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WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal providededicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

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STUDY ON MINIMUM WAGES ACT AND **IT'S IMPERATIVE ON AGRICULTURE** **SECTOR: INDIAN PERSPECTIVE**

AUTHORED BY - DEEPSHIKA S S

ABSTRACT:

The Minimum Wages Act, 1948, is an important legislation in India that aims to ensure fair and just wages for workers across various industries. This abstract provides an overview of the act and its implications on the Indian labour market.

The act establishes a framework for determining minimum wages, which vary based on factors such as skill level, nature of work, and regional cost of living. The calculation of minimum wages involves considering components like basic wages, dearness allowance, house rent allowance, and other allowances. These wages are revised periodically to account for changes in inflation, economic conditions, and recommendations of wage revision committees.

The act primarily applies to scheduled employment, which encompasses specific industries mentioned in the act's schedule. It seeks to protect workers from exploitation and ensure a basic standard of living. Minimum wages are crucial in addressing income inequality, promoting social justice, and improving the well-being of workers and their families.

State governments in India have the authority to determine and revise minimum wages based on local factors and conditions. Therefore, the exact calculation methods and wage rates may vary across states.

Key Words: Minimum wages, basic wages, agriculture sector, government, standard of living.

Introduction:

The Minimum Wages Act, 1948, is a significant piece of legislation in India that seeks to protect the rights of workers by ensuring they receive fair and just wages. It aims to prevent the exploitation of labor and provide workers with a basic standard of living. The act establishes a framework for determining minimum wages across various industries and skill categories, taking into account factors such as the nature of work, skill level required, and regional cost of living.

India, with its vast and diverse workforce, faces challenges of income inequality, poverty, and social disparities. The implementation of minimum wages is a crucial step towards addressing these issues and promoting social justice. By setting a legal floor on wages, the act aims to provide workers with an income that is sufficient to meet their basic needs, support their families, and lead a dignified life.

Minimum Wage:

The Minimum Wages Act, 1948 is a significant legislation in India that aims to ensure fair wages are paid to workers employed in various sectors, including agriculture. The Act sets the minimum wage that employers must pay to their workers to prevent exploitation and provide a decent standard of living. When examining the impact of the Minimum Wages Act on the agriculture sector in India, several factors come into play:

Agricultural Labourers: The Act directly affects agricultural labourers who work on farms. It establishes a minimum wage that must be paid to these workers, taking into account factors such as skill level, nature of work, and geographical location. By setting a minimum wage, the Act intends to uplift the living conditions of agricultural labourers and protect them from exploitation.

1. **Wage Increase:** The implementation of the Minimum Wages Act in the agricultural sector has led to an increase in the wages of agricultural labourers. This increase in wages has contributed to improving their standard of living, allowing them to meet basic needs and support their families.
2. **Farm Productivity:** Critics argue that higher wages resulting from the Act may lead to increased labour costs for farmers. This can potentially impact the competitiveness of the agricultural sector, as farmers might find it challenging to absorb the additional expenses. However, it is important to note that a balance needs to be struck between ensuring fair wages and maintaining the economic viability of the agricultural sector.

3. **Impact on Small-Scale Farmers:** Small-scale farmers, who often rely on family labour or hire casual labourers, may face challenges in complying with the minimum wage requirements. For these farmers, it becomes essential to ensure that the minimum wages set by the Act are reasonable and take into account the economic realities of small-scale farming.
4. **Enforcement Challenges:** One of the key challenges in implementing the Minimum Wages Act in the agriculture sector is effective enforcement. Due to the decentralised nature of agricultural work and the prevalence of informal labour arrangements, ensuring compliance with minimum wage requirements can be difficult. It requires strong enforcement mechanisms, increased awareness among workers, and proactive monitoring by labour authorities.

Overall, the Minimum Wages Act plays a crucial role in improving the wages and living conditions of agricultural labourers in India. However, striking a balance between fair wages and the economic viability of the agriculture sector remains a challenge. It is important for policymakers to consider the diverse needs of farmers, ensure effective enforcement, and promote sustainable agricultural practices while setting minimum wages.

Fair Wage:

A fair wage is a compensation that is considered just and equitable for the work performed by an individual. It is a remuneration that provides workers with a reasonable standard of living, considering factors such as their skill level, job responsibilities, prevailing economic conditions, and social considerations. Fair wages aim to ensure that workers receive compensation that is commensurate with their contributions and enables them to support themselves and their families adequately.

The concept of fair wages is rooted in principles of social justice and the recognition of the inherent value of labour. It goes beyond mere compliance with minimum wage laws and takes into account factors such as the cost of living, economic inequality, and the principle of equal pay for equal work. The determination of fair wages involves various considerations:

1. **Living Costs:** Fair wages take into account the cost of basic necessities such as food, housing, healthcare, education, transportation, and other essential expenses. It considers the local cost of living to provide workers with an income that meets their basic needs.

2. **Job Responsibilities and Skill Level:** Fair wages reflect the level of skill and responsibility associated with a particular job. It recognizes that workers performing more demanding or specialised roles should be compensated accordingly.
3. **Prevailing Economic Conditions:** Fair wages are influenced by the economic conditions of a specific industry, sector, or region. It considers factors such as the profitability of businesses, productivity levels, and market dynamics while ensuring that workers receive a fair share of the economic gains.
4. **Social Considerations:** Fair wages also take into account social factors such as gender equality, non-discrimination, and the provision of equal opportunities for all workers. It seeks to address wage disparities based on factors such as gender, race, or other forms of discrimination.

Implementing fair wages often requires collaboration and dialogue between employers, workers, and relevant stakeholders. Collective bargaining, where workers' representatives negotiate wages and working conditions with employers, is one mechanism for determining fair wages. Additionally, governments may play a role in setting and enforcing fair wage standards through legislation and regulation.

However, achieving fair wages can be complex, as it requires striking a balance between the needs and interests of workers and the economic viability of businesses. It is important to consider the unique characteristics and dynamics of different sectors, industries, and regions when determining fair wages to ensure that they are realistic, inclusive, and sustainable.

Calculation Of Minimum Wages:

The calculation of minimum wage varies from country to country and often involves several factors and methodologies. I will provide you with a general overview of how minimum wages can be calculated, keeping in mind that specific methods may differ based on local laws and regulations. Here are some common approaches to calculating minimum wage:

1. **Basic Needs Approach:** This approach considers the cost of a basket of essential goods and services necessary for a worker to meet their basic needs. It takes into account expenses such as food, housing, healthcare, education, transportation, and other essential items. The minimum wage is then set at a level that ensures a worker can afford these basic necessities.
2. **Living Wage Approach:** The living wage approach goes beyond the basic needs approach and considers a higher standard of living for workers. It takes into account factors such as the cost of a decent standard of living, including discretionary expenses and the ability to

participate fully in society. The living wage calculation may involve additional elements such as entertainment, savings, and investments.

3. **Wage-Productivity Approach:** The wage-productivity approach links minimum wages to the productivity of workers. It takes into consideration the value that workers contribute to the economy through their labour. The minimum wage is set at a level that reflects a fair share of the economic output produced by the worker.
4. **Social Dialogue and Collective Bargaining:** In some cases, minimum wages are determined through social dialogue and collective bargaining between workers' representatives and employers. Parties negotiate and agree.

Calculation Of Minimum Wages In India:

In India, the calculation of minimum wages is done by the respective state governments based on the Minimum Wages Act, 1948. The act provides a framework for determining and revising minimum wages for different categories of workers, such as skilled, semi-skilled, and unskilled workers. Here's a general overview of how minimum wages are calculated in India:

1. **Scheduled Employment:** The first step is to identify the scheduled employment for which minimum wages need to be determined. Scheduled employment refers to specific industries or sectors mentioned in the Schedule of the Minimum Wages Act, such as agriculture, construction, manufacturing, etc.
2. **Basic Wage Components:** The calculation of minimum wages involves considering various components that make up the wage structure. These components generally include:
 - a. **Basic Wage:** It is the main component of the wage structure and forms a significant portion of the minimum wage. The basic wage is calculated based on the nature of work and skill level required for the scheduled employment.
 - b. **Dearness Allowance (DA):** The DA component is linked to the Consumer Price Index (CPI) and is designed to provide an adjustment for inflation. The DA may vary periodically based on changes in the cost of living.
 - c. **House Rent Allowance (HRA):** The HRA component is provided to workers to meet their housing expenses. The percentage of HRA may vary depending on factors such as the locality and cost of accommodation.
 - d. **Other Allowances:** Various additional allowances such as medical allowances, travel allowances, and education allowances may be included in the minimum wage calculation.

3. **Hours of Work:** The minimum wage is generally calculated on a daily basis. It is essential to determine the standard working hours per day for the scheduled employment to establish the daily minimum wage rate.
4. **Skill Categories:** Minimum wages may vary based on different skill categories. The Act categorises workers into different skill levels, such as skilled, semi-skilled, and unskilled, and assigns different wage rates for each category.
5. **Factors for Revision:** The minimum wages are subject to periodic revisions based on factors such as changes in the cost of living, inflation rates, economic conditions, and recommendations of wage revision committees or boards.

It's important to note that the specific calculation methods and wage rates may vary between states in India, as each state has the authority to determine its minimum wages based on local factors and conditions. The state governments periodically revise the minimum wages and notify them through official gazettes.

To obtain the exact calculation of minimum wages for a specific scheduled employment in a particular state in India, it is advisable to refer to the official notifications, circulars, or websites of the respective state labour departments or minimum wages boards.

Rules Regarding Minimum Wages:

The rules regarding minimum wages in India are governed by the Minimum Wages Act, 1948, and its associated rules. The Act provides a framework for determining and enforcing minimum wages across various industries and sectors. Here are some key rules and provisions related to minimum wages:

1. **Fixation and Revision of Minimum Wages:** The Act empowers the appropriate government (central or state government) to fix and revise minimum wages for different categories of workers and employment types. The minimum wages are determined based on factors such as skill level, nature of work, and geographical location. The government reviews and revises the minimum wages periodically, usually every 5 years or as required.
2. **Wage Components:** The Act specifies that minimum wages should include basic wages along with allowances for cost of living, house rent, and other factors. It is important to note that the Act does not prescribe specific amounts for these components but rather establishes the principle that minimum wages should cover these elements.
3. **Classification of Workers:** The Act allows for the classification of workers into different categories or classes based on their skills, experience, or type of work. The minimum wages

may vary for different classes of workers to reflect the variations in skill levels and job responsibilities.

4. Determining Minimum Time Rates and Piece Rates: The Act provides for the fixation of minimum wages based on time rates (hourly, daily, monthly) or piece rates (per unit of output). The appropriate government determines the appropriate method for different industries or occupations based on the nature of work and prevailing practices.

It is important to note that the specific rules and provisions regarding minimum wages may vary between states in India. State governments have the authority to set their own minimum wages, provided they are not lower than the minimum wages set by the central government.

Employers and workers are encouraged to familiarise themselves with the minimum wage rules applicable to their industry and location to ensure compliance and protect the rights of workers.

Legislation Regarding Agriculture:

The agriculture sector in India is governed by various legislations and policies at the central and state levels. These laws aim to regulate and promote agricultural activities, ensure farmers' welfare, enhance productivity, and provide support for rural development. Here are some key legislations related to the agriculture sector in India:

Agricultural Produce Market Committee (APMC) Acts: APMC Acts exist at the state level and govern the marketing and trade of agricultural produce. These acts establish Agricultural Produce Market Committees that regulate the buying, selling, and pricing of agricultural commodities in designated market yards or mandis. The APMC Acts aim to provide a transparent and fair marketplace for farmers and protect them from exploitation by intermediaries.

Essential Commodities Act (ECA): The Essential Commodities Act empowers the government to regulate the production, supply, and distribution of essential commodities, including agricultural commodities. It allows the government to intervene in times of price volatility or shortages to ensure fair prices for farmers and consumers. The Act grants the government powers to impose stock limits, regulate trade, and take action against hoarding and black marketing.

Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020: This central legislation, commonly known as the Farm Laws, seeks to provide farmers with more options

in selling their produce. It allows farmers to sell their agricultural produce outside the traditional APMC mandis and engage in direct marketing, contract farming, and electronic trading platforms. The law aims to promote competition, increase market access, and provide farmers with better price realisation.

Minimum Support Price (MSP) Policy: While not a legislation per se, the MSP policy is an important mechanism through which the government supports farmers. Under this policy, the government announces minimum support prices for various crops to ensure remunerative prices for farmers. The MSP serves as a safeguard to protect farmers from price fluctuations and encourages production of essential commodities.

Water Management and Irrigation Acts: Various acts and policies at the central and state levels govern water resources and irrigation management in agriculture. These legislations include the Water (Prevention and Control of Pollution) Act, 1974, and the respective state-level acts. They aim to regulate water usage, prevent pollution, promote efficient irrigation practices, and ensure sustainable water management.

It is important to note that the agriculture sector is also influenced by other supportive legislations and policies related to credit, insurance, crop protection, research and development, and rural development programs.

The specific legislations and policies applicable to the agriculture sector may vary between states in India. Farmers, stakeholders, and those involved in agricultural activities are encouraged to be aware of the relevant laws and policies in their respective states to ensure compliance and benefit from the available support mechanisms.

Government Schemes Implemented In Agriculture

Mechanisms:

The Government of India has implemented several schemes and initiatives to support and enhance the agricultural mechanism in the country. These schemes aim to provide financial assistance, technology adoption, infrastructure development, market access, and welfare measures for farmers. Here are some key government schemes implemented in the agricultural sector:

Pradhan Mantri Kisan Samman Nidhi (PM-KISAN): This scheme provides direct income support to small and marginal farmers. Under PM-KISAN, eligible farmers receive a fixed

income support of Rs 6,000 per year, paid in three equal instalments, directly into their bank accounts.

Pradhan Mantri Fasal Bima Yojana (PMFBY): PMFBY is a crop insurance scheme aimed at providing comprehensive coverage against crop losses due to natural disasters, pests, and diseases. It offers affordable insurance premiums and ensures quick settlement of claims, thereby protecting farmers from financial distress.

Soil Health Card Scheme: This scheme aims to promote balanced and nutrient-rich soil management. Under the Soil Health Card Scheme, farmers receive soil health cards that provide information on soil nutrient status, recommendations for appropriate fertilisers, and guidelines for sustainable farming practices.

Pradhan Mantri Krishi Sinchai Yojana (PMKSY): PMKSY focuses on improving irrigation infrastructure and enhancing water use efficiency in agriculture. The scheme aims to bring irrigation to every field, promote efficient water management practices, and increase agricultural productivity.

Rashtriya Krishi Vikas Yojana (RKVY): RKVY is a central government scheme that provides financial assistance to states for the implementation of agriculture and allied sector projects. The scheme aims to enhance agricultural productivity, strengthen infrastructure, promote agri-entrepreneurship, and support agricultural research and development.

Paramparagat Krishi Vikas Yojana (PKVY): PKVY promotes organic farming practices and certification among farmers. The scheme encourages the adoption of organic inputs, traditional farming methods, and biofertilizers, thereby promoting sustainable and chemical-free agricultural practices.

Kisan Credit Card (KCC) Scheme: The KCC scheme provides farmers with timely and adequate credit for their agricultural needs. Farmers can avail themselves of short-term credit for crop production, post-harvest expenses, marketing activities, and consumption requirements through a simplified credit card mechanism.

These are just a few examples of the government schemes implemented in the agricultural sector in India. Additionally, various state-specific schemes and initiatives are also in place to address regional agricultural challenges and cater to specific needs. It is advisable for farmers and

stakeholders to stay updated with the latest government schemes and seek guidance from agricultural departments or extension services to avail themselves of the benefits offered.

Conclusion:

The Minimum Wages Act, 1948 has had a significant impact on the agriculture sector in India by ensuring that workers receive fair wages and improving their standard of living. The Act has contributed to uplifting the conditions of agricultural labourers and protecting them from exploitation. While there may be concerns about the impact of increased wages on farm productivity and the challenges faced by small-scale farmers in meeting wage requirements, a balanced approach is necessary to ensure the economic viability of the sector while safeguarding the rights of workers.

To effectively implement the Minimum Wages Act in the agricultural sector, it is crucial to address enforcement challenges and strengthen monitoring mechanisms. This can be achieved through increased awareness among workers about their rights, proactive inspections by labour authorities, and strict penalties for non-compliance. Additionally, the government should consider providing support and incentives to small-scale farmers to help them meet wage requirements without compromising their economic sustainability.

Policy decisions regarding minimum wages in agriculture should be based on careful analysis of economic factors, farm productivity, and the specific needs of workers and farmers. Regular wage revisions that take into account inflation, cost of living, and regional variations can ensure that minimum wages remain relevant and fair over time.

Furthermore, it is important to recognize that the impact of the Minimum Wages Act on the agriculture sector is not limited to the immediate effects on wages and productivity. It also has broader implications for social welfare, rural development, and overall economic growth. Fair wages not only improve the standard of living for agricultural labourers but also contribute to reducing poverty and inequality in rural areas. When workers are paid decent wages, they have more disposable income, which can stimulate local economies and drive demand for goods and services. This can lead to positive spillover effects, such as increased employment opportunities, improved infrastructure, and enhanced living conditions in rural communities.

Moreover, the Minimum Wages Act plays a crucial role in formalising the labour market in the agriculture sector. By setting minimum wage standards, the Act helps to protect workers' rights,

ensure social security benefits, and promote a more organised and regulated labour market. This formalisation can lead to improved working conditions, access to social protection schemes, and better bargaining power for workers.

In addition, fair wages can attract and retain a skilled workforce in the agriculture sector. Adequate remuneration acts as an incentive for workers to stay in agriculture, preventing labour migration to other sectors. This is particularly important in sustaining agricultural productivity and ensuring food security in a country like India, where agriculture is a significant contributor to the economy.

However, it is crucial to acknowledge that the Minimum Wages Act alone is not a panacea for all the challenges faced by the agriculture sector. It should be complemented by comprehensive policies and reforms that address structural issues, such as improving access to credit, promoting technological advancements, enhancing market linkages, and supporting sustainable farming practices. These measures can foster productivity growth, enhance competitiveness, and create a favourable environment for agricultural development. By considering the broader implications for rural development and social welfare, the Act contributes to a more equitable and sustainable agriculture sector in India.

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