

Minimum Wages Act 1948

Broad Features of the Act

- **[Sec 3]:** The Act lays down **the principles** for fixation of
 - A **minimum time rate of wages**
 - A **minimum piece rate**
 - A **guaranteed time rate**
 - An **overtime rate** for different occupations, localities or classes of work and for adults, adolescents, children and apprentices

- **[Sec 4]:** The **minimum wages** may consist of
 - A **basic rate** of wages **and a cost of living** of allowances
 - A basic rate of wages **with or without the cost of living** allowance and the cash value of the concessions in respect of essential commodities supplied at concessional rates

Who all are eligible?

- Permanent employees
- Contract employees
- Casual workers
- People on probation get fixed pay instead of minimum wages.
- Trainees get stipend and not minimum wages

What is appropriate government? [Sec 2(b)]

- In relation to **scheduled employment** carried on by Central Government or railways or est. under Central Act, **the Central Government**
- In all other cases – **the State Government**

Wages [Sec. 2(h)]

- **Minimum wages:** all remuneration capable of being paid in money terms for work done if terms of contract were fulfilled
- consist of **Basic + Dearness Allowance + House Rent Allowance**
- **Every 5 years**, basic rates of every industry are decided by **Minimum Wages Committee**
- **Dearness Allowance** changes every **six** months and is decided by Government

Fixing of minimum rate of wages [Sec. 3]

The Appropriate Government:

- Shall fix minimum rates of wages for an **employment** specified in **Part I or Part II of Schedule** & **added by notification** in official gazette
- May **fix rates** for a **part** of the state or for any **specific class** or classes instead of fixing minimum rate of wages for whole state
- Shall **review and revise** at interval **not** exceeding **5 years** the minimum rates of wages

Different Minimum Wages May Be Fixed By The Government For:

- Different **employments** (specified in the schedule)
- Different **classes** (e.g. skilled, unskilled, semis skilled, etc.) of work in the same employments
- Adults, adolescents, children and apprentices
- Different **localities**

Segregation

Minimum rates of wages may be fixed by any one or more of the following wage periods, namely:

- By the hour**
- By the day**
- By the month**
- By such other larger wage period**

as may be prescribed; and where such rates are fixed by the day or by the month, the manner of calculating wages for a month or for a day, as the case may be, may be indicated

Different Minimum Wages May Be Fixed By The Government May consist of [Sec. 4]

1. **Basic + Special Allowance** (Which varies with the cost of living index)
2. **Basic + Cash value** of concessional supply of materials like food, clothes, etc
3. **An all inclusive rate** which includes Basic + Cost of living Allowance + Cash value of concessional supply of materials

Fixing Minimum Rates of Wages [Sec. 5]

- **Publish** its proposals in the **official gazette** asking comments from the affected parties
- Constitute **committees/sub committees** for the purpose.
- The committees/sub-committees and advisory boards constituted by the Government consist of equal number of members of :
 - Employers
 - Employees, and
 - Independent persons

Fixation of minimum wages

Recommendation of Advisory Board for different class
[unskilled, skilled, Clerk, Supervisor]



Publish recommendations in National Publications [for public
comments/representations from Trade Unions etc.]



Hearing of the Representatives etc



Notification of Minimum wages

- **Advisory Board:**

- Appointed by appropriate government

- To co-ordinate the work of committees and sub committees appointed under Section 5

- **Central Advisory Board:**

- To advise the **Central and State Governments** in fixation and revision of minimum rates of wages

- To co-ordinate the work of the Advisory Boards

Composition of Committees, etc. [Sec. 9]

- Each of the committee, sub-committee and the Advisory Board shall consist of:
 - a. persons to be **nominated** by the **appropriate Government**
 - b. representing the **employers and employees** in the scheduled employments who shall be **equal in number** and
 - c. **independent persons** not exceeding **one-third** of its total number of members: one of such independent persons shall be appointed the **Chairman** by the appropriate Government.

Correction of Errors [Sec. 10]

- By appropriate Government at any time
- By **notification** in the Official Gazette
- Correct **clerical or arithmetical mistakes** or **errors** arising from and **accidental slip or omission**.
- Every such notification shall be placed before the Advisory Board for information.

Wages in Kind [Sec. 11]

- Minimum wages shall be **paid in cash**.
- The appropriate govt. may authorize, where there has been a **custom** of payment in this manner, payment of minimum wages either **wholly or partly** in kind
- The appropriate govt. may authorize supply of **essential commodities** at **concessional rates**

Payment of minimum rate of wages [Sec. 12]

- The Minimum Wages has to be paid **without any deductions** other than Statutory Deductions.
- Payment of **wages less than minimum wages** on the ground of less performance or output is **illegal**