

*Law Audience Journal, Volume 4 & Issue 4, 27<sup>th</sup> November 2022,  
e-ISSN: 2581-6705, Indexed Journal, IF 5.381, Published at  
<https://www.lawaudience.com/volume-4-issue-4/>, Pages: 126 to 134,*

*Title: “Minimum Wages in India”, Authored By: Anshu (B.A.LL.B (Hons)),  
School of Law, University of Petroleum & Energy Studies, Dehradun,  
Email Id: [anshurai00700@gmail.com](mailto:anshurai00700@gmail.com).*



**Cite this article as:**

ANSHU, “*Minimum Wages in India*”, Vol.4 & Issue 4, Law Audience Journal (e-ISSN: 2581-6705), Pages 126 to 134 (27<sup>th</sup> November 2022), available at <https://www.lawaudience.com/minimum-wages-in-india/>.

***Law Audience Journal, Volume 4 & Issue 4, 27<sup>th</sup> November 2022,  
e-ISSN: 2581-6705, Indexed Journal, IF 5.381, Published at  
<https://www.lawaudience.com/volume-4-issue-4/>, Pages: 126 to 134,***

***Title: “Minimum Wages in India”, Authored By: Anshu (B.A.LL.B (Hons)),  
School of Law, University of Petroleum & Energy Studies, Dehradun,  
Email Id: [anshurai00700@gmail.com](mailto:anshurai00700@gmail.com).***

***Publisher Details Are Available At:***

***<https://www.lawaudience.com/publisher-details/>***

***Editorial Board Members Details Are Available At:***

***<https://www.lawaudience.com/editorial-board-members/>***

***| Copyright © 2022 By Law Audience Journal |***

***(E-ISSN: 2581-6705)***

*All Copyrights are reserved with the Authors. But, however, the Authors have granted to the Journal (Law Audience Journal), an **irrevocable, non-exclusive, royalty-free and transferable license to publish, reproduce, store, transmit, display and distribute it in the Journal or books or in any form and all other media, retrieval systems and other formats now or hereafter known.***

*No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other non-commercial uses permitted by copyright law.*

*For permission requests, write to the publisher, subject of the email must be **“Permission Required”** at the email addresses given below.*

*Email: [lawjournal@lawaudience.com](mailto:lawjournal@lawaudience.com), [info@lawaudience.com](mailto:info@lawaudience.com),*

*Phone: **+91-8351033361**,*

*Website: [www.lawaudience.com](http://www.lawaudience.com).*

*Facebook: [www.facebook.com/lawaudience](http://www.facebook.com/lawaudience)*

*Instagram: [www.instagram.com/lawaudienceofficial](https://www.instagram.com/lawaudienceofficial)*

*Contact Timings: **5:00 PM to 9:00 PM.***

**Law Audience Journal, Volume 4 & Issue 4, 27<sup>th</sup> November 2022,**  
**e-ISSN: 2581-6705, Indexed Journal, IF 5.381, Published at**  
**<https://www.lawaudience.com/volume-4-issue-4/>, Pages: 126 to 134,**

**Title: “Minimum Wages in India”, Authored By: Anshu (B.A.LL.B (Hons)),**  
**School of Law, University of Petroleum & Energy Studies, Dehradun,**  
**Email Id: [anshurai00700@gmail.com](mailto:anshurai00700@gmail.com).**

**DISCLAIMER:**

*Law Audience Journal (e-ISSN: 2581-6705) and Its Editorial Board Members do not guarantee that the material published in it is 100 percent reliable. You can rely upon it at your own risk. But, however, the Journal and Its Editorial Board Members have taken the proper steps to provide the readers with relevant material. Proper footnotes & references have been given to avoid any copyright or plagiarism issue. Articles published in **Volume 4 & Issue 4** are the original work of the authors.*

*Views or Opinions or Suggestions **(if any)**, expressed or published in the Journal are the personal point of views of the Author(s) or Contributor(s) and the Journal & Its Editorial Board Members are not liable for the same.*

*While every effort has been made to avoid any mistake or omission, this publication is published online on the condition and understanding that the publisher shall not be liable in any manner to any person by reason of any mistake or omission in this publication or for any action taken or omitted to be taken or advice rendered or accepted on the basis of this work.*

*All disputes subject to the exclusive jurisdiction of Courts, Tribunals and Forums at Himachal Pradesh only.*

***Title: "Minimum Wages in India", Authored By: Anshu (B.A.LL.B (Hons)),  
School of Law, University of Petroleum & Energy Studies, Dehradun,  
Email Id: [anshurai00700@gmail.com](mailto:anshurai00700@gmail.com).***

## **I. INTRODUCTION:**

*The Minimum Wages Act of 1948 was enacted when the exploitation of the British Empire came to an end in the hopes of providing the working class with fair compensation. India's workforce can be broken down into four categories: highly skilled, skilled, semi-skilled, and unskilled. Variable minimum wages are established for various occupations and skill levels. According to the International Labor Organization (ILO), "minimum wages have been decided as the minimal amount of payment that an employer is required to pay wage earners for the job completed over a given period, which cannot be reduced by collective agreement or by individual contract." An advisory panel of salary experts set the floor for minimum pay. According to this notion, minimum wages are legally binding regardless of the method used to set them. It may be established by a relevant authority, councils or boards dealing with wages, or courts and tribunals dealing with industries or labour through a decision or rule. If a minimum salary is established through a collective bargaining agreement, such agreement may also be enforceable by law. The minimum wage system can help support and reinforce other existing social and employment programmes. They can be used as a supplement to be existing anti-poverty, equal-pay, and other financial-justice initiatives".*

## **II. A MINIMUM WAGE LAW PASSED IN 1948:**

*The Minimum Wage Act of 1948 was enacted after the exploitation of the British Empire came to an end. After being colonized by the British, the country's economy collapsed, and wages were extremely low and unequally distributed. The law was passed to ensure that the working class is afforded fairness in terms of salary and working conditions. Minimum pay standards and procedures for resolving wage disputes in regulated industries were developed by the newly formed Fair Wage Committee. They defined "minimum wage" in a general sense but did not propose a methodology. Later, at its 15th session, the Indian Labour Conference outlined the essential resources and the importance of maintaining labour regulations. According to Section 3 of the Act, the minimum salaries shall be set by the appropriate authority (Central, State, or Local). The rate is also set for a certain point in the future. Due to this, charges vary depending on location and zone.*



### **III. THE FOLLOWING CRITERIA ARE USED TO DETERMINE**

#### **INDIA'S MINIMUM WAGE:**

##### **III.I RAPID PACE:**

Here, the bare minimum wage is set according to the time it took to finish the job. Statistically Determine a Rate. This pay is determined by adding up all the products made in a factory. Pay by the Hour. This has nothing to do with the hourly or piece rate of the workers involved, but rather with the total amount of overtime they put in.

##### ***Additionally....***

Any wage committee established by the applicable government must include representatives from both the employee and employer sides. An advisory board may be formed in compliance with the Minimum Wage Act. The board proposes changes to the minimum wage and labour laws. A violation of this law and the mandated hours carries a maximum penalty of five years in prison and a fine of INR 10,000. From 1965 to 2014, the average daily minimum wage was INR 146.00, with the maximum daily average compensation coming in at INR 272.19. When India introduced its minimum wage in 1965, it was the world's lowest at just INR 3.87. Daily rates increased to INR 272.19 in 2014. The Code on Wages Act of 2019 supersedes the Payment of Wages Act of 1936, the Minimum Wages Act of 1948, the Payment of Bonus Act of 1965, and the Equal Remuneration Act of 1976. Regulations enacted pursuant to the Minimum Wages Act of 1948 continue to govern the minimum wage. In accordance with the new law, businesses are not allowed to pay their employees less than the established minimum wage. It also requires that the minimum wage be reviewed and adjusted at the federal and state levels at least once every five years. The new regulation also establishes a national minimum floor wage (*NFLMW*). Unlike the federal government, state governments are responsible for establishing minimum wages, and those wages must be at least as high as the *NFLMW*.

### **IV. PURPOSES OF THE MINIMUM WAGE ACT:**

The Minimum Wage Act was created to put a halt to exploitative business practises. It guarantees that the worker will have enough money to pay for food, shelter, and clothing. Here are some of the Act's primary objectives. Give the minimum wage to workers in the organised

***Title: “Minimum Wages in India”, Authored By: Anshu (B.A.LL.B (Hons)),  
School of Law, University of Petroleum & Energy Studies, Dehradun,  
Email Id: [anshurai00700@gmail.com](mailto:anshurai00700@gmail.com).***

sector. Do not allow your employees to be exploited. Let the government decide on and make changes to the minimum wage. This structure applies to the vast majority of the organised sector's subsets. Obligations of Employers Under the *Minimum Wage Act of 1948*. Every business must pay its employees at least the federally mandated minimum wage. Wages should be paid either in cash, check, or electronic transfer. For minimum wages to be established, the work must either have been included in the Schedule from the start or be added to the Schedule by notice under Section 27 of the Act. When 9-hour days and 48-hour weeks become the norm, employers should pay twice as much for overtime. Every business that wants to comply with the law's regulations must ensure that its employees receive at least the minimum pay as announced for each wage category. The pay period should be no more than one month apart unless otherwise mandated by law or by the employer. Salaries are due on the 7th of the next month if there are fewer than one thousand workers. This date may be extended to the tenth of the next month for companies with over a thousand workers.

Dismissed workers must have their final paychecks settled no later than the second business day after their dismissal. If you're an employer in the United States, you need to keep wages register with the following details for each employee. On days when overtime is worked, you will be paid at least the minimum wage. Salary payments made and the dates they were made. Employers should have workers sign or thumbprint their pay stubs and wage register. The following notice must be displayed in both English and the local language at the main entrance of the business or offices. Lowest acceptable salary per hour, Synopses of rules and laws that have been officially adopted. Details about how to get in touch with the local labour inspector or deputy labour commissioner.

## **V. DETERMINED MINIMUM WAGE IN INDIA:**

Variable minimum wages are established for various occupations and skill levels. India's workforce can be broken down into four categories: highly skilled, skilled, semi-skilled, and unskilled. The minimum wage is established in accordance with the guidelines established by the *Indian Labour Conference in 1957*. In 1957, at a conference in India, workers and

employers agreed on a set of principles that would serve as a basis for setting a floor for wages in any sector. ***What I mean is this:***

- i. We recommend that every wage earner have three units of consumption.*
- ii. The recommended daily calorie intake for an adult is 2700.*
- iii. 72 yards of fabric per year, per household, for clothes.*
- iv. The cost of rent in comparison to what is provided for in the government's industrial housing programme.*
- v. 20% of the base salary is allotted for gas and miscellaneous costs.*

## **VI. SALARY FLOOR REGULATIONS IN VARIOUS STATES:**

The exclusive authority to determine the minimum wages and variable dearness allowance (VDA) in each state's jurisdiction. For this reason, state minimum wages vary. Further, wage disparities exist between regions within several states. Each state has its own minimum wage law, and the laws of certain states are revised every six months, while those of others are revised every five. We need to know why India does not have a minimum wage set by law. Should be paid at least the state-mandated minimum wage as required by the *Wages Act of 2019*. Laws pertaining to labour and its well-being would be subject to several different sets of authority, what with them being both state and central concerns. If the minimum wage is to be set at the state level, rather than at the federal level, it will be possible to gain a more accurate understanding of the costs and benefits associated with employing a person at each stage of their lifetime. Each state government has the authority to establish its own minimum wage. Nonetheless, disparities between neighbouring states often exist and are the root of many problems. To help mitigate such problems, the Indian government has formed five regional committees to create uniform minimum wages across the country.

## **VII. PROS AND CONS OF A HIGHER MINIMUM WAGE:**

There are conflicting viewpoints on the issue of raising the minimum wage. Many support the cause because of the dire economic circumstances and the deflation. An increase in the minimum wage too quickly could hurt India's economy. Experts agree that raising the

**Title: “Minimum Wages in India”, Authored By: Anshu (B.A.LL.B (Hons)),**  
**School of Law, University of Petroleum & Energy Studies, Dehradun,**  
**Email Id: [anshurai00700@gmail.com](mailto:anshurai00700@gmail.com).**

minimum wage could help reduce economic inequality, but they also note several concerns that could arise as a result. Let's weigh the pros and cons of a minimum wage hike a breach of the *Fair Labor Standards Act*. The government is responsible for appointing inspectors or facilitators to ensure that businesses follow the *Code on Wages Act*. The gravity of the offence will determine the severity of the penalty. The maximum sentence is one year in prison and/or a fine of one million Indian rupees. If an employee believes they are being paid less than the legally mandated minimum wage, he or she may make a complaint with the labour inspector directly, through a registered trade union, or through legal representation.

The new 2019 minimum wage regulations are implemented by the respective state governments. Workers' rights and benefits are included on the federal and state lists simultaneously. The movement toward establishing a standard minimum wage throughout all of India's workforce has not made much headway thus far. Establishing and enforcing minimum wages is a positive step toward transforming our society. Many workers' ability to get by has been bolstered because to this constitutionally mandated provision. Companies in Delhi are now compelled to pay their employees the new minimum wage, so its effects can be seen there. Presently, there are no indicators that this rule is being broadly applied in other states. The government and relevant institutions should devote more resources to studying the impact of the minimum wage on issues like unemployment, informality, pay inequality between men and women, wages, hours worked, etc. Attempts should be made to raise the range of minimum wage. Increasing the minimum wage benefits the economy because it gives workers more disposable income.

In India, maintaining amicable working conditions is under the purview of the Central Government, which is why the office of the *Chief Labour Commissioner (Central) (CLC(C))* is also known as the Central Industrial Relations Machinery. In April 1945, the Central Industrial Relations Machinery was established to help businesses and their employees avoid and resolve labour conflicts and to ensure that the applicable labour laws were followed. The company has branches in many cities across India, including *Kanpur, Dhanbad, Madras, Asansol, Ajmer, Hyderabad, Bhubaneswar, Guwahati, Chandigarh, Bangalore,*



***Title: "Minimum Wages in India", Authored By: Anshu (B.A.LL.B (Hons)),  
School of Law, University of Petroleum & Energy Studies, Dehradun,  
Email Id: [anshurai00700@gmail.com](mailto:anshurai00700@gmail.com).***

*Ahmedabad, New Delhi, Cochin, Dehradun, and Raipur.* In addition, the *Central Labor Commission (CLC(C))* is responsible for the following: Conciliation and mediation are tools that can be used to prevent and settle conflicts in the workplace. Labor law and regulation enforcement in the Central Sphere. Different forms of quasi-judicial authority in labour legislation. Additional responsibilities include organizing regular meetings of the Minimum Wages Advisory Board and representing the Ministry of Labour in writ petitions filed against it in various High Courts. As was said before, one of the primary responsibilities of the Chief Labour Commissioner is to ensure compliance with all applicable labour laws and regulations. The Minimum Wages Act, which went into effect in 1948, is an important piece of legislation in India's labour standards. The purpose of the Act is to review and revise the minimum salary every so often, but no more than once every five years. The government now has the ability to mandate a minimum wage for workers in specific industries thanks to this Act. Employment management for construction projects falls under the purview of several government agencies, including the *Ministry of Defense, the Central Public Works Department, and military and agricultural farms.*

In contrast, other types of prearranged employment fall under the purview of the respective state governments. Their responsibilities include establishing and revising rates of pay for temporary workers in their respective industries. To emphasise the importance of the *Minimum Wages Act of 1948*, the Central Government has established minimum pay for 40 scheduled occupations within the Central Sphere. Before considering the possibility of increasing India's minimum wage, it is important to understand the following dynamics of the phrase "*minimum wages*" in India. In India, the constitutional definition of "*minimum wage*" is "*the amount of income for skilled and unskilled workers which provides a maintaining level of living while also affording some degree of comfort.*" It's also worth noting that the minimum wage helps combat labour exploitation and boost employment. Employment discrimination based on low pay is illegal under the Minimum Wage Act of 1948. It can be used in any kind of business, factory, store, or office. It should be noted that, although unplanned firms are often excluded, a State Government may adopt a minimum wage for an occupation or specify it for a sector during a revision cycle. What factors go towards establishing India's minimum wage. Let's take

***Title: "Minimum Wages in India", Authored By: Anshu (B.A.LL.B (Hons)),  
School of Law, University of Petroleum & Energy Studies, Dehradun,  
Email Id: [anshurai00700@gmail.com](mailto:anshurai00700@gmail.com).***

a look at how the Indian government sets its minimum wage. The cost of labour in India is among the lowest in Asia, with the minimum wage set at just *Rs. 176 (USD 2.80) per day and Rs. 4,576 (USD 62) per month*. Despite regional and contextual differences, India's labour costs are among the most reasonable worldwide. As was previously mentioned, the minimum wage and income structure in India are conditional on a variety of factors. State and regional differences in development, industry, occupation, worker skill (*unskilled, semi-skilled, skilled, and highly skilled*), and kind of work are all considered. Finding out what the minimum wage is in India can be a bit of a hassle. Since there are over 400 distinct categories of work and over 2,000 jobs that pay a minimal daily compensation for unskilled workers, the calculation method is bound to be difficult. When calculating a person's monthly income in India, the *Consumer Price Index (CPI) and the House Rent Allowance (HRA)*, if applicable, are factored in. *The term "Variable Dearness Allowance" (VDA) is used to describe this part (HRA).*

## **VIII. THE PROCESS OF DEFINING AND ADAPTING MINIMUM WAGES:**

*The Minimum Wages Act of 1948* grants wage-setting authority to both the federal government and individual states. The Act of 1948 mandates that state governments publish minimum wage rates and the *VDA (Variable Dearness Allowance)* and that wage boards are later constituted to review and fix minimum wages at set intervals not to exceed five years. Wage rates for scheduled employments in India vary across states, industries, skill sets, geographic areas, and professions for a variety of reasons. So, there is no such thing as a "*uniform minimum wage rate*" across the country. Because of this, every state has its own schedule for implementing changes. However, the main problem is that foreign businesses in India have a hard time understanding and calculating the minimum wage because of the differences in wage rates between each State and the fact that such wage rates are divided according to a wide range of factors such as region, industry, skill level, nature of work, etc. Note that the *Minimum Wages Act of 1948, the Payment of Wages Act of 1936, the Payment of Bonus Act of 1965, and the Equal Remuneration Act of 1976* have all been superseded by the Code on *Wages Act of 2019*. The Wage Code stipulates a minimum wage above which no employer may pay their

employees. The Central and State Governments are responsible for reevaluating and updating this minimum wage every five years. In conclusion, the Minimum Salaries Act would review and adjust the current minimum wages at suitable intervals of up to five years prior to 2019. The minimum wage in India is set every five years at most, according to the 2019 Code on Wages Act passed by the federal and state governments.

*The Minimum Wages Act of 1948* gives both the federal government and individual states the power to establish minimum pay levels. *The Minimum Wage Rates and VDA Rates* are set and announced by the respective state governments (*Variable Dearness Allowance*). Wage boards periodically evaluate and adjust the minimum wage. Scheduled employment wage rates differ between jurisdictions, sectors, skill sets, geographies, and professions. For this reason, there is no uniform minimum wage across the country, and instead, each state has its own minimum pay and review schedule. The intent of the Minimum Wage Act was to prevent employers from illegally paying their employees less than the legally mandated minimum. There is no industry or company that is excluded from the Act's purview. However, during a revision cycle, a state may add a minimum wage for a profession or specify it for a sector, even though such industries are not often included.

---

## **Bibliography:**

---

### **Acts:**

- *The Payment of Wages (Amendment) Act, 2017 (No.1 of 2017)*
- *The Payment of Wages (AMENDMENT) Act, 2005*
- *The Payment of Wages Rules, 1937*
- *The Payment of Wages Act, 1936*

### **Journals:**

- *The Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955*
- *Working Journalist (Conditions of service) and Miscellaneous Provisions Rules, 1957*

***Title: “Minimum Wages in India”, Authored By: Anshu (B.A.LL.B (Hons)),  
School of Law, University of Petroleum & Energy Studies, Dehradun,  
Email Id: [anshurai00700@gmail.com](mailto:anshurai00700@gmail.com).***

- *The Working Journalist (Fixation of Rates of Wages) Act, 1958*
- *Working Journalists (Fixation of Rates of Wages) Rules, 1958*
- *Re-notification of Manisana Wage Board Recommendations in compliance of order of Hon'ble High Court of Delhi*
- *Supreme Court Judgement dt.19.6.2017*
- *Working Journalists (Fixation of Rates of Wages) Rules, 1958 amendment*

