

COURSE NAME -

LAW

CLASS-

LL.B-4<sup>TH</sup> SEM

SUBJECT-

LABOUR LAW -II

TOPIC-

Fixation and Revision of Minimum Rates  
of Wage

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## fixation of minimum rates of wages [section 3]

Appropriate Government shall fix the minimum rates of wages, payable to employees in an employment specified in Parts I & II of the Schedule.

In the case of an employment covered in Part I, the minimum rates of wages must be fixed for the entire State, no parts of the State being omitted.

In case of the employments specified in Part II, the minimum rates of wages may not be fixed for the entire State. Parts of the State may be left out altogether.

If there are less than 1000 employees in the whole state in any scheduled employment the Appropriate Government may not fix minimum rates of wages for that scheduled employment. But when number increases 1,000 or more Appropriate Government shall fix minimum wage rate.

[section 3(1A)]

# Judicial Views:

. [Basti Ram v. State of AP AIR 1969 A.P. 227]

The rates to be fixed need not be uniform. Different rates can be fixed for different zones or localities

## Bijoy Cotton Mills vs. State of Ajmer 1955 S.C.

The constitutional validity of Section 3 was challenged in this case. The Supreme Court held that the restrictions imposed upon the freedom of contract by the fixation of minimum rate of wages, though they interfere to some extent with freedom of trade or business guarantee under Article 19(1)(g) of the Constitution, are not unreasonable and being imposed and in the interest of general public and with a view to carrying out one of the Directive Principles of the State Policy as embodied in Article 43 of the Constitution, are protected by the terms of Clause (6) of Article 9.

## **Revision of minimum wages [section 3(1)(b)]**

Appropriate Government may review minimum rate of wages at intervals not exceeding 5 years. This means that minimum wages can be revised earlier than 5 years but gap between two revisions should not be more than 5 years.

# Manner of fixation/revision of minimum wages [section 3(2)]

The Appropriate Government may fix minimum rate of wages as:

- Minimum time rate
  - Minimum piece rate
  - Guaranteed time rate for those employed in piece work and
  - Over time rate section
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- 3(3): Different minimum rates of wages may be fixed for: - Different scheduled employments
    - - Different classes of work for same scheduled employments
    - - Adults, adolescents, children and apprentices
    - - Different localities
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- Further, 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 or
    - - By such other large wage periods as may be prescribed
  - Where such rates are fixed by the day or by the month, the manner of calculating wages for month or for a day as the case may be, may be indicated.

## **Minimum rate of wages [section 4]**

Any minimum rate of wages may consist of:

- (i) Basic rate of wages (+) cost of living allowance or
- (ii) Basic rate of wages (+) cost of living allowance (+) cash value of the concession for supplies of essential commodities at concessional rates or
- (iii) All inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions.

The cost of living allowance and the cash value of the concessions in respect of supplies of essential commodities at concessional rates shall be computed by the Competent Authority at specified intervals in accordance with directions specified by the Appropriate Government.

# Procedure for fixing and revising minimum wages (sec- 5)

The Appropriate Government can follow either of the two methods described below :

(1) **Committee Method:** The Appropriate Government may appoint committee to hold enquiries and advise it in respect of such fixation or revision of minimum wages. After considering the advice of the committee the Appropriate Government shall fix or revise the minimum rates of wages by notification in the Official Gazette.

(2) **Notification Method:** As per this method the Appropriate Government shall by notification, in the Official Gazette publish its proposals for the information of persons likely to be affected and give 2 months time for making representation by the interested parties. After considering all the representations and consulting with the Advisory Board, the Appropriate Government shall fix or revise the minimum rates of wages by notification in the Official Gazette.

The minimum wage rates shall come into force from the date specified in the notification. If no date is specified, wage rates shall come into force on the expiry of 3 months from the date of the issue of the notification.

## Judicial Views:

### **Edward Mills Co. Ltd. vs. State of Ajmer AIR 1955 SC 25**

Committee appointed under Section 5 is only an advisory body and that Government is not bound to accept its recommendations.

Minimum wage rates can be revised with retrospective effect. [1996 II LLJ 267 Kar.]



THANK

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