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# **FROM STATUTE TO SOCIAL JUSTICE: THE JUDICIARY'S ROLE IN MINIMUM WAGE FIXATION**

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## **ABSTRACT**

The Minimum Wages Act, 1948, was enacted to protect workers in vulnerable sectors from exploitation by guaranteeing a statutory wage threshold. This paper provides a comprehensive study of the procedural steps involved in fixing and revising minimum wage rates under the Act. It explains the statutory design of Sections 3, 4 and 5, focusing on how scheduled employments are identified, how wage components such as basic wages and cost of living allowance are structured, and how the State may choose between the Committee Method and the Notification Method for wage determination. The functioning of Advisory Boards at both State and Central levels is examined to understand their consultative and coordinative role in shaping wage policy.

The analysis also draws from leading judicial pronouncements that outline the binding duty of the appropriate government, the advisory nature of committee recommendations, and the legal limits of wage-fixing powers. The paper further evaluates the impact of the transition to the Code on Wages, 2019, which seeks to consolidate and modernise the wage-regulation regime while attempting to address long-standing implementation gaps. Through this examination, the study highlights persistent challenges such as irregular wage revisions, weak enforcement mechanisms, and variations in compliance across States. It argues that strengthening institutional accountability, ensuring periodic scientific revision, and improving monitoring practices are crucial for achieving the Act's social objective of securing fair remuneration and a dignified livelihood for India's labour force.

**Keywords:** Minimum Wages Act 1948, Wage Fixation, Wage Revision, Committee Method, Notification Method, Advisory Boards

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## **INTRODUCTION**

The fixation of minimum wages represents one of the earliest legislative commitments of independent India to ensure social and economic justice for vulnerable sections of the workforce. The anxiety of the State for improving the general economic condition of some of its less favoured members appears to be in supersession of the old principle of absolute freedom of contract and the doctrine of laissez faire and in recognition of the new principles of social welfare and common good.<sup>2</sup> *The Minimum Wages Act, 1948* was enacted in response to the persistent problem of workers in unorganised sectors receiving wages far below subsistence levels due to their weak bargaining power and the absence of regulated labour-market conditions. The Act seeks to create a statutory wage floor below which no worker engaged in “scheduled employment” may be paid, ensuring that wages are not determined solely by market forces but are guided by principles of fairness, human dignity, and welfare. The object of this Act is to prevent exploitation of the workers and for this purpose, it aims at fixation of minimum wages which employer must pay.<sup>3</sup>

The constitutional foundations of the Act highlight its social-justice orientation. The guarantees of equality and dignity under Articles 14 and 21, the prohibition of forced labour under Article 23, and the Directive Principle in Article 43 collectively reinforce the State’s duty to secure living wages for workers. Judicial decisions have repeatedly affirmed that the right to livelihood includes the right to receive fair and reasonable wages.<sup>4</sup> Courts have further clarified that minimum wages constitute the irreducible minimum necessary for maintaining a basic standard of living, and therefore, their fixation cannot be made contingent upon the financial capacity of the employer.<sup>5</sup> This interpretative approach underscores the welfare character of the Act and guides the administration in determining and revising minimum wage rates.

International labour standards have significantly shaped India’s wage policy framework. As a founding member of the ILO, India has drawn upon global principles of decent work and equitable wages, even though it has not ratified *ILO Convention No. 131*. Core ideas of the Convention such as linking minimum wages to cost of living, economic conditions, and worker welfare are reflected in the statutory design and judicial interpretation of the Minimum Wages

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<sup>2</sup> Y.A. Mamarde v. Authority under M.W. Act, AIR 1972 SC 1721.

<sup>3</sup> Edward Mills Co. Ltd, Beawar v. State of Ajmer, (1954) 1 LLJ 686.

<sup>4</sup> Olga Tellis v. Bombay Municipal Corporation, (1985) 3 SCC 545

<sup>5</sup> Unichoyi v. State of Kerala, AIR 1962 SC 12

Act, 1948. This has contributed to a gradual shift in the understanding of minimum wage from mere subsistence to a broader concept grounded in dignity and social security.

The fixation and revision of minimum wages is a dynamic process that must respond to economic variables like inflation, regional disparities, and skill levels. Sections 3 to 5 of the Act institutionalise this flexibility through periodic revisions and consultative mechanisms. Courts have reinforced the need for fairness, transparency, and stakeholder participation in this process.<sup>6</sup> Given the predominance of informal employment in India, effective implementation and regular revision remain critical. This article analyses the statutory framework governing wage fixation, supported by judicial interpretations and policy perspectives, to assess its relevance in the contemporary labour market.

## **HISTORICAL EVOLUTION AND PURPOSE OF THE MINIMUM WAGES ACT, 1948**

The Minimum Wages Act, 1948 was enacted during a critical phase in India's labour history, when the newly independent State sought to address deep-rooted inequalities in the labour market. Before its enactment, wages in unorganised sectors were largely governed by informal practices or employer discretion, often resulting in severe exploitation and wages insufficient to meet basic subsistence needs. The economic distress of the 1930s further exposed the absence of effective wage protection for a vast section of the workforce.

The need for statutory wage regulation was first articulated by the *Royal Commission on Labour* (1931), which highlighted the prevalence of extremely low wages, excessive working hours, and weak bargaining power in unregulated industries. Recognising these conditions, the Commission recommended State intervention through minimum wage legislation. Although some provinces introduced temporary measures, the lack of a uniform national framework led to regional and industrial disparities.

Subsequently, the *Committee on Fair Wages* (1948) laid the conceptual foundation for wage regulation by distinguishing between minimum, fair, and living wages. It emphasised that minimum wages should guarantee basic necessities and remain independent of the employer's financial capacity. These principles strongly influenced the enactment of the Minimum Wages

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<sup>6</sup> *Bijay Cotton Mills Ltd. v. State of Ajmer*, AIR 1955 SC 33

Act, 1948, which embodies the State's commitment to social justice by empowering governments to fix and periodically revise minimum wages in line with economic realities.

Judicial interpretation has played a decisive role in shaping the purpose and scope of the Act. In *Bijay Cotton Mills Ltd. v. State of Ajmer*,<sup>7</sup> The Supreme Court affirmed the validity of minimum wage fixation, holding that wage regulation is vital to curb exploitation and advance social welfare, and that labour welfare laws must be construed broadly to promote social justice. Subsequent authorities, including *Kamani Metals & Alloys Ltd. v. Their Workmen*<sup>8</sup>, the Supreme Court emphasised that wage fixation must reflect rational criteria such as living costs and industry capacity, thereby linking the government's authority with principles of fairness under Articles 14 and 21 and in *U. Unichoyi v. State of Kerala*<sup>9</sup> reiterated that minimum wages constitute the barest level of protection and cannot be diluted on the ground of economic hardship faced by employers.

Although the socio-economic conditions surrounding the Act have changed due to factors such as urbanisation, migration, inflation, and growth of informal work, its core objective remains unchanged. The Act continues to uphold dignity, fairness, and basic livelihood for workers, guided by constitutional values and reinforced through judicial interpretation.

### **CONCEPT OF 'MINIMUM WAGE' UNDER INDIAN LABOUR LAW**

The concept of minimum wage in Indian labour jurisprudence is rooted in the constitutional mandate to ensure social and economic justice for workers. It signifies the lowest legally acceptable wage that guarantees a basic standard of living and protects workers from exploitation. This idea emerged from the recognition that workers in unorganised and vulnerable sectors often lack sufficient bargaining power to secure fair employment terms, necessitating statutory intervention.

Traditionally, wage standards have been classified into minimum wage, fair wage, and living wage, a distinction clearly articulated by the Committee on Fair Wages (1948). The Committee emphasised that minimum wages must meet essential needs, including food, shelter, education, and healthcare. Judicial interpretation has consistently reinforced this welfare-oriented

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<sup>7</sup> AIR 1955 SC 33.  
<sup>8</sup> (1967) 2 SCR 463.  
<sup>9</sup> AIR 1962 SC 12.

approach, recognising minimum wage as a non-negotiable threshold that cannot be diluted even by mutual agreement, thereby affirming its constitutional and protective character.

In *People's Union for Democratic Rights v. Union of India*<sup>10</sup>, The Supreme Court declared that paying less than the statutory minimum amounts to “forced labour” under Article 23, since poverty leaves workers with no real choice but to accept substandard wages. By linking minimum wages to fundamental rights, the Court elevated the concept from a statutory entitlement to a safeguard against coercion and economic compulsion.

Further refinement came through *Workmen Represented by Reptakos Brett & Co. v. Management*<sup>11</sup>, where the Court expanded the interpretation of minimum wage by holding that it should include provisions for adequate nutrition, healthcare, education of children and some margin for emergencies. This decision shifted the understanding of minimum wage closer to a basic living standard, consistent with the dignity of labour envisaged under Article 21.

Indian labour policy and judicial thinking have been shaped by international labour standards. Although India has not ratified ILO Convention No. 131, its principles, particularly the linkage of wages with cost of living, social needs, and economic conditions have influenced policy and judicial reasoning. This highlights the evolving and dynamic nature of the minimum wage concept in line with global norms.

Importantly, the obligation to pay minimum wages is absolute. Any agreement written or oral that provides for wages below the statutory minimum is void and unenforceable. In *Basti Sugar Mills Ltd. v. Ram Ujagar*<sup>12</sup>, the Supreme Court held that workers cannot waive their right to minimum wage even voluntarily, as this right is grounded in public policy and legislative mandate. The Court further stated that financial hardship or temporary market instability cannot justify paying wages below the legally fixed rate.

Thus, The concept of minimum wage in Indian labour law integrates statutory protection, constitutional values, and judicial interpretation to ensure dignified remuneration for workers. As economic and social conditions evolve, it continues to remain a core element of India's

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<sup>10</sup> (1982) 3 SCC 235.

<sup>11</sup> (1992) 1 SCC 290.

<sup>12</sup> AIR 1964 SC 708.

labour regulation system.

## FIXATION AND REVISION OF MINIMUM WAGES

**Section 3** of the Minimum Wages Act, 1948 empowers the appropriate government to fix the minimum rates of wages for employments listed in Parts I and II of the Schedule. For employments falling under Part I, the law requires the State to fix minimum wages for the entire geographical area without leaving out any part of the State. However, for employment specified in Part II, the State has the discretion to exclude certain areas if deemed appropriate. The Act also provides a threshold relating to the number of employees in a scheduled employment. If fewer than 1,000 workers are engaged in a particular scheduled employment across the State, the government is not bound to fix minimum wages. But as soon as the number of workers reaches 1,000 or more, fixation becomes mandatory under **Section 3(1A)**. This reflects a legislative intention to focus regulatory efforts on sectors where workers are more numerous and therefore more vulnerable to wage exploitation.

The minimum wage rates fixed under Section 3 need not be uniform. The appropriate government may prescribe different rates for different localities, zones or regions, depending on variations in cost of living and other socioeconomic conditions. This discretion was judicially acknowledged in *Basti Ram v. State of Andhra Pradesh*<sup>13</sup>, where the court upheld the government's power to differentiate wage rates based on local conditions. While determining minimum wages, authorities must consider not only the basic subsistence needs of workers but also components that ensure a modest but dignified standard of life. The Supreme Court in *Workmen v. Management of Reptakos Brett & Co*<sup>14</sup>. Ltd. emphasised that such wage calculations must include essential elements like children's education, healthcare, minimal recreation, and provisions for old age and social security. The Court further held that at least 25% should be added to cover miscellaneous expenses, thereby recognising the need to revise the traditional concept of subsistence wages in accordance with contemporary living conditions. Importantly, the financial capacity of the employer cannot be used as a defence for paying wages below the statutory minimum. This position was firmly reiterated in *Woolcombers of India v. Workers Union*<sup>15</sup>, where the Supreme Court clarified that minimum wages represent a statutory obligation and must be paid irrespective of the employer's

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<sup>13</sup> AIR 1961 AP 371

<sup>14</sup> (1992) 1 SCC 290.

<sup>15</sup> (1973) 3 SCC 75.

economic hardship.

**Section 3(1)(b)** provides for the periodic revision of minimum wages and requires the appropriate government to review wage rates at intervals not exceeding five years. This does not prevent earlier revisions; instead, it ensures that the statutory wage floor remains responsive to economic and inflationary changes, preventing stagnation of wage levels over long periods. **Section 3(2)** allows the government to fix minimum wages in several forms: minimum time rate, minimum piece rate, a guaranteed time rate for workers engaged in piece-work, and the overtime rate. This flexible structure enables the Act to cover diverse forms of employment and wage payment practices across industries.

Further, under **Section 3(3)**, the government may prescribe different minimum wage rates for different scheduled employments, for various categories of workers performing the same kind of employment, for adults, adolescents, children and apprentices, and for different localities. Minimum wages may also be fixed on the basis of different wage periods such as hourly, daily, monthly, or any longer wage period as prescribed. Where wages are fixed on a daily or monthly basis, the method of calculating equivalent wages for other periods must also be specified to avoid ambiguity. However, the Act does not authorise the government to compel employers who pay wages on a time-rate basis to shift to a piece-rate system or vice versa. This limitation was highlighted in *Abraham v. Industrial Tribunal*<sup>16</sup>, where the Court held that the government cannot restructure the method of wage payment merely through a notification issued under Section 3.

Another important aspect of wage fixation relates to the use of cost-of-living indices. Although cost-of-living factors are relevant considerations, courts have clarified that they are not mandatory in every situation. In *Bhikusa Yamasa Kshatriya v. Sangamner Akola Taluka Bidi Kamgar Union*<sup>17</sup>, the Supreme Court held that the cost-of-living index is not an inflexible criterion and non-adherence to it does not amount to a breach of statutory duty, provided the overall determination is reasonable and in accordance with statutory objectives. Through these provisions and judicial interpretations, Section 3 establishes a flexible yet protective framework aimed at ensuring that workers receive wages sufficient to maintain basic economic

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<sup>16</sup> AIR 1960 Ker 10.

<sup>17</sup> AIR 1963 SC 806.

security while preventing exploitative labour practices.

## MINIMUM RATE OF WAGES

**Section 4** of the Minimum Wages Act, 1948 lays down the components that may form part of a statutory minimum wage, reflecting the legislature's intention to ensure that wage fixation is sensitive to both subsistence needs and cost-of-living variations. Under this provision, the minimum wage may be structured in three possible ways.

- I. First, it may consist solely of a basic rate of wages along with a cost-of-living allowance.
- II. Second, it may include a basic wage, cost-of-living allowance, and the cash value of concessions relating to the supply of essential commodities at subsidised rates.
- III. Third, the appropriate government may prescribe an all-inclusive rate covering the basic wage, the cost-of-living allowance and the cash value of concessions together.

This flexible design ensures that different sectors and localities can adopt wage structures suitable to their economic conditions while maintaining a statutory floor. The provision further mandates that the cost-of-living allowance and the cash value of concessional supplies must be periodically computed by the competent authority. Such computation must follow the directions issued by the appropriate government, ensuring uniformity and transparency in how these components are determined. The underlying logic is that inflation and changing market conditions can quickly erode the real value of wages, and therefore statutory wage components must be periodically reviewed to maintain their effectiveness.

Judicial interpretation has played a significant role in explaining the scope of Section 4. Courts have clarified that this section recognises the basic wage as an integral part of the minimum wage structure. However, the Supreme Court has rejected the argument that every minimum wage must compulsorily include both a basic wage and dearness allowance. In ***Karnataka Film Chamber of Commerce, Bangalore v. State of Karnataka***<sup>18</sup>, the Court held that the plain language of Section 4 does not require minimum wages to be split into these two components in every case. The Court explained that dearness allowance becomes relevant only when the basic wage, by itself, falls short of the minimum subsistence level required for a worker's family, typically calculated on the basis of three consumption units. Thus, the inclusion of

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<sup>18</sup> AIR 1985 SC 1769.

dearness allowance depends on whether the basic wage alone satisfies the State's assessment of minimum needs.

Section 4 therefore reflects a balanced legislative scheme: it guarantees a statutory wage floor while allowing flexibility in its composition. At the same time, judicial interpretation ensures that the provision is not applied mechanically but in a manner consistent with the objectives of worker welfare and economic security.

## **PROCEDURE FOR FIXING AND REVISING MINIMUM WAGES**

The Minimum Wages Act, 1948 prescribes a structured mechanism for the fixation and periodic revision of minimum wages, ensuring that workers are not paid below a statutory floor and that wage standards remain responsive to changing economic conditions. Section 5 empowers the appropriate government to adopt either of two methods the Committee Method or the Notification Method depending on administrative convenience and the nature of the employment.

### **I. COMMITTEE METHOD**

Under the Committee Method, the appropriate government appoints committees and sub-committees to conduct detailed inquiries and provide advice regarding the fixation or revision of wage rates. These bodies examine the working conditions, economic capacity of industries, prevailing wage structures, cost-of-living trends, and representations from employers, workers, and experts. After considering the committee's report, the government issues a notification in the Official Gazette fixing or revising minimum wages. Courts have repeatedly clarified that committees under Section 5 hold only an advisory status. The government may accept or reject their recommendations as long as its final decision is not arbitrary. This position was affirmed in *Edward Mills Co. Ltd. v. State of Ajmer*<sup>19</sup>, where the Supreme Court held that the committee's role is consultative and the government retains the final authority to determine wage rates.

### **II. NOTIFICATION METHOD**

The Notification Method offers an alternative process. Here, the appropriate government directly publishes its draft proposals for wage fixation or revision in the Official

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<sup>19</sup> AIR 1955 SC 25.

Gazette. These proposals are made accessible to employers, employees, and other affected stakeholders, who are given a statutory period of two months to submit their objections or representations. After receiving and considering all representations and consulting with the Advisory Board, the government finalises the wage rates and publishes them through a second notification. The revised minimum wages take effect from the date specified in the notification. If no date is mentioned, the revised rates automatically come into force after three months from the date of publication. This method upholds transparency and participatory decision-making by allowing all concerned parties to express their views before the final wage determination.

Judicial interpretation has reinforced the importance of following the procedural safeguards under Section 5. Courts have emphasised that notifications issued under Section 5 must strictly adhere to the statutory requirements. In *Bijay Unchana Paul v. State of Assam*<sup>20</sup>, the Court observed that the government must meticulously comply with every procedural step prescribed under the Act while issuing wage notifications. Similarly, the scope of objections under the notification process was clarified in *T.G. Lakshmaiah Setty & Sons v. State of Andhra Pradesh*<sup>21</sup>, in which the Court held that both employers and employees are entitled to challenge draft wage proposals. Therefore, if employees seek higher wages and the government, after due consideration, incorporates their demands into the final notification, such revision cannot be questioned merely because the final wage is higher than the draft proposal.

Furthermore, the effect of notifications under Section 5 has also been explained by the Supreme Court. In *Krishna Flour Mills v. Commissioner of Labour*<sup>22</sup>, the Court held that even if employers are already paying wages higher than the basic minimum, they must comply with the statutory obligation to pay the notified cost-of-living allowance separately when such allowance forms part of the minimum wage structure. This reinforces that minimum wage notifications represent a statutory mandate that cannot be diluted by private wage arrangements.

Overall, Section 5 establishes a robust mechanism for wage fixation grounded in consultation, transparency, and judicial oversight. The dual-method approach allows flexibility, while judicial interpretation ensures that the statutory safeguards protect the workers' right to fair and

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<sup>20</sup> 1969 (19) FLR 11.

<sup>21</sup> AIR 1960 AP 135.

<sup>22</sup> AIR 1968 SC 147.

adequate remuneration.

## BOARDS UNDER THE ACT

The Minimum Wages Act, 1948 establishes a structured tripartite framework to ensure that decisions relating to minimum wage fixation are balanced, representative, and informed. To support this framework, the Act provides for the constitution of the Advisory Board at the State level and the Central Advisory Board at the national level. These bodies act as coordinating and advisory institutions, enabling the Appropriate Government to rely on expert inputs from employers, employees, and independent stakeholders.

### I. ADVISORY BOARD

*Section 7* mandates that every Appropriate Government must constitute an Advisory Board for the smooth implementation of the wage-fixation process. The Board serves two primary purposes. First, it coordinates the work of committees and sub-committees appointed under Section 5 for fixing or revising minimum wages. Second, it advises the Government on matters relating to the determination or revision of minimum rates of wages in scheduled employments. This structure ensures that minimum wage decisions are participatory rather than unilateral, incorporating multiple viewpoints to support sound policy-making.

The Advisory Board under Section 9 consists of three categories of members:

- Representatives of employers,
- Representatives of employees, and
- Independent persons, who must not exceed one-third of the total number of members.

The Act also requires that the number of employer and employee representatives on the Board be equal. One of the independent persons is appointed as the Chairman by the Appropriate Government. Courts have provided important clarifications about the required composition of the Advisory Board. The Supreme Court has held that it is not necessary for the Advisory Board to include representatives from each individual industry or every scheduled employment. What matters is a balanced representation of employer and employee groups in general.<sup>23</sup>

The expression “independent person” refers to someone who is neither an employer nor an employee in the scheduled employment for which minimum wages are being fixed. Courts have further clarified that the mere fact that the person is a Government employee does not

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<sup>23</sup> B.Y. Kashatriya v. S.A.T. Bidi Kamgar Union, AIR 1963 SC 806.

disqualify him from being considered independent.<sup>24</sup>

The Advisory Board does not exercise quasi-judicial powers. Its recommendations are advisory in nature and not binding on the State Government. Even if the number of members is slightly more than prescribed, this does not invalidate its recommendations unless the imbalance affects decision-making.<sup>25</sup> The term “independent person” is used in contrast to employer and employee representatives. Therefore, Government employees can be included within this category as long as they do not belong to the employment concerned.<sup>26</sup>

## II. CENTRAL ADVISORY BOARD

*Section 8* empowers the Central Government to constitute a Central Advisory Board. This body has a broader consultative mandate compared to the State-level Advisory Boards. Its functions include

- A. Advising both Central and State Governments on matters relating to the fixation and periodic revision of minimum wages; and
- B. Coordinating the activities of various Advisory Boards constituted by State Governments.

The presence of a Central Advisory Board helps promote uniformity in wage fixation across the country, especially in employments that operate at the national or inter-State level.

*Section 9* deals with the composition of the Central Advisory Board mirrors that of the State Advisory Board. It includes:

- Equal numbers of employer and employee representatives,
- Independent persons not exceeding one-third of the total membership, and
- A Chairman appointed from among the independent persons by the Central Government.

The tripartite structure is retained at the national level to ensure that national wage policies reflect the interests of all stakeholders and maintain parity with the State-level advisory framework.

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<sup>24</sup> State of Rajasthan v. Hari Ram Nathwani, AIR 1976 SC 277.

<sup>25</sup> Chakradharpur Bidi and Tobacco Merchants Association v. State of Bihar, AIR 1961 Pat 146.

<sup>26</sup> Government of India v. Barium Chemicals Ltd., AIR 1989 AP 64.

## MAINTENANCE OF REGISTERS AND RECORDS

*Section 18* of the Minimum Wages Act, 1948 imposes a mandatory obligation on every employer to maintain prescribed registers and records for employees covered under scheduled employments. The purpose of this requirement is to ensure transparency and allow authorities to verify whether workers are being paid wages not less than the minimum rates notified by the Appropriate Government. These registers generally include details such as the name of the employee, nature of work performed, hours worked, wages paid, deductions made, overtime, and other statutory particulars.

The Act further requires that these records be kept in an accessible manner so that inspecting authorities may examine them at any time. Employers must also display certain notices—such as wage rates, working hours, and statutory obligations in a place where employees can easily view them. This ensures that workers are aware of their legal entitlements and that compliance is capable of being independently verified.

Courts have consistently held that this duty to maintain registers applies to every employer, including contractors who supply labour to another establishment. In *V. V. Surya Rau v. Surendra Ramkrishna Tendulkar*<sup>27</sup>, it was affirmed that even contractors who engage labour on behalf of principal employers are fully bound by Section 18. The Court clarified that there is no exemption to the statutory requirement, and all employers—whether direct or indirect must maintain proper registers and furnish them for inspection whenever demanded. This interpretation reinforces the protective purpose of the Act by ensuring that no category of employer can avoid accountability under the minimum wage system.

## FIXATION AND REVISION OF MINIMUM WAGES UNDER THE WAGE CODE, 2019

The enactment of the Code on Wages, 2019 marks a significant legislative shift in India's wage-regulation framework, replacing the Minimum Wages Act, 1948 and extending wage protection to a broader section of the workforce. One of the most important changes introduced by the Code is the universal applicability of minimum wages, meaning that minimum wage provisions now apply to all employees irrespective of whether they fall within "scheduled employments," thereby overcoming a major limitation of the earlier Act. The Code also

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<sup>27</sup> AIR 1958 AP 115.

introduces the concept of a national floor wage, which acts as a statutory benchmark that State Governments cannot go below while fixing their minimum wage rates.

This attempts to create inter-State uniformity and prevent wage disparities that disproportionately affect vulnerable and migrant workers. The Code retains methods of wage fixation similar to Section 3 and Section 5 of the earlier Act, allowing wages to be fixed by the hour, day or month, and ensuring revision at intervals not exceeding five years, but adds a stronger compliance structure through an “Inspector-cum-Facilitator” system for transparent enforcement.<sup>28</sup>

It further links minimum wage determination to a more rational and scientific mechanism by permitting periodic revisions of the cost of living allowance, ensuring that wages remain responsive to inflation, which was earlier provided under Section 4 of the 1948 Act. Importantly, the Code mandates the maintenance of registers and records in electronic form, thereby modernising the procedural requirements and reducing compliance burdens while enhancing transparency in wage payments.

The relevance of these provisions becomes more significant in light of recent government and independent reports highlighting that India’s national floor wage has not been revised since 2017, despite rising living costs, demonstrating a continuing gap between statutory promises and practical implementation.<sup>29</sup> Expert reviews also indicate that several States have revised their minimum wages for different skill categories for the year 2024–25, showing that wage governance remains a dynamic and evolving sphere requiring continuous oversight. Through these structural reforms, the Wage Code modernises India’s wage-fixation machinery while retaining the substantive principles of fair and adequate remuneration that informed earlier judicial interpretations under the Minimum Wages Act, 1948.

## CONCLUSION

The procedure for fixing and revising minimum rates of wages under the Minimum Wages Act, 1948 embodies a comprehensive legislative mechanism designed to protect workers from exploitative wage practices. The Act, particularly through Sections 3, 4, and 5, mandates the

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<sup>28</sup> Nishith Desai Associates, *India Consolidates and Codifies its Labour Laws: The Code on Wages, 2019* (2019).

<sup>29</sup> Financial Express, *National Minimum Wage Unchanged for Eight Years* (2024).

Appropriate Government to identify scheduled employments, determine wage components such as basic wage, cost-of-living allowance, and the cash value of concessions and adopt either the Committee Method or the Notification Method to ensure transparency and participation in wage fixation. Judicial interpretation has reinforced the nature of this duty, emphasising that wage fixation is not discretionary but a statutory obligation rooted in social justice principles.<sup>30</sup> The Act also ensures periodic revision of wages to keep pace with inflation and rising living standards, thereby preventing wage stagnation. The constitution of Advisory Boards under Sections 7 and 8 further strengthens the process by coordinating expert inputs and stakeholder representation. Additionally, Section 18 mandates employers to maintain essential registers and records, enabling effective inspection and compliance monitoring.<sup>31</sup> While administrative delays and implementation challenges persist, the procedure continues to function as a vital pillar of India's labour protection framework.

The transition to the Code on Wages, 2019, which consolidates and updates wage-related laws, retains the core principles of fair wage fixation, wider coverage, and transparency.<sup>5</sup> Thus, despite changes in economic conditions and policy landscape, the procedural framework under the 1948 Act remains fundamental to safeguarding the constitutional commitment to dignity, equity, and economic justice for all workers.

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