

THE MINIMUM WAGES ACT 1948





History of Minimum Wages

ILO Convention no26 in 1928 recommended Machinery for fixation of minimum wages.

- The Standing Labour Committee of Tripartite organization (ILC) discussed in 1943.
- On 13.04.1946 Dr. Ambedkar introduced minimum wages bill.
- On 15.03.1948 the Minimum Wages Act, 1948 passed.



OBJECTIVES

- To prevent the exploitation of Workers by the Employers
(By fixing the statutory obligation on the employer to pay the minimum wages).
- To bring the social justice.
- To enable the working class to have a minimum standard of life.
- to fix/revise the minimum rate of wages for the scheduled employments.
- to add any new employment to the schedule.

1. PART – I

61 schedule employments in A.P.

- Oil mills.
- Automobile Engineering Workshops including servicing & Repairs.
- Baking process including Biscuit Manufactory
- Brick Kiln Industry
- Cashew Processing Establishments
- Cement Concrete pipes and cement ware manufactory excluding stone ware pipes Manufactory
- Chemicals and Pharmaceuticals
- Cinema Industry
- Clubs and Canteens
- Any Manufacturing process carried out in any factory other than those notified under Part – I or Part – II .

PART – I

- Coffee Plantations
- Colour Printing and Yarn Dyeing
- Construction of Projects including Dams and Multi purpose projects
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- Cotton Carpet Weaving Establishments
- Cotton ginning and Pressing Factories
- Distilleries and Breweries
- Domestic Workers
- Electronic Industry
- Fisheries and Sea Foods
- Garment and Allied Manufacturing Industry
- Glass Industry

PART – I

- Gold Covering and Gold Coating Industry
- Handloom Weaving Establishments
- Handloom (Silk) Weaving Establishments.
- Additional Categories in Handloom Weaving Establishments.
- Hospitals, Nursing Homes and Clinics other than government hospitals and Dispensaries
- Hostels of all Colleges and all other Educational Institutions
- Hotels and Restaurants and Eating Houses
- Jute and Coir Industry
- Khandasari Factories
- Lime Stone Kilns.
- Marketing Societies Consumer Co-operative Societies and Co-operative Banks
- Match and Fire Works
- Mesta used Twine Mills

PART – I

- Metal Foundries and General Engineering
- Mica Works
- Mini and Tiny Cement Factories
- Motion Picture Industry including production, distribution and publicity.
- Paper and Paper Boards including Straw Board including hand made paper manufactory
- Petrol Bunks
- Power loom Industry
- Printing Presses including Litho and offset Printing
- Private Motor Transport
- Professional such as Chartered, Cost Accounts, Auditors including Tax Consultants and Clerks working with Advocates
- Public Motor Transport
- Rice mills Flour Mills or Dall Mills including Roller Flour Mills

PART – I

- Salt Pans
- Seed Processing Units
- Shops and Commercial Establishments
- Slate Factories
- Soft Drinks and Aerated Water Manufacturing Units
- Steel Mills and Steel Re-Rolling Mills
- Stone Breaking and Stone Crushing Operations
- Tanneries and Leather Manufactory
- Tiles and Potteries
- Tobacco (excluding Beedi Making) Manufactory
- Tobacco (including beedi making) manufactory
- Toddy Tapping including selling and Conveyance Industry
- Wood Working Establishment including furniture excluding Timbering Operation.
- Woolen Carpet making and Shawl Weaving Establishment.

PART – II

1. Agriculture
2. Betal Vines
3. Cashew and Coconut Gardens
4. Dairy Farming including Cattle Feedings units and conveyance
5. Forestry and Timbering Operations
6. Horticulture
7. Poultry Farming Including Feeding Units and Conveyance
8. Sericulture

Section-1(short title and extent)

- This act may be called the Minimum Wages Act, 1948.
- It extends to the whole of India

Section-2(Interpretations/Definitions)

- (e)Employer means any person who employs one or more employees in any schedule of employment.
- such employment may be directly by himself or through another person.
- on his own behalf or on behalf of any other person and includes
 - a Manager of a factory
 - the HOD or any other person or Authority of such govt.

- the CEO of the local Authority or any person appointed for controlling or supervising such employees.
- any person responsible to the owner for the supervision and control of the employees or for payment of wages.

- (i)Employee means any person employed for hire or reward and includes an out -worker
- (h)wages means all remuneration, capable of being expressed in terms of money which includes HRA.

Classification of wages

- Minimum Wages
- Fair Wages
- Living Wages

Minimum wages sets the lowest limit below which wages cannot be allowed to sink.

Section – 3(fixing of minimum rates of wages)

- Appropriate govt. fix the minimum rates of wages payable to employees employed in employments specified in Part-I & Part – II
- The minimum rates of wages will be reviewed/ revised, for every five years, by the appropriate govt.
- Appropriate govt. can add any employment, to the schedule(part-I or part – II), wherein one thousand or more employees are found working

- Different minimum rates of wages may be fixed for different scheduled employments/ different classes of work /different localities
- Wage periods- hour/day/month/any longer period

RIGHT TO TRADE Vs MINIMUM WAGES



- Though Article 19(1)(g) guaranteed freedom of trade, the fixation of minimum wages is reasonable restriction in the interest of public.
- Directive principles of state policy in Article 43 ensures living wage and decent standard of life to all workers

MINIMUM WAGE, FAIR WAGE AND LIVING WAGE



- The wage which provides bare subsistence and it is at little above the poverty line .



- Fair wage is little above the minimum wage and sufficient to provide necessities.



- Living wage is at comfort level.

NORMS IN FIXATION OF MINIMUM WAGES

ILC at the 15th session passed resolution for norms in fixation of minimum

- Family comprising 3 consumption units
(Worker 1 unit, wife 0.8 unit 2 children 1.2 unit)
- Minimum food requirement based on intake calories recommended by Dr. Aykroyd.
- 2700 calories:- 14 Oz cereals, 3 Oz Pulses, 10 Oz Vegetables, 2 Oz Milk, 2 Oz Sugar, 2 Oz Oil and ghee, 2 Oz fruits, 2 Oz fish and meat and 1 Oz eggs.
- Clothing:- 72 Yards per family per annum.

NORMS IN FIXATION OF MINIMUM WAGES

- Housing Rent:- Rent for minimum area under Govt. Industrial Housing Scheme.
- Fuel lighting and others:- 20% of minimum wages.
- "Children education, medical requirement, minimum recreation including festivals/ ceremonies and provision for old age, marriage etc. should further constitute 25% of the total minimum wage." as per the judgment of the Supreme Court of India in 1991 in the case of Reptakos Brett and Co. Vs. its workmen.

Section- 4(Constituents of Minimum Wages)

- Basic Rate of Wages + Special Allowance.
or
- Basic Rate of Wages with or without any Cost of Living Allowance + cash value of supply of essential commodities at concessional rate.

Or

- Consolidated Pay without splitting into Basis Rate of Wages, Cost of Living Allowance or Cash Value of Concession.

In our state the minimum wages constitute Basic rate of wage + VDA

SECTION – 5 (PROCEDURE FOR FIXING AND REVISING MINIMUM WAGES)

- In Section 5 of the Minimum Wages Act, 1948, two methods have been provided for fixation/revision of minimum wages.

Committee Method

- Under this method, committees and sub-committees are set up by the appropriate Governments to hold enquiries and make recommendations with regard to fixation and revision of minimum wages, as the case may be.

Notification method

- Government proposals are published in the Official Gazette for information of the persons likely to be affected thereby and specify a date not less than two months from the date of the notification on which the proposals will be taken into consideration.

Section – 12(Payment of minimum rates of wages)

- The employer shall pay to every employee engaged in a scheduled employment under him at a rate not less than the minimum rate of wages, without any deductions except as may be authorised under the PW Act, 1936.

Section – 13(Fixing hours of work for a normal working day)

- The govt. may fix the no. of hours of work for a normal working day inclusive of intervals of rest and payment for the day of rest.

EXCEPTIONS TO NORMAL WORKING HOURS

- The Normal Working Hours need not be adhered in the following cases:
 - (1) Where the persons were employed to meet emergency or urgent work.
 - (2) Whose Employment is dependent on Natural Factors
 - (3) Employees those who have not completed their duty in time for technical reasons.
 - (4) Where the Nature of Duties has to be necessarily carried out beyond Normal Working Hours.

Section – 14(overtime wages)

- Overtime wage shall be double the normal wage.
- Where a person has worked more than the Normal Working Hours for any day, the excess hours worked will be treated as Overtime
- Where the Fixed Normal Working Hours for any day is in excess of 8 Hours we have to go by the method of weekly worked hours. If the person has worked for more than 48 hours in a week then, the excess hours worked will be treated as Overtime.

SECTION – 15(WAGES FOR A PERSON WHO HAS WORKED LESS THAN NORMAL WORKING HOURS)

- Where an Employee worked on any day less than the Normal Working Hours due to the fact that, Employer could not provide the activities of the job then, the Employee is entitled to receive full salary.
- Where an Employee worked on any day less than the Normal Working Hours due to the fact that, Employee has not worked due to his unwillingness then, the employee is not entitled to receive full salary.



FIXING OF MINIMUM WAGES

The Act contains list of scheduled employments for which minimum wages are to be fixed by the appropriate Governments

Section 3 empowers appropriate Government to fix the minimum rates of wages in the scheduled employments where 1000 or more employees are engaged.

- Revision
Revise the Minimum rates at an appropriate interval not exceeding five years.
- Appropriate Governments can add new scheduled employments(sec27)

SCHEDULED EMPLOYMENT

- Scheduled Employments : The employments notified by the government for fixing minimum wages are shown in the schedule of the Act
- Schedule contains two(2) parts.
- Part I has non-agricultural employments.
- Part-II relates to employment in agriculture , Horticulture and Live Stock or Poultry.

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61 schedule employments in A.P.

1. Oil mills.
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3. Baking process including Biscuit Manufactory
4. Brick Kiln Industry
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6. Cement Concrete pipes and cement ware manufactory excluding stone ware pipes Manufactory
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- 44 Private Motor Transport
- 45 Professional such as Chartered, Cost Accounts, Auditors including Tax Consultants and Clerks working with Advocates
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AUTOMOBILE ENGINEERING WORKSHOPS INCLUDING SERVICING AND REPAIRS

Notification issued vide G.O.Ms.No.71 , LET&F (Lab.II) Dept., dt:29-13-2000

Published in Gazette No. 128 , dated 29-03-2001

Wages Linked at 413 CPI points

CPI points notified as on 01-10-2009 = 693 points

VDA to be paid from 01-10-2009 to 31-03-2010 = 693 - 413 = 282 points

Per point rate of VDA notified in the notification = Against each category at Col.No.4

Minimum Wages and VDA payable from 01-10-2009 to 31-03-2010

sno	Name of the Category	Basic Wage	Per point rate of VDA	VDA for 282points	Total Wage
1	2	3	4	5	6
1	OFFICE AND GENERAL CATEGORIES				
1	Superintendent/ Head Clerk	3097.00	10.50	2961.00	6058.00
2	Accountant	2909.00	10.50	2961.00	5870.00
3	Telephone Operator/ Steno/ Cashier	2733.00	10.50	2961.00	5694.00
4	Typist/ Computer Operator	2544.00	10.50	2961.00	5505.00

AUTOMOBILE ENGINEERING WORKSHOPS INCLUDING SERVICING AND REPAIRS

5	Clerk/Store Keeper/ Time Keeper	2182.00	10.50	2961.00	5143.00
6	Office Boy/ Watchman/ Sweeper	1818.00	9.75	2749.50	4567.50
II	HIGHLY SKILLED CATEGORIES				
7	Engineer/ Supervisor	5279.00	10.50	2961.00	8240.00
8	Foreman/ Charge man	4362.00	10.50	2961.00	7323.00
III	SKILLED CATEGORIES				
9	Draughtsman/ Engine Mechanic/ Machinist/ Painter/ Blacksmith/ Auto Electrician/ Tinker	3635.00	10.50	2961.00	6596.00
10	Asst.Foreman/ Moulder/ Heat Treatment Operator/ Grinder/ Welder/ Coach Builder (Wood/metal)/ Penal Beater/ Asst.Mechanic/ Tailor/ Fitter/ Driller/ Turner/ Valcaniser/ Carpenter/ Upholster/ Bench Fitter/ Winder/ Machine Winder/ Fitter Helper/Liner/Boilerman/Tyre Mechanic	2909.00	10.50	2961.00	5870.00

AUTOMOBILE ENGINEERING WORKSHOPS INCLUDING SERVICING AND REPAIRS

IV	SEMI-SKILLED CATEGORIES				
11	Asst.Engine Mechanic/ Asst.Painter/ Asst. Auto Electrician/ Asst.Blacksmith/ Asst. Machinist/ Asst.Tinker/ Asst.Turner/ Asst.Driller/ Asst.Grinder/ Asst.Fitter/ Asst.Carpenter/ Asst.Welder/ Asst.Valcaniser/ Asst.Upholster/ Lubricator/ Tyre Sorter/ Tyreman/ Press Operator	2182.00	10.50	2961.00	5143.00
V	UNSKILLED CATEGORIES				
12	Cleaner/ Greaser/ Hammer man/ Tool Keeper/ Helper/ Petrol Pump Boy/ Mazdoor	1818.00	9.75	2749.50	4567.50

PAYMENT OF MINIMUM WAGES

- Minimum Wages shall be paid in Cash.
- The Minimum Wages has to be paid without any deductions other than Statutory Deductions.
- Where the wages are paid on a piece-rate and if no wages are prescribed in the G.O for piece rate, then the Employer should pay wages to the workers at not less than the Minimum Time Rate(Section – 17)

PAYMENT OF MINIMUM WAGES

- The Minimum Wages must be paid irrespective of the extent of Profit or Financial Condition of the Establishment.
- The Minimum Wages must be paid irrespective of availability of workmen willing to work on lower wages(Section – 25)
- Deducting payment from minimum wages based on quantum of work done than the norms is violative of Article 23
- Employee who does work in two different scheduled employments in day shall be paid based on working hours allocated to each type of job(Section – 16)

SECTION-18(RECORDS TO BE MAINTAINED)

- Employer should maintain a Register of Employees containing the details such as the name, address, father's name, age, sex, the work performed, the wages paid to them.
- Every Employer should display the above particulars in the premises where the Employee works.
- The other Registers to be maintained are:
 - (1) Register of Fines.
 - (2) Register of Deductions for Damage / Loss caused to the employer, by the neglect / default of the employed persons.
 - (3) Overtime Register for Workers
 - (4) Muster-Roll
- The Registers shall be preserved for a period of 3 years after the date of last entry made therein.

SECTION – 19(ENFORCEMENT)

- The Appropriate Government appoint inspectors to enforce Act.
- All the officers of labour dept.notified.
- **The inspectors have right**
 - ***to enter the premises*** of employers at all reasonable hours.
 - ***to verify all the records*** as required to be maintained by law.
 - ***to examine any persons*** they find in the premises.
 - ***to enquire about the work*** given to workers and.
 - ***to get information from the employers*** about the payment of wages, etc.,
 - ***to cease or take*** copies of registers.
- The Inspector shall be deemed to be a Public Servant.

SECTION – 20(CLAIMS)

- The Appropriate Government notifies the **AUTHORITIES U/S20** to hear and decide for any specified area all claims arising out of payment of less than the Minimum rate of Wages to Employees.
- All the officers in the rank of Assistant Commissioner of Labour and above in the Labour dept. are notified.
- Authorities will have all the powers of a civil court for the purpose of
 - taking evidence.
 - enforcing attendance of witnesses.
 - compelling the production of documents/registers.

PROCEDURE FOR CLAIMS

- The Employee or his **legal practitioner** or a **Trade Union official** may apply to the **Authority u/s20** for getting a direction.
- The Authority will hear the both the parties by giving a reasonable opportunity and pass orders.
- In case the Authority finds that the Employer not paid minimum wages, directions will be issued to the Employer for Payment of difference of minimum wages.
- **Authority can also impose Compensation which may not exceed 10 times of the awarded amount(u/s- 20)**
- In case the Authority finds that Employer is not guilty, a fine of Rs.50/- can be imposed on worker.
- The directions given by the Authority shall be final.
- The awarded amount shall be recovered through 1st class magistrate

SECTION – 22(PENALTIES)

- Any employer who contravenes any of the provisions of this Act other than Section 12 and 13 shall be punishable with fine, which may extend to Rs.500.
- Any employer who contravenes the provision of payment of minimum rates of wages (Section- 12) and hours of work (section 13) shall be punishable with **imprisonment** for a term which may extend to six months or with fine which may extend to Rs. 500/- or with both.
- In the case of a Company, the person incharge at the time of offence happened will be responsible to discharge the liability under this Act.
- In the case of a Partnership Firm, the Managing Partner at the time of Offence happened will be responsible to discharge the liability under this Act.

SECTION – 23(EXEMPTIONS AND EXCEPTIONS)

- The Appropriate Government depending on the situation may direct that this Act shall not be applicable in relation to Wages payable to disabled Employees.
- The Appropriate Government for any special reasons by notification in the official gazette direct that the Act shall not be applicable to any specific locality or specified group of Employees.
- The Act will not be applicable to the Wages payable by an Employer to a member of his family who is living with him and dependent on him. Family includes his / her spouse, child, parent, brother or sister.

SECTION– 24(BAR OF OTHERSUITS)

- This section bars the entertainment of any suit under this act by a civil court with respect to those sums which are sought to be claimed by application u/s 20 before the authority
- This section bars the jurisdiction of civil court, but not the Labour court or Indl. Tribunals which can entertain such claims u/s 33 C of the ID Act.

POWER TO MAKE RULES

- The Central Government may give directions to the State Government for the execution of this Act.
- The Central Government is empowered to make rules from time to time through notification in the official gazette.
- The Central Government is empowered to make rules prescribing the terms of office of the members, the procedure to be followed in conduct of business, the method of voting, the manner of filling of casual vacancies in membership and the quorum necessary for the transaction of business of the Central Advisory Board.
- The Appropriate Government is having the powers of the Central Government to make rules for the purposes as mentioned above.