

FAQ : MINIMUM WAGES ACT, 1948

1. To whom the Act is applicable ?

(a) The Act applies to persons engaged in scheduled employments or in specified class of work in respect of which minimum wages have been fixed.

(b) No employee can give up by contract or agreement his rights in so far as it purports to reduce the minimum rates of wages fixed under the Act.

Hence, any contract or agreement made less than the minimum rates of wages fixed shall be null and void.

2. What is wage as defined under the Act ?

“Wages” means all remuneration capable of being expressed in terms of money which would if the terms of the Contract of employment express or implied, were fulfilled, be payable to a person employed in respect of his employment or of work done in such employment which does not include other allowances viz.

i) the value of—

a) any house-accommodation, supply of light, water, medical attendance: or

b) any other amenity or any service excluded by general or special order of the appropriate Government:

i) any contribution paid by the employer to any Pension Fund or Provident Fund or under any scheme of social insurance:

ii) any traveling allowance or the value of any traveling concession:

iii) any sum paid to the person employed to defray special expenses entailed on him by the nature of his employment; or

iv) any gratuity payable on discharge.

3. What is Minimum Wage ?

Wages fixed or revised by the Government in respect of scheduled employments from time to time which consists of Basic wage + variable dearness allowance.

4. What is V.D.A ?

“Cost of living index number” in relation to employees in any scheduled employment in respect of which minimum rates of wages have been fixed, means the index number ascertained and declared by the competent authority by notification in Official Gazette to be the cost of living index number applicable to employees in such employment:

5. Who are Inspectors under Minimum Wages Act ?

The Officers from the rank of Asst. Labour Officers, Asst. Commissioners of Labour, Dy. Commissioners of Labour, etc. are Inspectors under the said Act.

6. Who are the Authorities under M.W.Act ?

The Authorities and claim amount is mentioned below:-

ACL : Claims not exceeding Rs.20,000/-

DCL : Claims above Rs.20,000/- and not exceeding Rs.50,000/-

JCL : Claims above Rs.50,000/-

Addl.CL : Any claim irrespective amount of claim.

7. Who can file claims ?

Claims can be filed by Inspectors before the Authorities concerned in the prescribed format. Any individual employee or Trade Union can also file claims before the concerned authorities in the prescribed format.

8. Whether any appeal lies in M.W. claims ?

No appeals lie in any Court. However, aggrieved party may approach the Hon'ble High Court of A.P. under writ jurisdiction.

9. What are the hours of work in a day ?

The no.of hours which shall constitute to normal working day in case of an adult, nine hours including lunch break of one hour. The employer shall allow a day of rest after six days of work with wages to the employees every week.

If the employer extract work for more than four hours and less than eight hours the employer has to pay full day wages.

10. When the workman is entitled for overtime wages ?

Any employee on any day having worked excess of no.of hours prescribed, is entitled to over time at double the wage except in agriculture wherein it is 1 ½ times of the wage.

11. How is Minimum Wage rate fixed in India ?

Ans: Under Section 5 of Minimum Wages Act, 1948 there are basically two method of fixation/revision of Minimum Wages (1) Committee Method (2) Notification Method. Revision of Minimum Wages should not exceed an interval of 5 years. Section 3 empowers appropriate Government to fix the minimum rates of wages in the scheduled employments.

Minimum rate of the wages fixed or revised consists of the following:

- A basic rate of wages and a special allowance, viz., cost of living allowance;
- A basic rate of wages with or without cost of living allowance and cash value of concessions for supplies of essential commodities;
- An all inclusive rate, i.e. basic rate, cost of living allowance and cash value of concessions.

The Minimum Wage rate may be fixed at a) time rate, b) piece rate, c) guaranteed time rate and d) overtime rate.

The Act provides that different Minimum Wage rate may be fixed for a) different scheduled employments, b) different works in the same employment, c) adult, adolescent and children, d) different locations or e) male and female.

Also, Government may fix such Minimum Wage by a) an hour, b) day, c) month, or d) any other period as may be prescribed by the notified authority.

Norms for fixing Minimum Wage:

- Three consumption units per earner,
- Minimum food requirement of 2700 calories per average Indian adult,
- Cloth requirement of 72 yards per annum per family,
- Rent corresponding to the minimum area provided under the Government's Industrial Housing Scheme and
- Fuel, lighting and other miscellaneous items of expenditure to constitute 20 % of the total 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.

Cost of Living Allowance:

The Minimum basic wages fixed are linked to consumer price index as a counter measure against inflation. The cost of living is set twice in a year. The Commissioner of Labour notifies the rate 1st of April and 1st of October. The rates are fixed on the basis of the average rise in the State industrial workers consumer price index numbers for half year ending December and June respectively.

Variable Dearness Allowance:

Dearness Allowance is payable to monthly, daily and piece rate earners. Every six months the respective State Governments issues the Cost of Living Index number for each and every scheduled employment.

12. What are the duties of employer under Minimum Wages Act, 1948 ?

Ans: The employer must pay every employee wages as fixed by the Government.

(a) Wages must be paid in cash (current coins or currency notes, or both)/ after obtaining the authorization, it can even be paid either by cheque or by crediting the wages in employee's bank account.

(b) For the fixation of Minimum Wages, the employment must have been in Schedule originally or added to the Schedule by a notification under Section 27 of the Act.<

(c) The employer can take actual work on any day up to 9 hours in a 12 hours shift, but he must pay double the rate for any hour or part of an hour of actual work in excess of 9 hours or for more than 48 hours in any week.

(d) Once a Minimum Wage is fixed according to the provisions of the Act, the employer must pay to every employee engaged in a Scheduled employment, Minimum Wages notification for that class of employees.

(e) The employer should fix wage-period for the payment of wages at intervals not exceeding one month or such other larger period as may be prescribed.

(f) Where less than 1000 persons are employed, it would be paid before the expiry of the 7th

day of the following month. And where more than 1000 workers, it would be paid before the expiry of the 10th day of the following month.

(g) The employer should pay the wages to a person discharged not later than the second working day after his discharge.

(h) Every employer should maintain a register of wages at workplace specifying the following particulars for each wage period in respect of each employed person:

- i. Minimum rate of wages payable;
- ii. The number of days in which overtime was worked;
- iii. The gross wages;
- iv. The wages actually paid and the date of payment.

(i) Every employer should get the signature or the thumb impression of every person employed on the wage book and the wage slips.

(j) The employer should exhibit at main entrance to the establishment and its offices, a notice in respect of the following in English and local language:

- i. Minimum rate of Wages;
- ii. Abstracts of the Acts and rules made there under;
- iii. Name and address of the Labour Inspector/ Asst. Commissioner of Labour etc.

13. What is Variable Dearness Allowance ?

Ans: It was recommended in the Labour Ministers' Conference held in 1988, to evolve a mechanism to protect wages against inflation by linking it to rise in the Consumer Price Index. The Variable Dearness Allowance came into being in the year 1991. The allowance is revised twice a year, once on 1st April and then on 1st October. In the State Sphere, 26 States/Union Territories have provisions for Variable Dearness Allowance, at present.