

A STUDY ON WHY IS INDIA INCAPABLE OF PROVIDING THE LIVING WAGE TO ITS CITIZENS?

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ABSTRACT

India being largest democracy in the world with 2nd highest populated countries in the world which includes 28 states and 8 union territories. The constitution of India provides for equal and fair wage for workers employed. So, to find out the fair wage for every employee, a committee was formed and on its recommendation, Minimum Wage Act, 1948 was introduced.

According to the Minimum Wage Act, minimum wage includes remuneration+house rent allowance whereas living wage is just a type of wage which fulfills all needs as well as luxurious needs. By the time with the amendments, minimum wage rate was increased and it differs from state to state, hence, there is no single uniform minimum wage rate across the country and the structure has become overly complex. But if we analyze the current scenario, huge unemployment and inflation is defeating the purpose of minimum wage act due to which workers have to accept the employment even on lower wage rate even if it exploits them. Every side of economy such industry, agriculture, IT, etc, skilled or unskilled workers have to accept certain employment coz they are not left with any other option even if they are capable of better jobs.

It raises many questions, whether government is not looking after in this aspect? , whether the government is not focusing on providing living wage? , if this act has depreciated its existence in reality? or government should focus again on the concept of fair wage? In reality, current concept of wage rate is raising many questions and is insufficient for workers to even maintain themselves.

With this research paper, the researcher has focused on the aspects that might have been ignored, viz, focusing on providing living wage and if living wage is not possible as living wage differs from person to person then a concept of fair wages must be introduced which should be better and rational in the real world.

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I. Introduction

Before getting into the researcher's mind, let us begin with basics of the topic. So, Wages is classified into 3 types:-

1. Minimum Wage
2. Fair Wage¹
3. Living Wage

Minimum Wage is the wage maybe defined as the lowest wage important to maintain a worker and his family at the minimum level of existence. It includes food, clothing and shelter. When the government with the legislation fixes the lowest pay in a specific trade, the primary goal isn't to control wages as a rule yet to forestall the work of laborers at a pay underneath a sum important to keep up the worker at the minimum degree of subsistence. The minimum wages, permitted by law, in a nation is fixed by the government with suggestions of business associations and worker's organizations. The law identifying with the lowest pay permitted by law either states unquestionably the compensation considered to the base or the assurance of the pay left to a regulatory commission which every once in a while decides the minimum wage permitted by law as indicated by the shifting monetary conditions. The authority concerned with the task of fixing of minimum wage must take few factors such as,

- local economic conditions,
- transportation cost

¹<https://cupe.ca/minimum-living-and-fair-wages-whats-difference>

- the size of the units in the industry in fixing minimum wages.

Living Wage is a wage which not only covers the basic needs of a person but also covers the luxurious needs of the person. So it could be different for different people. For example, A, earning Rs 30,000/- a month could be a living wage for him as he could manage his luxurious needs whereas, B, earning Rs 60,000/- could only be able to manage his basic needs. Thus, living wages means the provision for the basic necessities plus the other amenities which is important for a worker to take care of his social status in the society.

Fair Wage is something which is more than the minimum wages and less than the living wages. It is basically the centre point of the minimum wages and living wages. It depends on many factors such as economic conditions, type of enterprise it is, productivity of labour, minimum wages, capacity of industry to pay, place, etc. Therefore, it is more practical and realistic for the workers.

So, fair wage keeps up a degree of employment without ignoring the industry's ability to pay. To accomplish this in its first meeting during November 1948, the Central Advisory Council designated a Tripartite Committee of Fair Wage. This committee thought of the idea of a minimum wage permitted by law, which ensures efficiency of the workers as well as education, medical requirements and some level of comfort. Minimum Wages Act was introduced in 1948 and centre and state governments got its jurisdiction over this matter.

As the time passed, by the amendments, minimum wage rate was increased parallelly with the growth of industry which also started raising many questions related to the efficiency of this act after so many years independence.

II. Concept of Minimum Wage Act- Is it a failure of system?

The purpose of this act is to ensure-

- that the employee can have the basic physical needs, good health and a level of comfort.
- A secure and adequate living wages for all the laborers in the interest of public.
- That the employees has enough to provide for their families.
- A decent life standards that pertains to the social comfort of the employees.

But by the amendments into this act, does not really seem to make amendments or change in the lives of employees or the labourers as they were going backward due to various issues such as inflation, increasing population, unemployment, etc as they cannot ask for decent wages and working conditions. Such issues are not resolving the purpose of Minimum Wages Act and it is again taking us back in time where exploitation of laborers was a normal thing. It is just reminding or taking us back in the time of britisher where not providing or giving fair wages was a general thing.

More than 80% of Indian workers are employed in informal jobs, as per the International Labour Organisation's 2018 report.² These workers are unable to negotiate decent wages and working conditions, and often have no social security benefits. Purpose of bringing the minimum wages act is to provide fair wages and save the laborers from unfair wage practices by the employers. But purpose has not solved yet and its time to rethink again. Let us have a look at the objectives of the minimum wages act, which was supposed to be fulfilled by this act-which says that employees can have basic physical needs, good health and a level of comfort, which I don't think they are able to. Every person who is working in the industry expects these basic needs which does not seem to be fulfilled and such basic needs is now becoming an ultimate goal for these employees. The much of pay they are getting from industry in this era of inflation, it is impossible for them to even fulfil their basic needs, maintaining their families as well is a task for them. That is why they employ their children as well even if the working conditions are not sufficient and safe. They ignore their basic health ,which we expect from the minimum wages-good health, and employ their family members as well even if that is not safe and even if they are not able to but they do so that they can earn GOOD HEALTH. This is a kind of loop in which they are stuck in, expecting a good life and that is the reason behind they employ their children, or every family member who could work even if they can not but they are not left with any other option as they know the fact that a non-working day could lead to a fasting day because the minimum wage of a person is not sufficient for whole of the family. Purpose of bringing minimum wages act doesn't seem to be fulfilled as it was brought to get in system of fair wages so that workers could not be exploited. We can see

²<https://scroll.in/article/915456/new-formula-for-minimum-wage-in-india-could-double-incomes-but-only-if-implemented-right>

around 90% population of India is employed in unorganised sector and they get whatever the employer gives without any social and legal rights which they are supposed to have through this minimum wages act. It is important to understand that bringing a legislation is not sufficient to understand this game. Many more serious issues have to be raised with this legislation which maybe were ignored.

III. Broken Promise of Decent and Fair Wages

Few latest study shows that around 93% of the total working population contribute to over 60% of India's GDP, had finally been noticed for their contributions to the nation-building process. And it was expected that it will not only revive the current economy of the country but it will also increase the income capacity and purchasing power of these workers working in unorganised sector by the code for wages, 2019.³

The proposed structure to determine wage will keep increasing 'starvation wages' in India and they had high expectation from this framework. It was expected that the rules would have considered the Supreme Court of India's landmark jurisprudence in the 'Raptakos' case (1991) which advocated the concept and the right of a living wage.

However, after reading the draft rules, it does not sink with the glorious picture and expectations. It was again a set-back off for the millions of workers in the informal sector and again a blow by creating this false promises. According to the draft, it says that the starvation wage which is currently at Rs. 178 per day, will continue to stay and will not go beyond it, offering *roti, kapdaaurmakaan*(food, clothing and housing).

One can imagine the condition of such workers employed in unorganised sector by just looking at recent report by Consumer Expenditure Survey, which shows that the average family expenditure in rural areas to be Rs 83 per day and in urban areas as Rs 134 per day. These figures just shows the conditions of how workers will continue to stay in such exploitative and marginalised conditions specially when their constitutional right to a fair wage will be infringed upon by the employers and the state. This being the Supreme Court's jurisprudence of Need-Bases Minimum

³<https://www.thehindu.com/opinion/op-ed/the-broken-promise-of-decent-and-fair-wages/article30070255.ece>

Wage covering health care, housing, education, covering nutrition and provision for old age as well.

Therefore, it should have been treated as a fundamental right in the constitution for every citizen of India in the draft rules. Also it is worth mentioning that the Delhi government and Kerala government have not only managed to achieve a living wage jurisprudence in recent years but have also set the highest living wage in India which is Rs. 14,842 per month in Delhi and Rs. 600 per day in Kerala.

IV. Expectations vs Reality

Government now has come up with the Code of Wages bill, 2019 providing for restructuring of minimum wages which mandates a minimum payment of Rs. 178 per day. But again, it is too far from the fair wage of Rs. 700 which was mentioned in 7th pay commission. According to government, “this is now a fixed minimum wage for all workers, and will be universally be applicable for all the workers in all sectors. It will help in increasing the wages of workers of informal sector as women earn less than 45% in same profession than men. So it will empower women. Earlier, urban workers earn more than Rs. 149 per day than rural workers whereas casual workers in urban areas earn Rs 33 more. As casual workers can be removed from the job easily and because of that the wage of such workers may go down to Rs.20 per day. This mandate of minimum wage might reduce these inequalities”.⁴

Government’s plan of removing these disparities by fixing Rs.178 per day as minimum wage of every sector is just a useless step of showing sympathy towards these workers. India being the largest democracy and 2nd highest populated country in the world is luckiest to have one of the most important resources of manpower. Very few countries are having it such as China and we all know how the growth of China has accelerated in the past few years and now is holding a strong position the world. Whereas, India has this resource and we should respect it and let these workers get their right or maybe what they deserve. Studies shows that 90% of workers are not even aware of their right of minimum wage and so are exploited. It raises many questions on the government itself. According to Periodic labour Force Survey 2017-18, 45% of regular workers are being paid

⁴<https://www.livemint.com/news/india/why-minimum-wage-won-t-fix-india-s-woes-1565619815429.html>

less than the minimum wage, so new law is going to increase the wage by Rs2 per day. We have taken this issue as a matter of an argument which will be ignored after 2 days and things will go the way they are.

This marginal increase is reality which is justified by the government and government had promised that it will be imposed strictly this time. It might be helpful in removing the gender biasness in the industry but it would not be helpful to achieve the goal or ultimate purpose of providing the fair wages. It is a long fight for workers as their expectations might become reality one day and ultimately, it is the government that is going to play an important role in making their expectations into reality.

V. Legal provisions

Article 43 states that “the state shall endeavor to secure, by suitable legislation or economic organization or in any other way, to all workers, agricultural, industrial, or otherwise, work, a living wage, conditions of work ensuring a decent life standards, and enjoyment of leisure and social and cultural opportunities in particular to ensure a fair deal to the labour class”.

Article 39⁵ reinforces the same.

The Constitution of India protects the rights of workers by ensuring them fair wage and a decent life standards for them. It is not just a right, it is a constitutional right. That it is an obligation over state to protect these rights that is why government have been over it and brought many legislations such as Minimum Wages Act, Employees Compensation Act, Payment of Wages Act, etc. but government should focus on implementing it strictly with some better provisions and specially with fair wages.

VI. Suggestions/Recommendations

India being 2nd highest populated country in the world, having one of the great resources of youth or manpower which needs respected and considered as an army of India’s economy, the way army

⁵The Constitution of India

saves the boundries of the nation, same way this army of workers handle the economy of the country. Here are the few suggestions that researcher could come up with this research:-

- A strong and practical legislation to be implemented which is based on the concept of living wage and if living wage is not possible as it differs from person to person then a concept of fair wages must be introduced and not on the concept of minimum wages. Psychologically also with the term “ minimum wages” we tend to lose the significance of fair wages and it ultimatly becomes unfair for the workers.
- Minimum Wages Act be replaced with the new legislation which is based on fair wages, if living wage is not possible.
- Wages be determined on the bases of skill level of workers. It should be divided in different categories, which could be anything , so that it is easier to differentiate their wages according to their job.
- A committee to be formed by government to review this legislation on yearly basis. And not only this legislation, but also every matter related to workers be analysed closely. This committee will give yearly reports to government which will help the government to make amendments in laws as the labour class is directly related to the market and fluctuation of the market mostly affects these workers. Yearly reports are important because workers are market oriented.
- Many allowances be given to these workers also. Such as rent allowance, transport allowance,etc so that they enjoy working at the workplace.
- Government should come up with various new provisions so that they as a whole could be empowered as many workers are still working in unorganized sector ignoring their rights.
- Government should come up with the campaigns so that workers get to know their rights. Around 90% workers are not even aware of their rights, this might prevent them from harassment by the employer.

Ultimately, government has the key role to play. Workers contribute to economy, not just by working in it, but by providing an easy option for employers to fire them in bulk whenever needed

(specially at the time recession). They are the true army for the Indian economy. We have many issues that we analyse on yearly basis such as railways, education, defence, etc., same way we need to respect such huge resource that we have and should be matter of discussion every year. Many programs can be done to support these workers. Obviously, it should be the duty of industry also but again government is the key to it.

So, the researcher has focused on the aspects that might have been ignored, viz, focusing on providing living wage and if living wage is not possible as living wage differs from person to person then a concept of fair wages must be introduced which should be better and rational in the real world.