

Course Name :COMPENSATION MANANGEMENT AND
LABOUR LAWS

Topic Name:

The Minimum Wage Act 1936

Maternity Benefit Act

Provident Fund Act

Semester: M.Voc- Management (HRM)-Sem II

THE MINIMUM WAGES ACT, 1948

OBJECTIVES OF THE ACT

To **provide minimum wages** to the workers working in **organized sector**

To **stop exploitation** of the workers

To **empower** the government to take steps for **fixing** minimum wages and to **revising** it

in a timely manner

To **apply this law** on most of the sections in organized sector (scheduled employment)

Broad Features of the Act

- **[Sec 3]:** The Act lays down the principles for fixation of
 - A minimum time rate of wages
 - A minimum piece rate
 - A guaranteed time rate
 - An overtime rate for different occupations, localities or classes of work and for adults, adolescents, children and apprentices
- **[Sec 4]:** The minimum wages may consist of
 - A basic rate of wages and a cost of living of allowances
 - A basic rate of wages with or without the cost of living allowance and the cash value of the concessions in respect of essential commodities supplied at concessional rates

Short Title and Extent [Sec. 1]

- This Act, the Minimum Wages Act, 1948 extends to the **whole of India**
- This Act may be called **the Minimum Wages Act, 1948**

Who all are eligible?

- Permanent employees
- Contract employees
- Casual workers
- People on probation get fixed pay instead of minimum wages.
- Trainees get stipend and not minimum wages

Fixing of minimum rate of wages [Sec. 3]

The Appropriate Government:

- Shall fix minimum rates of wages for an **employment** specified in **Part I or Part II of Schedule** & added by **notification** in official gazette
- May **fix rates** for a **part** of the state or for any **specific class** or classes instead of fixing minimum rate of wages for whole state
- Shall **review and revise** at intervals **not** exceeding **5 years** the minimum rates of wages

Different Minimum Wages May Be Fixed By The Government For:

- Different **employments** (specified in the schedule)
- Different **classes** (e.g. skilled, unskilled, semis skilled, etc.) of work in the same employments
- Adults, adolescents, children and apprentices
- Different **localities**

SEGREGATION

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**

-
- **By such other larger wage period**

as may be prescribed; and where such rates are fixed by the day or by the month, the manner of calculating wages for a month or for a day, as the case may be, may be indicated

Different Minimum Wages May Be Fixed By The Government May consist of [Sec. 4]

1. **Basic + Special Allowance** (Which varies with the cost of living index)
2. **Basic + Cash value** of concessional supply of materials like food, clothes, etc
3. **An all inclusive rate** which includes Basic + Cost of living Allowance + Cash value of concessional supply of materials



Fixation of minimum wages

Recommendation of Advisory Board for different class
[unskilled, skilled, Clerk, Supervisor]



Publish recommendations in National Publications [for public
comments/representations from Trade Unions etc.]



Hearing of the Representatives etc



Notification of Minimum wages



Advisory Board [Sec.7]

- Appointed by appropriate government
- To co-ordinate the work of committees and sub committees appointed under Section 5

CENTRAL ADVISORY BOARD [SEC.8]

- To advise the **Central and State Governments** in fixation and revision of minimum rates of wages
- To co-ordinate the work of the Advisory Boards

Composition of Committee.

[Sec. 9]

- Each of the committee, sub-committee and the Advisory Board shall consist of:
 - a. persons to be **nominated** by the **appropriate Government**
 - b. representing the **employers and employees** in the scheduled employments who shall be **equal in number** and
 - c. **independent persons** not exceeding **one-third** of its total number of members: one of such independent persons shall be appointed the **Chairman** by the appropriate Government.

Correction of Errors [Sec. 10]

- By appropriate Government at any time
- By **notification** in the Official Gazette
- Correct **clerical or arithmetical mistakes** or **errors** arising from and **accidental slip or omission**.
- Every such notification shall be placed before the Advisory Board for information.





Wages in Kind [Sec. 11]

- Minimum wages shall be **paid in cash**.
- The appropriate govt. may authorize, where there has been a **custom** of payment in this manner, payment of minimum wages either **wholly or partly** in kind
- The appropriate govt. may authorize supply of **essential commodities** at **concessional rates**

Payment of minimum rate of wages [Sec. 12]

- The Minimum Wages has to be paid **without any deductions** other than Statutory Deductions.
- Payment of **wages less than minimum wages** on the ground of less performance or output is **illegal**

Normal working hours

[Sec. 13]

For an Adult Worker working in Factories:

- Number of Working Hours should not exceed **48 Hours** in a week with a **weekly Holiday**
- The Daily Hours should not exceed more than **9 Hours** with **1 Hour Rest Interval**
- Provision of Compensatory Holiday/ Overtime Wages if working on holiday

Overtime wages [Sec. 14]

- If the person has worked for more than 48 hours in a week then, the excess hours worked will be treated as Overtime
- Overtime wage rate will be twice of the normal wage rate

Wages for a person who has worked less than normal working hours [Sec. 15]

- Employer could not provide the activities of the job then, the employee is entitled to receive full salary
- Employee has not worked due to his unwillingness then, the employee is not entitled to receive full salary

Records to be maintained [sec. 18]

- The Registers should contain the following particulars-
 - (i) particulars of employed persons
 - (ii) the work performed by them
 - (iii) the wages paid to them
 - (iv) the receipts given by them

Claims [Sec. 20]

- A **Labour Commissioner** or any other appointed authority is authorized to hear claims regarding **non-payment of minimum wages**
- Any aggrieved person may **apply** to the authority for settling his claims **within 6 months**

Contracting out [Sec. 25]

- Any **contract or agreement**, whether made before or after the commencement of this Act, whereby an employee either relinquishes or **reduces his right to a minimum rate of wages** or any privilege or concession accruing to him under this Act shall be **null and void** so far as it purports to reduce the minimum rate of wages fixed under this Act.

THE MINIMUM WAGES ACT, 1948

OBJECTIVES OF THE ACT

To **provide minimum wages** to the workers working in **organized sector**

To **stop exploitation** of the workers

To **empower** the government to take steps for **fixing** minimum wages and to **revising** it

in a timely manner

To **apply this law** on most of the sections in organized sector (scheduled employment)

Broad Features of the Act

- **[Sec 3]:** The Act lays down the principles for fixation of
 - A minimum time rate of wages
 - A minimum piece rate
 - A guaranteed time rate
 - An overtime rate for different occupations, localities or classes of work and for adults, adolescents, children and apprentices
- **[Sec 4]:** The minimum wages may consist of
 - A basic rate of wages and a cost of living of allowances
 - A basic rate of wages with or without the cost of living allowance and the cash value of the concessions in respect of essential commodities supplied at concessional rates

Short Title and Extent [Sec. 1]

- This Act, the Minimum Wages Act, 1948 extends to the **whole of India**
- This Act may be called **the Minimum Wages Act, 1948**

Who all are eligible?

- Permanent employees
- Contract employees
- Casual workers
- People on probation get fixed pay instead of minimum wages.
- Trainees get stipend and not minimum wages

Fixing of minimum rate of wages [Sec. 3]

The Appropriate Government:

- Shall fix minimum rates of wages for an **employment** specified in **Part I or Part II of Schedule** & added by **notification** in official gazette
- May **fix rates** for a **part** of the state or for any **specific class** or classes instead of fixing minimum rate of wages for whole state
- Shall **review and revise** at intervals **not** exceeding **5 years** the minimum rates of wages

Different Minimum Wages May Be Fixed By The Government For:

- Different **employments** (specified in the schedule)
- Different **classes** (e.g. skilled, unskilled, semis skilled, etc.) of work in the same employments
- Adults, adolescents, children and apprentices
- Different **localities**

SEGREGATION

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**

-
- **By such other larger wage period**

as may be prescribed; and where such rates are fixed by the day or by the month, the manner of calculating wages for a month or for a day, as the case may be, may be indicated

Different Minimum Wages May Be Fixed By The Government May consist of [Sec. 4]

1. **Basic + Special Allowance** (Which varies with the cost of living index)
2. **Basic + Cash value** of concessional supply of materials like food, clothes, etc
3. **An all inclusive rate** which includes Basic + Cost of living Allowance + Cash value of concessional supply of materials



Fixing Minimum Rates of Wages [Sec. 5]

- **Publish** its proposals in the **official gazette** asking comments from the affected parties
- Constitute **committees/sub committees** for the purpose.
- The committees/sub-committees and advisory boards constituted by the Government consist of equal number of members of :
 - Employers
 - Employees, and
 - Independent persons



Fixation of minimum wages

Recommendation of Advisory Board for different class
[unskilled, skilled, Clerk, Supervisor]



Publish recommendations in National Publications [for public
comments/representations from Trade Unions etc.]



Hearing of the Representatives etc



Notification of Minimum wages



Advisory Board [Sec.7]

- Appointed by appropriate government
- To co-ordinate the work of committees and sub committees appointed under Section 5

CENTRAL ADVISORY BOARD [SEC.8]

- To advise the **Central and State Governments** in fixation and revision of minimum rates of wages
- To co-ordinate the work of the Advisory Boards

Composition of Committee.

[Sec. 9]

- Each of the committee, sub-committee and the Advisory Board shall consist of:
 - a. persons to be **nominated** by the **appropriate Government**
 - b. representing the **employers and employees** in the scheduled employments who shall be **equal in number** and
 - c. **independent persons** not exceeding **one-third** of its total number of members: one of such independent persons shall be appointed the **Chairman** by the appropriate Government.

Correction of Errors [Sec. 10]

- By appropriate Government at any time
- By **notification** in the Official Gazette
- Correct **clerical or arithmetical mistakes** or **errors** arising from and **accidental slip or omission**.
- Every such notification shall be placed before the Advisory Board for information.



Wages in Kind [Sec. 11]

- Minimum wages shall be **paid in cash**.
- The appropriate govt. may authorize, where there has been a **custom** of payment in this manner, payment of minimum wages either **wholly or partly** in kind
- The appropriate govt. may authorize supply of **essential commodities** at **concessional rates**



Payment of minimum rate of wages [Sec. 12]

- The Minimum Wages has to be paid **without any deductions** other than Statutory Deductions.
- Payment of **wages less than minimum wages** on the ground of less performance or output is **illegal**

Normal working hours

[Sec. 13]

For an Adult Worker working in Factories:

- Number of Working Hours should not exceed **48 Hours** in a week with a **weekly Holiday**
- The Daily Hours should not exceed more than **9 Hours** with **1 Hour Rest Interval**
- Provision of Compensatory Holiday/ Overtime Wages if working on holiday

Overtime wages [Sec. 14]

- If the person has worked for more than 48 hours in a week then, the excess hours worked will be treated as Overtime
- Overtime wage rate will be twice of the normal wage rate

Wages for a person who has worked less than normal working hours [Sec. 15]

- Employer could not provide the activities of the job then, the employee is entitled to receive full salary
- Employee has not worked due to his unwillingness then, the employee is not entitled to receive full salary

Records to be maintained [sec. 18]

- The Registers should contain the following particulars-
 - (i) particulars of employed persons
 - (ii) the work performed by them
 - (iii) the wages paid to them
 - (iv) the receipts given by them

Claims [Sec. 20]

- A **Labour Commissioner** or any other appointed authority is authorized to hear claims regarding **non-payment of minimum wages**
- Any aggrieved person may **apply** to the authority for settling his claims **within 6 months**

Contracting out [Sec. 25]

- Any **contract or agreement**, whether made before or after the commencement of this Act, whereby an employee either relinquishes or **reduces his right to a minimum rate of wages** or any privilege or concession accruing to him under this Act shall be **null and void** so far as it purports to reduce the minimum rate of wages fixed under this Act.

MATERNITY BENEFIT ACT 1961



MEANING OF MATERNITY BENEFIT

“ A payment (maternity allowance) made to a pregnant women who usually works but does not qualify for statutory pay.”



OBJECTIVE OF MATERNITY BENEFIT

- It aims to regulate the employment of women in certain periods before and after childbirth
- To provide for maternity benefits including maternity leave ,wages , bonus , nursing breaks etc.
- To protect the dignity of motherhood and the dignity of a new person by providing for full and healthy maintenance of the women and her child at this important time when she is not working.

APPLICABILITY OF THIS ACT

- Every factory , mine or plantation (including those belonging to government) and
- To every shop or establishment wherein 10 or more persons are employed.

CONDITION FOR CLAMING BENEFIT

- Must actually work for 80 days in 12 months immediately preceding her date of delivery
- Should intimate the employer seven weeks before her delivery date about the leave period
- Can take advance payment for 6 week leave before delivery
- Can take payment for 6 week leave after child birth within 48 hours after submitting the proof.

BENEFITS PROVIDED IN THIS ACT

CASH BENEFITS

- 84 days leave with pay
- A medical bonus of Rs.1,000-(As Per latest amendment)
- An additional leave with pay up to one month
- In case of miscarriage Six weeks leave with average pay

NON CASH BENEFITS

- Light work for 10 weeks (6 weeks plus 1 month) before delivery
- 2 Nursing breaks of 15 minutes until the child 15 months old.
- No discharge or dismissal while on maternity leave.

LEAVE FOR MISCARRIAGE & TUBECTOMY OPERATION

- In case of miscarriage : Leave with wage @ of maternity benefit , for a period of 6 weeks
- Tubectomy operation: Leave with wages @ of maternity benefit for a period of 2 weeks.

DISMISSAL DURING ABSENCE OF PREGNANCY

- Any discharge or dismissal of a women during pregnancy for absence ids entitled to maternity benefit/medical bonus.
- In case of gross misconduct the employer in written can communicate about depriving such benefit.
- Within 60 days from date of deprivation of maternity benefit, any women can appeal to the authority prescribed by law.

PENALTY FOR CONTRAVENTION OF ACT

- Imprisonment with minimum period of 3 months to maximum of 1 year
- Fine from Rs 2000 to Rs 5000.

PROVIDENT FUND

ACT, 1952



PROVIDENT FUND ACT 1952

PF act was came into force in 1952 in order to secure the life of an employee for rendering his services to organization, this is a statutory liability of employer to give PF amount to an employee.

This amount is paid after the retirement from the services.



APPLICABILITY OF THIS ACT

- PF is applicable in any organization where 20 or more persons are employed or class of such establishment which central govt may specify.
- PF is applicable in every state except J & k.

BENEFITS OF THE ACT

- To provide Monetary benefits to survive after retirement.
- To minimize risk against health, sickness , disablement of the employee and his dependents.
- Old age Pension benefits.
- Widow pension.
- To maintain dignity & Social status.

PF CALCULATION

PF is deducted on basic salary.

- **12% of employees contribution is directly transferred to his PF a/c.**
- **Out of which 8.33% is credited to employee PF a/c and remaining 3.67% is transferred to employee pension fund a/c.**
- **1.10 is PF maintenance and administration charges which is paid by employer.**

Cont...

- Interest earned on PF a/c is 8.5% per annum.
- Any contributions or earnings on PF a/c are tax free.

 Share

 Like

 Save

CHALLANS & RETURNS

- PF challans are submitted on 15th of every month in SBI, 5 days grace period is given to submit challans.
- PF Returns are submitted twice a year.

CONT...

PF RETURNS

Form 5 is used to submit PF monthly return in which new employee details is mentioned.

Form 10 is used to submit PF monthly return in which left employee details is mentioned.

Form 12A that is used for the same purpose which contains consolidated details of that particular month-new joinees, left employees & employees/employer pf contribution.

Form 3A is used for PF annual return.

ESI RETURNS

ESI returns are submitted in every six months VIZ
April to sept and oct to march.

Form 5 is used to submit ESI returns.

FULL SETTLEMENT OF PF A/C

- On case of permanent retirement.
- In case of permanent disability.
- Termination of Employment.
- Permanent migration from India to abroad.
- For female employees in the event of leaving employment due to marriage.