

# Understanding Minimum Wages and Bonus

A minimum wage is the lowest remuneration that employers may legally pay to workers or it is the price floor below which workers may not sell their labour.

The concept of minimum wages first evolved with reference to remuneration of workers in those industries where the level of wages was substantially low as compared to the wages for similar types of labour in other industries. As far back as 1928, the International Labour Conference of International Labour Organisation, at Geneva, adopted a draft convention on minimum wages requiring the member countries to create and maintain a machinery whereby minimum rates of wages can be fixed for workers employed in industries in which no arrangements exist for the effective regulation of wages and where wages are exceptionally low. Also, at the Preparatory Asian Regional Labour Conference of International Labour Organisation held at New Delhi in 1947 and then at the 3<sup>rd</sup> session of the Asian Regional Labour Conference, it was approved that every effort should be made to improve wage standards in industries and occupations in Asian Countries, where they are still low. Thus, the need of a legislation for fixation of minimum wages in India received an impetus after World War II, on account of the necessity of protecting the interest of demobilised personnel seeking employment in industries.

The justification for statutory fixation of minimum wage is obvious. Such provisions which exist in more advanced countries are even necessary in India, where workers' organizations are yet poorly developed and the workers' bargaining power is consequently poor.

To provide for machinery for fixing and revision of minimum wages a draft Bill was prepared and discussed at the 7<sup>th</sup> session of the Indian Labour Conference in November, 1945. Thereupon the Minimum Wages Bill was introduced in the Central Legislative Assembly. The Minimum Wages Bill having been passed by the Legislature received the assent on 15<sup>th</sup> March, 1948. It came on the Statute Book as the Minimum Wages Act, 1948.

The Act provides for fixation by the appropriate Governments of minimum wages for employments covered by Schedule to the Act. The Central Government is the appropriate Government in respect of 45 scheduled employments in the Central Sphere. The minimum wages fixed for Central sphere are applicable to the scheduled employments in the establishments under the authority of Central Government, railway administrations, mines, oil-fields, major ports or any corporation established by a Central Act. Employments other than the scheduled employment for Central Sphere come under the purview of the State Government and accordingly State Government wages are applicable in such employments. The minimum wages for Central Sphere are revised from time to time based on the increase in Consumer Price Index effective from April and October.

According to Section 3(1)(b) of the Minimum Wages Act, 1948, "the appropriate government shall review at such intervals, as it may think fit, such intervals not exceeding five years, the minimum rates of wages so fixed and revise the minimum rates if necessary. The norms recommended by the Indian

Labour Conference, in 1957, fix fixing the minimum wages are: (a) consumption units for one wage earner; (b) minimum food requirements of 2700 calories per average Indian adult; (c) clothing requirements of 72 yards per annum per family; (d) rent corresponding to the minimum area provided for under Government's Industrial Housing Scheme; and (e) fuel, lighting and other miscellaneous items of expenditure to constitute 20% of the total minimum wage.

In 1991, the Hon'ble Supreme Court delivered a historic judgement and directed that children's education, medical requirement, minimum recreation including festivals/ceremonies, provision for old age, marriage etc. should further constitute 25% of the minimum wage and be used as a guide in fixation of minimum wage.

The Act envisages appointment of an Advisory Board, by the appropriate Government, for the purpose of advising the appropriate Government in the matter of fixing and revising minimum rates of wages.

The Central Government revises the wages in the scheduled employments from time to time in accordance with the provisions of the Minimum Wages Act, 1948. Draft Notifications for all the Scheduled Employments in the Central Sphere were issued on 1st September, 2016 simultaneously, in fact for the first

time. The basic rate of minimum wages for an unskilled worker in the scheduled employment other than agriculture has been proposed at Rs.350 in Area 'C' from the current minimum wage (basic wage + variable dearness allowance) of Rs.246 resulting in an increase of about 42%. The basic rate of minimum wages for an unskilled worker in the scheduled employment "agriculture" has been proposed at Rs.300 in Area 'C' from the current minimum wage (basic wage + variable dearness allowance) of Rs.211 resulting in an increase of about 42%. The proposed revision in the rates of basic minimum wages would indeed provide much needed solace to the labour fraternity.

**Bonus** Bonus payment is an extra payment given for doing one's job well also known as performance-related pay or pay for performance.

The practice of paying bonus in India appears to have originated during First World War when certain textile mills granted 10% of wages as war bonus to their workers in 1917. In certain cases of industrial disputes demand for payment of bonus was also included. In 1950, the Full Bench of the Labour Appellate Tribunal evolved a formula for determination of bonus. A plea was made to raise that formula in 1959. At the second and third meetings of the eighteenth Session of Standing Labour

Committee (G.O.I) held in New Delhi in March/ April 1960, it was agreed that a Commission be appointed to go into the question of bonus and evolve suitable norms. A Tripartite Commission was set up by the Government of India to consider in a comprehensive manner, the question of payment of bonus based on profits to employees employed in establishments and to make recommendations to the Government. The Government of India accepted the recommendations of the Commission subject to certain modifications. To implement these recommendations the Payment of Bonus Act, 1965 was enacted, which came into force on 25-9-1965.

The objective of the Payment of Bonus Act, 1965 is to provide for the payment of bonus to the persons employed in certain establishments on the basis of profits or on the basis of production or productivity and for matter connected therewith.

It applies to (i) Every Factory; and (ii) Every other establishment in which 20 or more persons are employed on any day during an accounting year subject to the exemptions under section 32. Every employee shall be entitled to be paid by his employer in an accounting year, bonus in accordance with the provisions of this Act, provided he has worked in the establishment for not less than thirty working days in that year. While the

**By: Bandaru Dattatreya**

minimum bonus is 8.33% of the salary or wage earned by the employee during the accounting year, the maximum bonus is 20% of such salary or wage. Two ceilings are available under the said Act generally known as eligibility limit and calculation ceiling respectively. Clause 13 of Section 2 of Payment of Bonus Act, 1965 defines an employee based on salary or wage per mensem. This is usually taken as the "eligibility limit" for computation of bonus. Similarly, Section 12 of the Payment of Bonus Act, 1965 provides for calculation of bonus of an employee based on salary or wage per mensem. This is known as "calculation ceiling".

The two ceilings are revised from time to time to keep pace with the price rise and increase in the salary structure. At present, the calculation ceiling has been enhanced to Rs.7000 or the minimum wage for the scheduled employment, as fixed by the appropriate Government, whichever is higher and the eligibility limit has been enhanced to Rs.21,000-. Due to this revision, additional 55 lakh workers would be benefited. This would indeed, be a good gesture on the part of the Government towards the labour fraternity. **(PIB Feature)**

*\*Author is Minister of State (Independent Charge) Labour and Employment, Government of India*

Contd. from previous issue

## Human rights issues in Manipur and participation of Tangkhul women

Then, on 14 June 2001, Government of India (GOI) and NSCN (IM) entered into an agreement in Bangkok which declared the extension of cease-fire without territorial limits. This declaration invoked mixed reactions among the people of Manipur. The Meiteis residing mostly in the valley of Manipur received this declaration with vehement protests which resulted in the June 18 uprising that year against the Government. Altogether 14 persons were killed and scores including women were wounded as the CRPF fired to the protesters coming towards the Chief Minister and Governor's bungalow. (North East Sun, Vol.6, No.23, July 1-14, 2001: 7). On the other hand, in the Naga inhabited areas of four Districts of Manipur viz., Chandel, Ukhrul, Tamenglong and Senapati, people welcomed the cease-fire declaration without territorial limits with joy and it was considered a great triumph in the Indo-Naga peace talk process. Various Naga organisations - the Naga Hoho, NPMHR, UNC (NMF, NMA, NWUM, TSL etc) supported the cease-fire extension without territorial limits, saying that "the peace in one Naga inhabited area and violence in another Naga pocket will not lead to a permanent solution to the 53 year old problem". (North East Sun, Vol.7, No.1 August 1-14, New Delhi, 2001: 4). Against this backdrop, the Nagas residing in various places took up peace rallies in support of the extension of cease-fire without territorial limits and urged the Government of India to stand by June 14 Agreement which was signed in Bangkok. In connection with this, the Naga student's community under the aegis of the Naga Students Federation (NSF) organised mass rallies on 24 July 2001 in all the Naga areas and wherever the Nagas are. The NSF in collaboration with the Naga Student's Union, Delhi, also held the Naga peace rally in Delhi. Many Tangkhuls who were studying working, etc. in Delhi joined the peace rally. The Tangkhul women together with the other Nagas tribe women wore their own traditional attire and marched peacefully from Mandi House to Parliament Street. After the rally, the students' body submitted a memorandum to the Prime Minister of India where it appealed to all the authority concerned as well as peace loving people to extend support solidarity to the Nagas so that lasting peace could be realised. (North East Sun, Vol.7, No.1 August 1-14, 2001: 4).

It may be noted that a number of Tangkhul women who has been pursuing various studies outside Manipur always remained conscious about the happenings at home. Whenever the need arise, they will come forward and join men in protests and rallies that were organised in the interest of peace and for finding an amicable solution the Naga's demand for the merger of Naga inhabited areas into one political unit, independent or otherwise. Prior to the NSF rally in Delhi also, the Naga People's Convention in a meeting of Naga leaders held on 28 June 2001 decided to stage peace rallies in the four hill districts of Manipur - Ukhrul, Senapati, Chandel and Tamenglong on 4 July (North East Sun, Vol.6, No.24, July 15-28, New Delhi, 2001: 6). Accordingly, in Ukhrul District also a mass peace rally was held in Ukhrul town on 4 July 2001. Many Tangkhul women with their traditional attire joined the rally. The apex Tangkhul women's organisation - The TSL was one of the co-organisers of the rally. After the rally, four civil organisations of Ukhrul District - The TNL, TSL, TKL and Naga People's Movement for Human Rights (Ukhrul Unit) sent a memorandum to the Prime Minister of India through the DCoF Ukhrul District. It said: "Nagas strongly believe in finding solution to the Indo-Naga Political issue through peaceful negotiation rather than armed and violent confrontation." (Memorandum submitted to the Prime Minister of India on 4 July 2001 by TNL, TSL, TKL and NPMHR (Ukhrul Unit)). Apart from the peace rallies, the Naga People's Convention also appealed all the churches of different denominations as well as other Naga religious organisations to leave aside the sacred Sabbath/Sunday in July 2001 for fasting and thanksgiving. Tangkhul women were again in the forefront in such kind of fasting and thanksgiving. After the talk between the GOI and NSCN (IM) was resumed, the leaders of the NSCN (IM) also began interaction with the various Naga civil societies. To strengthen the peace effort through people's participation a delegation comprising representatives of the various Naga people's organisations and tribes were invited by the NSCN (IM) to participate in a Consultative Meeting held in Bangkok, from 7 to 11 January 2002. Dr. Gina Shangkham, President of Naga Women's Union, Manipur (NWUM) went and attended the Consultative Meeting. (North East Sun, Vol.19, Issue 03 February 15-28, 2002: 6). It may be noted here that the TSL is a unit of NWUM and whatever action the organisation took up, it always supported it. The moral and all the other necessary help provided by the Naga women including the Tangkhul women tremendously helped the NWUM to work successfully.

**Modus Operandi of the TSL** With regard to their struggle for human rights of the people: The TSL in all its agitations adopted peaceful and non-violent methods and never resorted to the use of violence in any way. The methods that they adopted are peaceful means like that of prayer and petition, submitting memorandums, organising rallies, boycott and strikes, appealing to the law courts, issuing press releases to give proper publicity of the issues at stake, etc. Regarding the leadership of the organisation, the TSL does not operate under the leadership of an ordinary woman. Normally, the minimum educational qualification for the President and Vice-President is graduation. As such, most of the leaders are educated and well qualified women. Nevertheless, when any agitation was organised by the TSL all the Tangkhul

women, irrespective of occupation or educational qualification, will join it. Even illiterate women from the villages also joined the agitations organised by the TSL. In this way, the TSL led out and the rest women followed. However, one of the problems faced by the TSL whenever it organised any agitation and fought a case in the court was that of the financial problem. Because of financial constraints, sometimes the organisation could not accomplish what it set out to achieve. This also made it very difficult for the TSL to organise all the women in every nook and corner of the Tangkhul villages. However, in spite of the financial constraints, the TSL never rested and has always been ready to face any challenge and any situation that threatens the rights of the Nagas in general and that of the Tangkhuls in particular.

**With regard to peace and unity campaign:**

While giving pressure to the government to find a peaceful, speedy and lasting solution to the problem of Naga insurgency, the various methods and techniques adopted by TSL and other Naga civil organisations like Naga Hoho, UNC, etc. have been those of boycott, civil disobedience, strike, mass rally, demonstrations, fasting and prayer, submission of petitions and memorandums, realising press releases to promote awareness or to proclaim condemnations, trying to bring conflicting side to the negotiation table by initiating reconciliation campaigns through hosting meetings, inviting dignitaries from different quarters to deliver speech for unity and fraternity of the Nagas, etc. In this movement, the TSL always works closely with the Naga Hoho, UNC, NPMHR, Naga Mother's Associations (NMA), NWUM and other student bodies working in the same field. As a result, the TSL, along with other women organisations like the NMA, the Watsu Mongdung (The Ao Women Organisation), etc. has gained great credibility as serious actors while initiating and furthering the peace process. (C. Joshua Thomas, Gurudas (eds.), 2002: 6). The introduction of education and spread of Christianity by the Christian Missionary in the Ukhrul District have contributed tremendously in making the Tangkhuls in general and the Tangkhul women in particular more enlightened. Education gave the Tangkhul women the ability and courage to come out from within the four corners of the house and enabled them to take up various activities outside their home. At the same time, the embracement of Christianity by the Tangkhuls has inculcated in their mind the principle of equality between men and women. With this, the Tangkhul women were able to take up various church activities. Their involvement in the church activities also serves as a training ground for active participation in other activities of socio-political importance. This also has significantly removed inhibitions on their part while participating in different aspects of public life and enhanced their self respect and self esteem. In this way, the Tangkhul

women have been greatly benefited by the new religion and education that was introduced by the missionaries. It was against the backdrop of such an environment that the Tangkhul women came forward and started addressing themselves to the pressing problems concerning their people at large. The formation of the Tangkhul women's organisation called as "East District Women Association" (EDWA) was a most significant example in this regard. Once the EDWA (which later got rechristened as the TSL) emerged, it set into motion a tradition of Tangkhul women's involvement in a variety of issues concerning their people at large. This tradition got manifested itself in a most remarkable way in their struggle to protect and promote the human rights of the people in the context of an armed conflict between the GOI and the underground Naga outfits, as well as in their active involvement in process of securing peace in the context of the ongoing Indo-NSCN (IM) peace talks and for the reconciliation of different factions of the underground Naga outfits. One could see a shift in the activities of the TSL from the year 1997. The year 1997 was historic for the Nagas. It was in this year that cease-fire between the Government of India (GOI) and NSCN (IM) began. After the agreement of cease-fire between the GOI and the NSCN (IM) took place, the TSL and the common Tangkhul women turned their attention to another issue without abandoning their role as a vanguard of the human rights of the people. From the year 1997, the TSL in collaboration with the other Naga civil organisations like the Naga Hoho, United Naga Council (UNC) etc. began to involve in taking up initiatives for the promotion of peace and unity among all the Nagas against the backdrop of 'Indo-Naga' peace talk. The movement started to bring peace and unity among different sections of people and also for the amicable solution of the vexed Naga issue was joined by the common Tangkhul women as members of different civil society organisations as well as in their own individual capacity. At the corporate level, the TSL joined in every initiative for peace organised by Naga Hoho, UNC, etc. The women societies within the churches also conduct fasting and prayer meetings for creating peace and unity among the Nagas. At the individual level many Tangkhul women also observe in their respective homes, prayer and fasting to bring peace in their land and for the early solution of the Naga issue which has created lots of hardship and sufferings for the Nagas. Thus, from the year 1997 onward the Tangkhul women assumed a new role as a peace maker. In this work also the TSL and the common Tangkhul women adopted a non-violent method. The strategies they adopt include appeals to the different Naga underground outfits to maintain peace and unity among them; submitting memorandums to the Central Government for the peaceful and amicable solution of the vexed Naga problem; issuing press releases; organising peace rallies, prayer and fasting; sending representations to consultative meetings; etc. (Continued)

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#### RIMS students facilitated

**ITNews**  
**Imphal, Sept 25:** A felicitation programme was held on 24<sup>th</sup> September, 2016 at the Conference Hall, Jubilee Hall, RIMS, Imphal in connection with the excellent performance done by the students of RIMS, Imphal in the AIIMS - PULSE 2016, the South East Asia's biggest mega event held at AIIMS, New Delhi from 16<sup>th</sup>

to 22<sup>nd</sup> September, 2016. Prof. Ch. Arun Kumar Singh, Director, RIMS handed over prizes and certificates to the winners of Badminton, Track & Field and Land Gaming (FIFA) events. Prof. Ak. Joy Singh, Dean (Academic), Prof. Ak. Brogan Singh, Staff Advisor, RIMS, officials and students also attended the programme.

#### AR organises Ex Servicemen Rally

**ITNews**  
**Imphal, Sept 25:** An Ex-Servicemen Rally was organised by 26 Sector Assam Rifles under the aegis of HQ IGAR (South) at Pallel in Chandel district on 24 September 2016. The rally was attended by approximately 175 Veterans and 04 Veer Naris hailing from Chandel District of Manipur. The rally was addressed by Brigadier Anup Singh Chauthan, Commander 26 Sector Assam Rifles who reassured the Veterans and Veer Naris that they shall always remain inseparable part of

the Assam Rifles fraternity. The rally was held in close coordination with the district administration with an assurance that welfare of Veterans and Veer Naris will be of paramount importance. The focus of the rally was to resolve anomalies being faced by the Veterans and Veer Naris and also to update them on initiatives taken by the Government for the welfare of Ex-Servicemen. A number of stalls including Pension Cell, Assam Rifles Group Insurance Scheme, Grievances Cell etc of Assam Rifles were set up at the venue.

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