beyond question. Except for the Wage Boards for Journalists and Non-Journalists newspaper employees, which are statutory Wage Boards, all other Wage Boards are non-statutory in nature.

5.13 The National Commission on Labour (NCL) has recommended that 'there is no need for any wage board, statutory or otherwise, for fixing wage rates for workers in any industry'. However, Government decided not to accept the recommendations regarding the statutory wage boards i.e. Wage Boards for Working Journalists and Non-Journalists Newspaper Employees under the Working Journalists and other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955.

WAGE BOARDS FOR NEWSPAPER EMPLOYEES

5.14 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 and other persons employed in newspaper establishments. The Section 9 and 13 C of the Act, inter alia, provides for setting up of Wage Boards for fixation and revision of rates of wages in respect of working journalists and non-journalists newspaper/news agency employees respectively. According to the Act, Wage Boards shall consist of the following:

- **Three persons representing employers in relation to newspaper establishment;**
- **Three persons representing working journalists for Wage Board under Section 9 and three persons representing non-journalists newspaper employees for Wage Board under section 13 C of the Act.**
- **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.**

5.15 The Act does not lay down the periodicity for constituting the Wage Boards. The Wage Boards for such employees were set up in the years 1956, 1963, 1975, 1985 and 1994. The last Wage Boards i.e. Manisana Wage Boards was

constituted in the year 1994 and submitted its report to the Government on 25th July, 2000.

5.16 The Government has constituted two new Wage Boards one for Working Journalists and other for Non-Journalists Newspaper Employees under Sections 9 and 13 C respectively of the Working Journalists and other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955 vide notifications in the Gazette of India (Extra Ordinary) S.O. Nos. 809 (E) and 810 (E) dated 24.05.2007. The Wage Boards have been given three years time to submit their reports to the Union Government. The Wage Boards are functioning from their Headquarters at New Delhi.

5.17 The Government, in consultation with the Wage Boards for working journalists and non-journalist newspaper employees, has notified the grant of interim rates of wages to journalists and other newspaper employees and new agency employees at the rate of 30% of the basic wage with effect from 8th January, 2008 vide notifications S.O. No.2524 (E) and S.O. No. 2525(E) dated 24th October, 2008.

5.18 The Government has appointed Justice G.R.Majithia , retired Judge of High Court of Bombay as common Chairman of the two wage Boards , one for Working Journalists and the other for Non-Journalists Newspaper Employees in place of Justice K.Narayana Kurup who resigned w.e.f. 31.07.2008. Justice G.R.Majithia has assumed charge on 04.03.2009.

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)
	Central Sphere*	78.00 – 186.00
	States/Union Territories Sphere	
1.	Andhra Pradesh*	58.25 - 163.00
2.	Arunachal Pradesh	55.00
3.	Assam*	54.80 -79.60
4.	Bihar*	75.00 - 89.00
5.	Chhattisgarh*	69.00 -102.27
6.	Goa	90.00 - 110.00
7.	Gujarat*	55.00 - 114.80
8.	Haryana*	140.94
9.	Himachal Pradesh	100.00
10.	Jammu & Kashmir	66.00
11.	Jharkhand*	92.00 - 100.07
12.	Karnataka*	73.96 -133.10
13.	Kerala*	72.00 -328.80
14.	Madhya Pradesh*	88.20 - 133.65
15.	Maharashtra*	58.33 - 209.65
16.	Manipur*	72.40
17.	Meghalaya*	70.00
18.	Mizoram	103.00
19.	Nagaland	80.00
20.	Orissa*	70.00
21.	Punjab*	102.60 - 104.31
22.	Rajasthan*	100.00 - 102.12
23.	Sikkim	100.00
24.	Tamil Nadu*	57.94 - 158.70
25.	Tripura*	59.03 – 98.08
26.	Uttar Pradesh*	76.31 - 115.87
27.	Uttarakhand*	77.31 – 152.51
28.	West Bengal*	80.98 – 148.85
29.	Andaman & Nicobar	130.00 - 161.77
30.	Chandigarh*	136.40
31.	Dadra & Nagar Haveli*	102.00
32.	Daman & Diu*	95.00
33.	Delhi*	142.00
34.	Lakshadweep*	71.90
35.	Puducherry	55.77-124.00

* = The System of VDA is in Vogue.

Table 5.2

**Proposed Rates of Minimum Wages for Scheduled Employments
Construction, Loading and Unloading and Non-Coal Mines**

Name of Scheduled Employment	Category of Worker	Rates of wages including V.D.A per day (in Rs.)		
		Area A	Area B	Area C
Construction	Unskilled	180	150	120
	Semi-Skilled/Unskilled Supervisory	200	170	140
	Skilled/Clerical	220	200	170
	Highly Skilled	240	220	200
Loading and Unloading		180	150	120
Non Coal Mines		Above Ground	Below Ground	
	Unskilled	120	150	
	Semi-Skilled/Unskilled Supervisory	150	180	
	Skilled/Clerical	180	210	
	Highly Skilled	210	240	

Table - 5.3

Enforcement of Provisions of Wage Laws by Central Industrial Relations Machinery (CIRM) during 2007-08.

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	2978	4865	1370	1192	8
	ii) Railways	923	6943	11	1	2
	iii) Air Transport	108	715	15	14	1
2	Minimum Wages Act, 1948	12154	14017	4510	4549	2327

Table 5.4

DETAILS REGARDING ENFORCEMENT OF MINIMUM WAGAES ACT, 1948 DURING 2006-07

S. No.	Name of the State/UTs	Inspections made	Irregularities		Claims		Prosecution cases			Amount of compensation Awarded (Rs.'000)	Amount of Fine (Rs.'000)	
			Detected	Rectified	Filed	Settled	Pending	Filed	Decided		Imposed	Recovered
1	2	3	4	5	6	7	8	9	10	11	12	13
	Central Sphere	15147	-	-	1706	1860	-	5692	4942	20421	-	-
	State Sphere											
01.	Andhra Pradesh	88957	12389	10458	19952	14847	661	389	394	5683	67	51
02.	Arunachal Pradesh	187	10	6	1	Nil	4	4	Nil	Nil	Nil	Nil
03.	Bihar	278336	54700	51253	20763	19177	1152	122	35	11738	696	-
04.	Goa	582	2319	513	5	-	13	20	10	-	6	-
05.	Gujarat	115428	78024	49699	1	69	55291	3828	5267	45019	13207	4146
06.	Haryana	2320	389	45	218	277	990	93	155	2090	70	-
07.	Maharashtra	64714	54739	45748	3	-	1402	156	90	1677	59	-
08.	Manipur	319	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
09.	Meghalaya	425	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
10.	Rajasthan	8393	195	42	229	216	864	123	217	5798	68	68
11.	Tamil Nadu	94488	1154	91	1996	1298	4627	713	638	18479	221	221
12.	Tripura	6803	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
13.	Uttarakhand	3238	1337	663	335	255	105	508	351	2888	168	157
14.	Uttar Pradesh	16990	12836	5208	3639	2933	8906	1066	883	96861	188	-
15.	West Bengal	25467	7004	6753	-	-	708	73	68	-	33	33
16.	Andaman & Nicobar Islands	115	456	456	-	-	-	-	-	-	-	-
17.	Chandigarh	271	196	-	126	86	94	84	132	96	110	-
18.	Daman & Diu	511	-	-	-	-	-	-	-	-	-	-
19.	Delhi	8575	7002	6333	451	513	11382	1060	612	1373	459	252
20.	Lakshadweep	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total Above (States)	716119	232750	177268	47719	39671	86199	8239	8852	191702	15352	4928

Note: The information from Assam, Chhattisgarh, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Mizoram, Nagaland, Orissa, Punjab, Sikkim, Dadra & Nagar Haveli and Puducherry are awaited.

