

The determination of wage in india



**ASSIGN
BUSTER**

Organized Sector:-

The ' day', ' week' and ' month' are the basic units for wages calculation.

Used in combination. Normal working week is five days (for government) five half days/ six days.

' Hour' is generally not a unit for wage calculation. (In newer sectors like IT, ITES hour is becoming a standard).

Wage payment is made monthly.

Unorganized sector:

' Day' is the common unit of calculation. In certain cases piece rate wages is in vogue, as well as hourly wages.

Institutions involved in wage determination

Wages Legislation. (covers organized/unorganized)

Wage Boards (covering select private and public sectors).

Pay Commission (for government/Public Sector).

Collective Bargaining (for covered workers).

Government Directives/Special commissions

Salary Surveys/Compensation Consultants – for private sector, non-officer cadre.

Fixation of wage

1. Fixation of wages is a recent phenomenon in India

2. There was no effective machinery until 2nd world war for settlement of disputes for fixation of wages.

3. After independence of India, industrial relations become a major issue and there was phenomena increase in industrial dispute mostly over wages leading to substantial loss of production.

4. Realizing that industrial peace is essential for progress on industrial as well as economic front, the central govt. convened in 1947, and a tripartite conference consisting of representatives of employers, labour and government.

Govt. of India formulated industrial policy resolution in 1948 where the govt. has mentioned to items which has bearing on wages

Statutory fixation of minimum wages

Promotion of fair wages

5. To achieve 1st objective, the minimum wages act, 1948 was passed to lay down certain norms and procedures for determination and fixation of wages by central and state govt.

6. To achieve 2nd objective govt. of India appointed in 1949, a tripartite committee on fair wages to determine the principles on which fair wages should be fixed

Wages and salary incomes in India are fixed through several institutions.

These are

Collective bargaining

Industrial wage bound

Govt. appointed pay commissions

Adjudication by courts & tribunals

1. COLLECTIVE BARGAINING

· Collective bargaining relates to those arrangements under which wages and conditions of employments are generally decided by agreements negotiated between the parties.

· Broadly speaking the following factors affect the wage determination by collective bargaining process

Alternate choices & demands

Institutional necessities

The right and capacity to strike

· In a modern democratic society wages are determined by collective bargaining in contrast to individual bargaining by working.

· In the matter of wage bargaining, unions are primarily concerned with

General level of wage rates

Structure of wages rates (differential among occupations)

Bonus, incentives and fringe benefits, Administration of wages.

2. INDUSTRIAL WAGE BOARDS

Concept of wage board was first enunciated by committee on fair wages.

It was commended by first five year plan and second five year plan also considered wage board as an acceptable machinery for setting wage disputes.

Wage boards in India are of two types

Statutory wage board

Tripartite wage board

Statutory wage board means a body set up by law or with legal authority to establish minimum wages and other standards of employment which are then legally enforceable in particular trade or industry to which board's decision relate.

Tripartite wage board means a voluntary negotiating body set up by discussions between organized employers, workers and govt. to regulate wages, working hours and related conditions of employment.

Wage board decisions are not final and are subjected to either executive or judicious review or reconsideration by other authority or tribunals.

The powers and procedure of wage boards are same as those industrial tribunals unsaturated under ID Act 1947.

3. PAY COMMISSIONS

First pay commission was appointed by govt. of India in 1946 under chairmanship of justice vardachariar to enquire in to conditions of service of central govt. employees.

The vardachariar commission in its report said that in no case should a man's pay less than living wage

The 2nd pay commission was appointed in Aug. 1957. and commission submits its report in 1959, examined the norms for fixing a need based minimum wage set up 15th session of ILC.

Govt. of India appointed third pay commissions in 1970's which submit its report in April 1973. In this report commission express its support for a system in which pay adjustments will occurs automatically upon an upward movement in consumer price index.

After thirteen years, Government appointed fourth central pay commission's under chairmanship of justice P. N. Singhal on July 26, 1983 to examine structure of all central govt. employees, including those of union territories.

Officers belong to all India service and armed forces. Commission submits its report on July 30, 1986 and recommended drastic changes in pay scale.

The 5th pay commission (1952-1996) made certain recommendation regarding restricting of pay scales.

The 6th pay commissions was established on 2006 and committee submit its report on March 2008.

4. ADJUDICATION

Since independence adjudication has been one of the main instruments for settlement of disputes, improvement in wage scales and standardization of wages and allowances. Though courts and tribunals were primarily intended to deal with settlement of industrial disputes, in practice, wage fixation has become an important element in their work and functioning. This is because of large of disputes concerning of wages and allowances. Numerous wage disputes in many industries have been referred for adjudication to labour courts and tribunals during past ten decades. The high courts and

Supreme Court has also adjudicated upon such disputes. The awards given by these authorities not only helped in formulation of a body of principles governing wage fixation but laid foundation for present wage structure in many of major industries. Some major legislation which governs the principles of wage fixation -Minimum wages Act 1948, Payments of wages Act 1936, Equal Remuneration Act 1976, Industrial Disputes Act 1947, and Companies Act 1956.

Info

Minimum Wages in India

Legislative protection for workers to receive a minimum wage can be considered as the hall mark of any progressive nation. It is one of the fundamental premises of decent work. In India, the Minimum Wages Act, 1948 provides for fixation and enforcement of minimum wages in respect of scheduled employments.

The Act aims to prevent sweating or exploitation of labour¹(According to the NSSO (2004-05) 61st round, around 395 million workers (86%) out of the total workforce of around 457 million workers constitute the unorganized/informal sector. In fact 7% of those employed in organized sector has been identified as informal workers raising the toll of informal sector to 422 million (92%).) through payment of low wages by ensuring a minimum subsistence wage for workers. The Act also requires the appropriate government (both at Centre and States) to fix minimum rates of wages in respect of employments specified in the schedule and also review and revise the same at intervals not exceeding five years.

Currently, the number of scheduled employments in the Central sphere is 45 whereas in the States sphere the number is 1596 (when all states are counted). With effect from November 2009, the National Floor Level of Minimum Wage has been increased to Rs 100 per day from Rs 80 per day (which was in effect since 2007). Since the respective state governments have been empowered to independently fix minimum wages, disparities between wages in neighbouring states are common. In order to reduce this problem and bring comparability the Central government has set up 5 regional committees (table below)² for harmonization of minimum wages.

A Statement showing the Area-wise Minimum Rates of Wages for the Scheduled Employments in the Central sphere

Name of Scheduled Employment

Effective

Date

Category of Worker

Rates of wages including V. D. A per day

(in Rs.)

Area A

Area B

1. Agriculture

01. 10. 2010

Unskilled

163. 00

148. 00

Semi-Skilled/Unskilled Supervisory

179. 00

165. 00

Skilled/Clerical

194. 00

179. 00

Highly Skilled

216. 00

199. 00

2. Workers engaged in Stone Mines

for Stone Breaking and Stone

Crushing

01. 10. 2010

1. Excavation & removal of over burden with 50 meters lead/1. 5 meters lift:

(a) Soft Soil

156. 91

(b) Soft Soil with Rock

237. 83

(c) Rock

314. 84

2. Removal and Staking of rejected

stones with 50 metres lead 1. 5 metres

lift

125. 14

Stone breaking or Stone Crushing for the stone size

(a) 1. 0 inch to 1. 5 inches

977. 38

(b) Above 1. 5 Inches to 3. 0 Inches

835. 01

(c) Above 3. 0 Inches to 5 Inches

488. 16

(d) Above 5. 0 Inches

400. 59

3. Sweeping and Cleaning

01. 10. 2010

Unskilled

234. 00

194. 00

4. Watch and Ward

01. 10. 2010

Without Arms

234. 00

194. 00

With arms

259. 00

220. 00

5. Loading and Unloading

01. 10. 2010

Unskilled

234. 00

194. 00

6. Construction

01. 10. 2010

Unskilled

234. 00

194. 00

Semi-Skilled/Unskilled Supervisory

259. 00

220. 00

Skilled/Clerical

285. 00

259. 00

Highly Skilled

310. 00

285. 00

7. Non-Coal Mines

01. 10. 2010

Above Ground

Below Ground

Unskilled

156. 00

194. 00

Semi-Skilled/Unskilled Supervisory

194. 00

234. 00

Skilled/Clerical

234. 00

272. 00

Highly Skilled

272. 00

310. 00

Name of Scheduled Employment

Nomenclature

1. Agriculture (1)

Agriculture

2. Workers engaged in Stone Mines for Stone Breaking and Stone Crushing

(1)

Workers engaged in Stone Mines for Stone Breaking and Stone Crushing

3. Sweeping and Cleaning (1)

Employment of Sweeping and Cleaning excluding Activities prohibited under the Employment of Manual Scavengers

and Construction of Dry Latrines (Prohibition) Act, 1993

4. Watch and Ward (1)

Employment of Watch and Ward

5. Loading and Unloading (1)

Employment in Loading and Unloading in (i) Goods Sheds, Parcel Offices of Railways; (ii) Other Goodssheds,

Godowns, Warehouses etc. and; (iii) Docks and Ports

6. Construction (4)

Construction or maintenance of Roads or Runways or in Building Operations including laying down Underground

Electric, Wireless, Radio, Television, Telephone, Telegraph and Overseas Communication Cables and similar other

Underground Cabling Work, Electric Lines, Water Supply Lines and Sewerage Pipe Lines

7. Non-Coal Mines (36)

Employees engaged in the employment of Gypsum Mines, Barytes Mines, Bauxite Mines, Manganese Mines, China

Clay Mines, Kyanite Mines, Copper Mines, Clay Mines, Magnesite Mines, White Clay Mines, Stone Mines, Steatite

Mines (including the mines producing Soap Stones and Talc), Ochre Mines, Asbestos Mines, Fire Clay Mines,

Chromite Mines, Quartzite Mines, Quartz Mines, Silica Mines, Graphite Mines, Felspar Mines, Laterite Mines,

Dolomite Mines, Red Oxide Mines, Wolfram Mines, Iron Ore Mines, Granite Mines, Rock Phosphate Mines, Hematite

Mines, Marble and Calcite Mines, Uranium Mines, Mica Mines, Lignite Mines, Gravel Mines, Slate Mines and

Magnetite Mines