

SRRF WORKSHOP

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MINIMUM WAGES ACT 1948

Introduction

Objectives

- To provide minimum wages to workers to do skilled or unskilled or manual or clerical in a scheduled employment.
- To stop exploitation of the workers.
- To empower Govt to fixing a minimum wages and revising it from time to time.

Legislative History

- 1920s :Wage Determination Boards were set up.
- Minimum Wages Bill was introduced in Central Legislative Assembly in 1946 and became effective in 1948.
- Not applicable to Coal Mines, which gets covered by National Coal Wage Agreement.

Eligible persons

- Permanent employees
- Contract Employees
- Casual Workers

Appropriate Govt

Central Govt

- In case of scheduled employment carried on by the central Govt
- Establishments under Central Act
- Railways

State Govts

- All other cases

Major components of Minimum Wages Act

- Consists of Fixed and Variable components
- Fixed component has to be fixed within 5 years, but generally updated within 2-3 years.
- Fixing variable components is not very regular.
- Several criteria while fixing these components – food consumption, rent, cloth requirement, fuel, lighting, children education, medical costs, recreation, festivals, etc.
- Different level of rates are fixed for different type of employments (as specified in schedules), areas, different classes (skilled, unskilled, semi-skilled), & even different rates for adolescents (above 14 but below 18), adults, apprentices, etc.

Calculation of Compensation

- Minimum Wages payable in cash
- Number of working hours (week : 48 hours maximum, day: 9 hours with one hour rest.
- If working on Holiday – Compensatory / Overtime
- Overtime (if more than 48 hours in a week). Overtime is twice the MWR.
- If an employer is not able to provide full working week work, then employee entitled for full compensation for 48 hours.
- If employee not able to give 48 hours than employee will not receive full salary.

Records required to be maintained

- Persons employed
- Work performed by them
- Wages paid
- Receipts of amounts paid

Other Issues of Interest

- Central Govt adds schedule of employments, as per requirement. Recently added 'Watch & Ward Staff'
- Non-coal mines covered by central govt and not state govts.
- Petrol Pumps covered by MW as it is an establishment (Delhi HC)
- Recently even payment under NREGA have been covered under MW legislation (Andhra HC)
- Weighmen not covered under MW (APMC vs Weighmen's Association-2007)
- MW to safai Karamchari allowed even if they work on part-time basis (Sonu vs MCD 2005)

Recent issues:

- Whether minimum wages can be bifurcated into Basic and other allowances to determine PF liability.
- Cases filed against decision of PF Commissioner not agreeing to such bifurcation
- Group4 Securities case
- Coverage of scheduled employments – schedule-I and schedule-II



- Thank You