



Chapter - 21

LAW FOR MINIMUM WAGES AND SOCIAL JUSTICE

NOTES:

- The Minimum Wages Act 1948 is an Act of Parliament concerning Indian labour law that sets the minimum wages that must be paid to skilled and unskilled labours.
- The Indian Constitution has defined 'living wage' as the level of income for a worker which will ensure a basic standard of living including good health, dignity, comfort, education and provide for any contingency.
- However, to keep in mind an industry's capacity to pay the constitution has defined a 'fair wage'.
- Fair wage is that level of wage that not just maintains a level of employment, but seeks to increase it keeping in perspective the industry's capacity to pay.
- To achieve this in its first session during November 1948, the Central Advisory Council appointed a Tripartite Committee of Fair Wage.
- This committee came up with the concept of a minimum wage, which not only guarantees bare subsistence and preserves efficiency but also provides for education, medical requirements and some level of comfort.
- India introduced the Minimum Wages Act in 1948 giving both the Central government and State government jurisdiction in fixing wages. The act is legally non-binding, but statutory. Payment of wages below the minimum wage rate amounts to forced labour.
- Wage boards are set up to review the industry's capacity to pay and fix minimum wages such that they at least cover a family of four's requirements of calories, shelter, clothing, education, medical assistance, and entertainment.
- Under the law, wage rates in scheduled employments differ across states, sectors, skills, regions and occupations owing to difference in costs of living, regional industries' capacity to pay, consumption patterns, etc. Hence, there is no single uniform minimum wage rate across the country and the structure has become overly complex.

- The Mahatma Gandhi National Rural Employment Guarantee Act is an employment guarantee scheme that guarantees employment for 100 days at a wage rate of INR120 per day (as fixed in 2009).
- These benefits can be secured by any household regardless of whether they fall below or above national poverty line.
- The central government delinked MGNREGA wage rates from State specific Minimum wage rates in January 2009 when states like Uttar Pradesh, Rajasthan and Maharashtra revised and increased their minimum wage rates.
- This had direct implications on Central Government's budget set aside for MGNREGA scheme.
- The move of freezing MGNREGA scheme created an upheaval of discontent in various parts and sections of India as the move was considered to breach Minimum Wages Act, 1948. MGNREGA wage rates were less than the minimum wage rates of respective states.
- Protests broke out throughout India coupled with controversies over corruption, under-payment of workers, poor quality of infrastructure, ambiguous source of funds and unintended negative effect on poverty.
- Recommendations made by National Advisory Council and Centre Employment Guarantee Council chaired by Jean Drèze that MGNREGA's wage rates should be synced with Minimum Wages Act were rejected by the Central Government.
- The Central Government stuck to its decision of freezing MGNREGA wages even after an order from Supreme Court.

