CHAPTER IV

THE WAGES
In the preceding chapter housing conditions of the workmen in sugar industry were examined, as they have a close bearing on their health and efficiency. The industrial progress depends by and large upon industrial health and efficiency in general. Pathetic housing conditions may provide the greatest source of discontentment to any politically aware working force even to the extent of revolting against the existing order of the society and therefore, it should get priority for any management. Housing and health are inter-related and have a great impact on productivity. The present chapter intends to discuss the various aspects of wages, as the wages directly determine the standard of living, which have a direct bearing on the workers' life and health. Now-a-days, good working-conditions, appropriate number of hours of work with fair-wages have become the basic need of the time with the aim of getting better results in the field of industrial production and providing healthy socio-economic infrastructure to our working-force.
A. The Concept of Wages:

As far as the term 'Wages' is concerned, the worker, the union leaders and the management do not take it in similar connotation. The workers treat it as their 'take-home-pay', while the trade unionists are concerned with that amount which can be bargained about with the employers. The management treats it as a major item of cost of production. However, wages may be defined as a sum of money paid, under contract made between employers and employees for services rendered. Thus, wages, in nature are as contract income, fixed or settled, as between employers and employees. But, this explanation refers to the laissez-fair viewpoint.

Wages may be defined legally as "all remuneration (other than remuneration in respect of overtime work) capable of being expressed in terms of money, which would, if the terms of employment, express or implied, were fulfilled, be payable to an employee in respect of his employment or of work done in such employment and includes dearness allowance (that is to say, all cash payments, by whatever name called, paid to an employee on account of rise in the cost of living) but does not include—

(i) any other allowance which the employee is for the time being entitled to,

(ii) the value of any house accommodation or of supply of light, water, medical attendance or
other amenity or of any service or of any concessional supply of food grains or other articles;

(iii) any travelling concessions;
(iv) any bonus (including incentive, production and attendance bonus);
(v) any contribution paid or payable by the employer to any pension fund or provident fund or for the benefit of the employee under any law for the time being in force;
(vi) any retrenchment concession or any gratuity or other retirement benefit payable to the employee or any ex-gratia payment made to him;
(vii) any commission payable to the employee.¹

It would not be out of place to note here that in a legislation like The Payment of Bonus Act, 1965, no distinction has been maintained between 'salary' and 'wages',² but wages are used as synonymous to salary. However, on technical

2. Malik, P.L. Ibid. Sec.2
grounds, a distinction can be made between wages and salary. For salary refers to payment made in connection with professional or semi-professional services, like that of public officials, managers and administrators, while wage-earners do not own individually the product upon which they work. In this respect they are differentiated from the self-employed, independent proprietors and persons contributing managerial ability to the industry and commerce.

If we make an in-depth study of the term 'wages' nominal and real wages call for explanation. Nominal wages or money wages refer to the payment of a certain amount of money to the employee for services rendered. But real wages or earnings refer to the amount of necessaries, comforts and luxuries which the worker can command in return for his services. Real wages are more important than money wages. It is possible that nominal wages may be very high but real wages may be considerably low. In order to make an estimate of real wages, which determine the standard of living, we have to take into account the purchasing power of money, a number of other variables like free accommodation, subsidised food, chances of extra income, payment of bonus, nature of work, promotional avenues condition and hours of work and overtime payment etc.
B. The Minimum Wages:

(i) Concept:

Now, it would not be inappropriate at this stage to discuss with the concept of 'The Minimum Wage'. None can deny the truism that wages form the pivot around which most labour problems revolve. These were the low wages in the sweated industries, which resulted into big agitation towards the second half of the 19th century and in the early twenties. Consequently, regulation of wages in these industries through legislation came into existence. The concept of 'Minimum Wages' thus became a matter of realisation. It refers to the wage rate fixed under statutory provisions, below which wages are not allowed to fall and it, more or less, aims at preventing 'sweating' in industry.

There are basically three terms for wages: 'the living wage', 'the fair wage', and 'the minimum wage', being used to express the different wage-levels. With regard to the concept of 'living wage' the definition, given by Justice Higgins of the Australian Commonwealth Court of Conciliation in the famous Harvester case may be quoted here that living

1. In Great Britain, for the first time, the minimum wage principle was enacted by the passage of the Trade Board Act of 1909. (The Minimum Wage, An-International Survey, I.L.O. 1939, p. 103.)
wage is one sufficient for the "normal needs of the average employee regarded as a human being living in a civilised community." It was also aptly defined in the Queensland Industrial Conciliation and Arbitration Act as "sufficient to maintain a well conducted employee and his wife and a family of three children in a fair and average standard of comfort, having regard to the conditions of living prevailing among employees in the calling in respect of which such basic wage is fixed, and provided that in fixing such basic wage the earnings of the children or wife of such an employee shall not be taken into account. The South Australian Act of 1912 recognised a living wage as "a sum sufficient for the normal and reasonable needs of the average employee living in the locality where the work under consideration is done or is to be done."

In India, the Committee on Fair Wages appointed by the Central Advisory Council for Labour, Government of India, regarded Fair Wages as representing the highest level of wage including all amenities which a citizen living in a modern society was entitled to expect with the advancing pace of the economy. It has also been interpreted by the traditional doctrine as the living wage is "a will-o'- the-wisp which floats a little further ahead, an arm's length out of reach. Its pursuit belongs to the same category as the "squaring circle."

The Fair Wage Committee, after examining and analysing the various Indian and Foreign views, came to observe it as "the living wage should enable the male earner to provide for himself and his family not merely the bare essentials of food, clothing and shelter but a measure of frugal comfort including education for the children, protection against ill health, requirements of essential social needs and a measure of insurance against the most important misfortunes including old age."

Since the changing economic conditions lead to higher general standard of living, which may shift the goal of living wage further at a higher level, the living wage be taken as an ever-receding goal, and a guiding principle, but not a destination. Therefore, it may be considered as an upper limit with regard to wage fixation and the minimum wage as a lower limit.

As far as the concept of 'Fair Wage' is concerned, it is not as old as the concept of 'living wage'. It is of a recent origin. It may be "one equal to that received by workers performing work of equal skill, difficulty or unpleasantness."1

'Fair Wages' hold different meaning for different countries. In a developed economy, it can not be fixed below

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the living wage-level, because there is no difference between 'minimum' and 'living wage' whereas in a developing or underdeveloped country fair wage shall not be equal to living wage. But in any way, it should not be allowed to become less than minimum wage.

The upper limit of 'fair wage' is quite a controversial matter. However, the Committee on Fair Wages says "a few would hardly budge from the level of the minimum wage, some would accept nothing less than the full living wage, but the large majority have no hesitation in recommending a fair wage, which is above the minimum and below the living wage."¹

Fair Wages, therefore; varying between its upper limit 'the living wage' and lower limit, the 'minimum wage' are determined with the consideration of these factors:

(i) the productivity of labour,
(ii) the prevailing rates of wages in the same or similar occupations in the same or neighbouring localities,
(iii) the level and distribution of the national income, and
(iv) the place of the industry in the economy.²

2. Ibid, p.11.
It may, therefore, be safely said that the three wages: the 'living wage', the 'fair wage', and the 'nominal wage' cannot be divided into water-tight compartments. 'Minimum Wage' serves as a pre-condition with regard to the fixation of 'living wage' and 'fair wage' in an industry.

(ii) Fixation of the 'Minimum Wage':

With regard to the fixation of the 'minimum wage', the Draft International Convention of 1928 stressed its fixation in those trades wherein "no arrangements exist for the effective regulation of wages by collective agreements or otherwise and wages are exceptionally low". The Royal Commission on Indian Labour made an enquiry into the question of the minimum wage-regulation for its fixation and further added: "In our view the Convention (Minimum Wages Convention 1928) in referring to trades in which wages are 'exceptionally low' must be regarded as having in view trades in which wages are low, not by comparison with general trend of wages and wage levels in kindred occupations in the country concerned. It must always be remembered that in India, organised industry cannot be regarded as lowering the standard of living of those it absorbs, the majority of whom left the field for

the factory to secure an alleviation of their hardships. It appears to us that, in order to conform to both the letter and the spirit of the Convention, it would first be necessary to create machinery for fixing minimum rates of wages in those trades in which wages are lowest and where there is no question of collective bargainings.1

Thus, the recommendations for minimum wages were made for the so-called sweated and unregulated industries viz: carpet weaving, bidi-making etc.

The Regulation of wages was not favoured by the authorities concerned during those days, as it was alleged that it gave rise to corruption, idleness and dissolute living. But it was not easy to leave the problem unattended because the Great Depression of 1929 had created new problems of wages, which were pushed down even in big industries, where labourers were not organised properly.

Various Labour Enquiry Committees2 in their reports favoured the fixation of minimum wages. The U.P. Labour Enquiry Committee made it clear in its report that efficiency of the workers, especially belonging to lower income groups,

2. 1. The Bombay Textile Labour Enquiry Committee, 1940.
   3. The Bihar Labour Enquiry Committee, 1940.
might be raised with an increase in minimum wage and cited the instances of Allahabad Textile Industry wherein efficiency and wages touched the level higher than that of Bombay, because of wage-increase allowed by the industry.\(^1\) The same result was achieved in the coal mines of Bihar.

Further the Committee on Fair Wages has aptly refuted the argument based on low national income against the minimum wage fixation as under:

"We consider that the comparatively low level of our national income should not be used as an argument against the prescription by law of minimum standards below which, on social grounds, no one shall be allowed to fall.\ldots\text{It is generally recognised that the present level of our national income does not permit the payment of a 'living wage' on standards prevalent in more advanced countries. But this should not preclude the fixation of fair wages on different and lower standards. At almost any level of the national income, there should be a certain level of minimum wages which society can afford, what it cannot afford are minimum wages fixed at a level which would reduce employment itself and thereby diminish the national income.}^2\)


In the Indian industries, in general, and in sugar industry in particular, wage discrepancies were the common feature before 1948. No uniform pattern of wage and level of earnings could be observed in the different units even in the same locality and in different departments of the same unit; it also called for fixation of and regulation for 'minimum wage'.

Again, the fixation of minimum wages has been proved to be a successful measure for bringing about an improvement in the workers' conditions and creating the peaceful industrial environment.¹

The workers were not only economically weak but also suffered from a kind of acute dissatisfaction with their work. The signs of their discontentment found fuller manifestation in their strikes rising to the number of 53² in the period 1946-47, a phenomenon which was unprecedented in the history of the sugar industry.

It was, indeed, a coincidence that the Bhatia Committee recommended an increase in the wages of unskilled workers from ₹22.50 to ₹36 and also an increase in the wages of the workers belonging to other categories for the same year 1946-47. The U.P. Government endorsed the recommendation statutorily.

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The U.P. Labour Enquiry Committee went ahead with the endorsement of observation of Mr. D.R. Gadgil in its report that the Marginal Theory of Wages was not holding good to the determination of wages generally in Indian industries and particularly in the case of sugar industry. The case of sugar industry was characterised with the system of arbitrary wage-fixation having innumerable wage-rates, the details of which are mentioned in the succeeding chapter 'The Wage-Structure'. These were the various facts which necessitated the wage-regulation which were found to be useful in reducing the number of wage-rates and paving a way for wage-standardisation too.

The long-felt need of wage-fixation-regulation gathered momentum during the Second World War because the real wage of industrial workers had declined further in spite of the grant of some Dearness Allowance owing to a situation of steady price rise created by the War. It was, therefore, discussed in the third and fourth meetings of the Standing Labour Committee held in 1943 and 1944 respectively to set up a statutory machinery for wage-fixation. The successive sessions of the Tripartite Labour Conference held in 1943, 1944 and 1945 also discussed the same issue. The session of 1945 took the privilege of approving in principle the enactment of minimum wage legislation. It was on April 11, 1946, that a Minimum Wage Bill in Parliament was introduced.
which became an Act not earlier than March, 1948.

Despite the Minimum Wage enactment in 1948, the workers especially under hard conditions, could not get protection against exploitation and the minimum wages once fixed were not revised against the provisions of the Act. This was one of the major complaints submitted by the workers before the National Commission on Labour (1969).

The realisation of the necessity of the fixation of 'minimum-wage-regulation led to the establishment of Wage Board in India with the aim of evolving a scientific wage structure on an industry-wise basis.

Though such Boards had their origin in Australia for setting up the first Wage Board in the state of Victoria followed by the enactment of Trade Boards in U.K. in 1909, yet the same was also felt necessary by the Bombay Textile Labour Enquiry Committee (1940). It may be concluded here that the Bombay Industrial Relations (Amendment) Act, 1948 provided for the first time in India, for the establishment of the Wage Boards in any industry covered under it. The first Wage Board for the Textile Industry was constituted by the erstwhile Bombay Government in 1948. The Board had seven members on it, two representatives of labour, two representatives of the management and three independent members.
At the commencement of the First Five Year Plan permanent Wage Boards, on a tripartile basis at the Centre and in the States, were recommended to be constituted "to deal comprehensively with all aspects of the question of wages, to initiate necessary enquiries, collect data, review the situation from time to time and take decisions regarding wage adjustment suo moto or on reference from the Government."\(^1\) The Second Five Year Plan also considered the same emphatically as "statistics of industrial disputes show that wages and allied matters are the major source of friction between employers and workers. The existing machinery for the settlement of disputes, namely the Industrial Tribunals, has not given full satisfaction to the parties concerned. A more acceptable machinery for settling wage disputes will be one which gives the parties themselves a more responsible role in reaching decisions. An authority like a tripartile wage board, consisting of equal representatives of employers and workers and an independent Chairman, will probably ensure more acceptable decision. Such Wage Boards should be instituted for individual industries in different areas."\(^2\)

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1. The First Five Year Plan, Planning Commission, Govt. of India, New Delhi; p.595.
2. The Second Five Year Plan, Planning Commission, Govt. of India, New Delhi, p.580.
As a result of the above recommendation of the Planning Commission, the Govt. of India added a new chapter to the history of Industrial Wage with the setting up of First Wage Board for the Working Journalist in May 1956 which was followed by the constitution of other such Boards.

The Wage Board for Sugar Industry was set up in December, 1957. These Boards were tripartite in character meaning thereby a Board consisting of 7 to 9 members, representing in equal number employers and employees with an independent Chairman. In addition an economist and a Consumers' representative, both independent, are nominated to the Board. The Chairmen have generally been judges either serving or retired. At times the same individual has been appointed to function concurrently as Chairman of more than one Board. The necessity of fixation of Minimum Wage was stressed emphatically as under:

"We have all along held the view that an industry which is incapable of paying the minimum wage has no right to exist. But an industry may be such that its continued existence is imperative in the large interest of the country, whether or not it is in a position to pay the minimum wage. In such a case we feel that it is the responsibility of the state to take steps to enable that industry to pay at least
Here it may be noted that the Government came forward to share the responsibility of providing minimum wages to the toiling industrial workers keeping in view the two factors: price-rise and rising needs of the people with the developing pace of economy and society as well.

(iii) Standard of Living: Concept and Level:

The concept and level of 'standard of living' need to be examined to arrive at the fixation of the 'minimum living wage'. A noted classical economist David Ricardo pleaded for the 'Iron Law of Wages'. It was believed that wages, in the long run would tend to equal just enough of food, clothing and shelter to maintain existence. Wages, therefore, should correspond to the subsistence level of workers. But the theory may not be regarded as a test of measuring living standard. Subsistence level does not mean the level enough to enable the workers to maintain his mere existence. It should, in fact, be inclusive of at least all conventional necessities of the society to which the workers belong. Since the 'standard of living' is an elastic phrase

and is extremely difficult to define as to what is meant by this term, an idea of the living standard can be formed considering the social status of a person, social environments and climatic conditions etc.

However, the well known labour economists, the authors of the series of 'Economics of Labour' Mills and Montgomery classified the standard of living as under:

(1) The Poverty Level:

This level refers to the quantum of wages given to the workers only sufficient to fulfill level is associated with the features: "under nourishment, over crowding, deterioration of household equipment and clothing, liability to acute distress with any minor disturbance or daily equilibrium, sickness or other emergencies, increasing expenditure almost invariably throwing families living at this level upon charitable relief."^1

(2) The Minimum of Subsistence Level:

The same authors defined that "This is the standard, that can be maintained when family income is sufficient for physical and mental upkeep but is insufficient for either

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major emergencies or any social pleasures costing money. If anything is spent for the latter purposes and major emergencies, are of course, inevitable— the cost must be met by a curtailment of consumption of basis necessities."

(3) The Minimum of Health and Decency or Subsistence Plus Level:

This level provides the wage sufficient not only "for physiological existence, but also for some elementary social necessities. Medical attention, car fare, insurance, a medium of recreation, clothing compatible with self-respect as well as sufficient to provide bodily protection, an elementary education for the children and some self improvement requiring expenditure can be had without the necessity of "taking it out" of food".2

(4) The Comfort Level:

At this level a worker's family "is able to live in a decent house or apartment, moderately equipped and decorated, it has reasonable adequate funds available for such items as insurance, education, vacation, health maintenance and amusement."3 The aims and objectives of the workers have

been and should have been to achieve the comfort level as the basis of wage fixation, but our economic resources are to be considered in doing so. It does not mean that the workers of our nation particularly of sugar industry should be allowed to lead an economically depraved life. It would not be out of place to mention that the U.P. Labour Enquiry Committee's choice of subsistence plus level as the basis for the fixation of the "minimum living wage". It would neither be in the interest of the national economy nor in the interest of the employers as well as the employees to deviate from the said level. Mills and Montgomery in their epoch making series of 'Economics of Labour' Vol. I, have also mentioned about the basic considerations involving authoritative wage regulation as,

(1) the health, strength and morale of workers depends upon wages, (ii) industries or enterprises not paying adequate wage for living are social parasites, (iii) payment of such wages should be made a first charge upon industry, (iv) competition among unorganised and weak bargainers should be restricted, (v) the State should protect 'fair enterprises' against competitors who constantly try to reduce costs through decreasing wages and (vi) it is desirable that production should be concentrated within those firms which are able to pay decent wage."

1. Mills and Montgomery, Ibid. p. 270
(iv) Calculation of the Minimum Wages

In the 15th Session of the Indian Labour Conference, held at New Delhi on July 11 and 12, 1957, it was agreed that the minimum wage was need-based and should ensure the minimum human needs of the industrial worker, irrespective of any other considerations. To calculate the minimum wage, the (sub) committee accepted the following norms and recommended that they should guide all wage fixing authorities, including minimum wage Committees, Wage Boards, adjudicators etc.

"(i) In calculating the minimum wage, the standard working class family should be taken to consist of three consumption units for one earner; the earnings of women, children, and adolescents should be disregarded. It is in conformity with the Bombay Textile Labour Enquiry Committee, the Committee on Fair Wages etc."

1. The Bombay Textile Labour Enquiry Committee took a natural family consisting of a wage earner, his wife and two dependants ordinarily children under 14 years of wage or 3.0 consumption units as the basis for wage fixation. (Vol. 1, pp 67 and 68). The Committee on Fair Wages after examining the results of family budget enquiries made in the past has concluded that a standard family should be taken to consist of three consumption units and one earner (Report p. 18). The U.P. Labour Enquiry Committee has based its calculations on different sizes of families. Dr. R.K. Mukerjee has taken an average family (based on Bombay figures) to consist of 1.10 men, 1.10 women and 2.00 children under 14 years or 3.14 consumption units. He excludes 0.60 dependents living away from the family. In our calculation the dependants living away from the workers have been included. In Sugar factories most of the workers are seasonal and they live alone in the factories as such exclusion of their dependant will violate the size of their family.
(ii) minimum food requirements should be calculated on the basis of a net intake of 2700 calories, as recommended by Dr. Aykroyd for an average Indian adult of moderate activity;

(iii) clothing requirements should be estimated at 9 per capita consumption of 18 yds. per annum which would give for the average worker's family of four, a total of 72 yds;

(iv) in respect of housing, the norm should be the minimum rent charged by Government in any area for houses provided under the Subsidised Industrial Housing Scheme for low income groups; and

(v) fuel, lighting and other miscellaneous items of expenditure should constitute 20 per cent of the total minimum wage."

Various sorts of controversies, especially Indian Labour Conference-formula came into picture, but food-norms as suggested by the said Conference could not find favour with the employers of the various industries which was why the Third Five-Year Plan stressed the need for a re-examination of the nutritional requirements of a working class family in the light of the most authoritative scientific data on the subject.¹ In this connection, the National Nutrition Advisory

¹. Third Five Year Plan, Planning Commission, Govt. of India, p.256.
Committee was required to examine the issue which came to the conclusion that the food requirements should be taken into account for the family as a whole, and that too on the basis of a net intake of 2750 calories per adult consumption unit per day. The National Nutrition Advisory Committee, therefore, suggested the following minimum requirements for an industrial working class family taking the data collected through an elaborate family living survey of more than 25000 families in the industrial areas conducted by the Union Labour Ministry in 1958-59, as base.

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<th>Table No. 4.1</th>
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<tr>
<td>Protein (mgs.)</td>
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<tr>
<td>Man:</td>
</tr>
<tr>
<td>60</td>
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<tr>
<td>Woman:</td>
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<td>50</td>
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<td>Two children:</td>
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<td>(below 14)</td>
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<td>Per adult equivalent consumption unit:</td>
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</table>

Dr. V. N. Patwardhan, Director, Nutritional Research Laboratories, Hyderabad and S. Rangathan suggested the diet of value of a little more than 2600 calories as against
Dr. Akroyd's suggestion of 2700 calories for average worker of moderate activity. Dr. Radhakrishna Rao, Nutrition expert with the then Govt. of Bombay, added salt and condiments to the items included in improved diet.

Dr. R.K. Mukerjee took the Dr. Akroyd's estimate of energy requirements for an Indian worker as insufficient and criticised it in the following words:

"the acceptance of Dr. Akroyd's norm of only 2600 calories for Indian worker in all kinds of industries would involve severe bodily exhaustion and decline of the power of resistance which will contribute towards industrial inefficiency, greater absenteeism, and prevalence of disease and mortality."¹

Dr. Mukerjee held that the basic energy requirement of Indian workers should be about 2400 calories, which he calculated as follows:

<table>
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<th>TABLE NO. 4.2</th>
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<tr>
<td><strong>Calories</strong></td>
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<tr>
<td>Basal metabolism for an Indian for 24 hrs.</td>
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<tr>
<td>Saving in sleep (to be deducted)</td>
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<tr>
<td>Correct based metabolism</td>
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<tr>
<td>Cost of day's activities x 55 kg, (average body weight of an Indian) x 16.18</td>
</tr>
<tr>
<td>Total cost of metabolism</td>
</tr>
<tr>
<td>&quot;Tax&quot; for influence of food (6 per cent)</td>
</tr>
<tr>
<td>Day's requirement</td>
</tr>
</tbody>
</table>

¹ Dr. R.K. Mukerjee—The Indian Working Class, Hind Kitab Ltd., Bombay, 1951, p. 200.
Dr. Mukerjee added 600 to 1350 calories to the basic requirement as shown in the above table as the workers in Indian factories worked for 9 to 11 hours a day. Dr. Mukerjee conducted physiological experiments with Dr. W. Burridge in the Physiological Laboratory at the then King George's Medical College, Lucknow (since renamed as Kasturba Gandhi Medical College). On the basis of the above study, he estimated the basal metabolism for an Indian worker.

The latest approach to the fixation of the minimum wage is cost of Living Index-approach. This method of determining minimum wage is simple and logical. For example, the first Central Wage Board for Sugar Industry recommended the total minimum wage on the basis of the calculation made with reference to 123 points of cost of living index. In India, Consumer Price Index Numbers, formerly known as Cost of Living Index Numbers, are compiled for measuring changes in the cost of living of various classes of people such Index Numbers are constructed mostly with reference to working class. Besides the All India Average Consumer Price Index Numbers for Industrial Workers, various State Governments are also constructing and publishing Working Class Consumers Price Index Numbers, for which they conduct family budget enquiries at different centres.

The Labour Bureau, Simla, Ministry of Labour and Rehabilitation, Govt. of India, the chief agency of publishing
Consumer Price Index Numbers compiles and publishes the following:

(1) Consumer Price Index Number for Industrial Workers (All-India level)
(2) Consumer Price Index Numbers for Non-Manual Employees (All-India level)
(3) Consumer Price Index Numbers for Agricultural Labour (All-India Level).

Wage-Regulation Machinery:

Wages in general, are determined through the process of collective bargaining, an essential element of economic democracy. It is 'two party' procedure for arriving at commonly agreed solution to the problem. Under this procedure employers are expected to arrive at an agreement about wage-rates and basic workers' facilities with trade unions under the patronage of the state. Collective bargaining, in India, enjoyed some impetus from statutory provisions, as has already been witnessed in other countries. But well-organised bodies of employers and employees are a precondition for the success of collective bargaining. It cannot achieve good results in the industries without well-organised labour force. Besides, collective agreements fail to bring about uniform wage-rates for industrial workers. These are not as effective and stable as the measures taken by the State to regulate wages for industrial working force.
Following are the measures through which the State regulates wages:

(i) Legislative enactment,
(ii) Arbitration Court,
(iii) Wage Board,
(iv) Special Trade Boards.

The legislative enactments came to be popular in some States of Australia and U.S.A. wherein wage-rates are laid in a statute. In India the 'Minimum Wages Act, 1948' is the first step in this direction. The Act excludes sugar industry from its scope.

But, it is important to note here that in some states in different industries, minimum wages have also been fixed by the Awards of the Industrial Tribunals or on the recommendations of various Committees. For example, in U.P., a minimum consolidated wage for sugar industry was fixed, on the basis of the recommendations of the U.P. and Bihar Sugar Factories Labour(Wages) Enquiry Committee, at Rs.36/- per month in 1946, which was raised to Rs.45/- per month in 1947-48 and again to Rs.55/- p.m. in 1948-49 and Rs.58/- in 1959. On account of the recommendations of the Wage Board for sugar industry, interim relief was granted to the workers in the vacuum pan sugar factories with effect from Jan. 1, 1959 (from 2 to 5 per cent of the wages) and from Nov. 1, 1960, the total minimum
wages have been fixed at Rs. 76/- per month—Rs. 60 basic wages and Rs. 16/- D.A.

Afterwards, the Government appointed the Second Central Wage Board for Sugar Industry in 1966 and accepted its recommendations in July 1970. Wages (Appendix 4(a) in the Sugar Industry are paid in accordance with the accommodations made by the said Board. The U.P. Government also enforced the recommendations statutorily with retrospective effect from November 1, 1969.

So far as the constitution of permanent wage-boards is concerned, it was in the First Five Year Plan that recommended the constitution of permanent wage-boards on a tripartite basis at the Centre and in the states "to deal comprehensively with all aspects of the question of wages to initiate necessary enquiries, collect data, review the situation from time to time and take decision regarding wage adjustment suo moto or on reference from the Government."

1. Resolution No. WB 7(3)70 dated the 7th July, 1970, Ministry of Labour and Rehabilitation, Govt. of India.
3. The First Five Year Plan, page 595.
Second Five Year Plan emphasised the establishment of Wage Boards and observed that "Statistics of industrial disputes show that wages and allied matters are the major source of friction between employers and workers. The existing machinery for the settlement of disputes, namely, the Industrial Tribunals, has not given full satisfaction to the parties concerned. A more acceptable machinery for settling wage-disputes will be one which gives the parties themselves a more responsible role in reaching decisions. An authority like a Tripartite Wage Board, consisting of equal representatives of employers and workers and an independent Chairman, will probably ensure more acceptable decisions. Such Wage Boards should be instituted for individual industries in different areas."

The Wage Board System, in principle, is regarded better than the fixed wage system for wage regulation, as it looks into the wage rates of a particular industry, taking into account its capacity to pay and at the same time makes allowance of conditions of living obtaining in the region or regions in which the given industry is situated. Further, the system, being a preventive measure, is definitely better than the Arbitration Court System, because it operates after the dispute has taken place, which the Wage Board system meets.

1. The Second Five Year Plan, p.580.
before the zero hour reaches and suggests remedies to avoid future contingencies.

In pursuance of the above recommendations, the Govt. of India set up the first Wage Board for the Working Journalists in May 1956, which followed a series of such Boards and for sugar industry it was set up for the first time, in Dec. 1957. In the history of the Wage Board system, the Bombay Textile Labour Enquiry Committee has its own importance, as it, keeping in view the chaotic conditions in India, thought the system to be most suitable. The Committee gave special support to Wage Boards because under these wages are fixed by conciliation and discussions and also because the system facilitates fixation of minima for all the occupations in an industry. D.N. Gadgil endorsed the view of the above Committee and preferred trade boards and advocated in the following words: "The General Board seems to be appropriate in a country where conditions are comparatively homogeneous and where a certain amount of regulation of wages has previously existed: In such a country it may be desirable to obtain a measure of uniformity in conditions in different industries through the device of the General Board. In India the chief problem with which we are confronted is the introduction of some measure of regulation in a situation that is essentially

1. Report pp. 88 and 89.
chaotic. Further, there exists in this country a very large element of diversity in every aspect of the industrial situation with marked differences in conditions from province to province and from industry to industry. The extent of the development of the industry—whether technical or financial—the sources and the nature of supply of labour, the state of organisation among employers and labourers, in all these respects there obtain very considerable differences. The immediate step must be to take up individual industries in each Province and to arrive at a measure of regulation of wages for them. From this point of view also minimum wage regulation through the machinery of the Trade Board would seem to be the most appropriate.¹ The U.P. Labour Enquiry Committee (1948) found a homogeneity in the apparently diverse conditions in the state and, therefore, it suggested a Provincial Wage Board constituted on tripartite basis with features of both a trade and a General Board. In the history of legislative measures for the constitution of wage boards, the then state of Bombay (now Maharashtra) has played a pioneer role as the Bombay Industrial Relations (Amendment) Act 1948, was the first legislative measure providing for the establishment of wage boards in any industry covered under it. Thus the system came into real

¹ Oadgil, E.R., Regulation of Wages and problems of Industrial Labour in India, pp.51-52(Lectures in Patna University in 1943).
picture after 16 years with the institution of First Wage Board in May 1956 for the Working Journalist, while the institution of Trade Boards on the lines of the British Trade Boards Act of 1909 and 1918 was recommended by the Bombay Textile Labour Enquiry Committee 1940.

Conclusion

It is a matter of concern that a Wage Board normally remains in operation for a period of five years with regard to recommended wage-structure, during which period neither demands for wage-revision nor other allied matters dealt with by the Board are entertained. Delayed submission of reports has become the common practice, which is attributed to initial poor response to their questionnaires, time taken in public hearings particularly in case of an industry that is widely spread out, lack of quorum and effort made to achieve unanimity with regard to recommendations.

The second point to note is that through the establishment of the Wage Boards neither the goal of reducing tension nor introducing any scientific element into the wage structure has been achieved.

On account of being the recommendations of the Boards of non-statutory nature, the trade unions have expressed their dissatisfaction. Surprisingly, the employers are also
dissatisfied with regard to implementation of various recommendations of the Wage Boards, though on different scores.

The Boards have failed to adopt any standardised procedure to ascertain the capacity of industry to pay and to indicate the lines on which they proceeded to measure the same. In the same way, they could not clearly indicate the processes through which wage-rates correlated with productivity in view of various handicaps which they experienced in the absence of work load and time and motion studies.

Despite these shortcomings and limitations, of the Wage Board system, they are to be accepted as a cornerstone in peaceful development of industrial relations as the representatives of both labour and capital came to the point that these unanimous recommendations should be implemented fully. To conclude the matter, the observation of the Committee on the Functioning of the System of Wage-Boards is noted as, "that the system has not fully met all expectations and particularly in recent years there has been an erosion of faith in this system on the part of both employers and employees, the defects are not such as cannot be remedied."¹

The work of the Boards should be expedited. In this regard, the suggestions made by the Committee on Wage Board appointed by the National Commission on Labour 1969 may be quoted:

"(a) Central Wage Board Division should be set up in the Union Ministry of Labour on a permanent basis to service all Wage Boards,

(b) This Division should have a special unit for processing and supplying statistical and other information needed by the Wage-Boards and it should maintain close liaison with Labour Bureau, Simla,

(c) The Central Wage Board Division...will lend the necessary staff to the Wage Boards,

(d) A standard questionnaire should be prepared, kept ready and issued as soon as a Wage Board is set up and this may be followed by a short supplementary questionnaire to collect information peculiar to the industry concerned,

(e) On-the-spot inspections by Wage-Boards should be reduced to the minimum and confined only to what is considered relevant and necessary,

(f) A manual of procedure for Wage Board should be prepared.1

Further, all the hurdles in the implementation of Wage Board's recommendations should be removed. In this regard, the Committee on the Functioning of the System of Wage Boards has pointed out some changes in their composition and functioning. The Committee's recommendations as adopted by the National Commission on Labour are as under:

"(i) There need be no independent persons on the Wage Board. If considered necessary, an economist should be associated with it, but only as an assessor,

(ii) As far as possible, the Chairman should be appointed by the common consent of the parties. An agreed panel of names should also be maintained by the proposed National State Industrial Relations Commission for appointment as Chairman. They should preferably be drawn from the members of the proposed National or State Industrial Relations Commission. In case a Chairman is appointed by the consent of both parties, he should arbitrate if no agreement is reached in the Wage Board. A person should not be appointed as Chairman of more than two Wage Boards at a time. In case the Commission is unable to prepare a panel of agreed names, the Government will appoint the Chairman.

(iii) Government should examine in consultation with Central Trade Union Organisations the present procedure for giving representation to Central Organisations/Federations of
workers and make such modifications as may be necessary in order not to leave large sections of workers unrepresented,

(iv) The Wage Boards should normally be required to submit their recommendations within a year of the appointment. The date from which the recommendations should take effect should be mentioned by the Wage Board in the recommendation itself;

(v) The recommendations of a Wage Board should remain in force for a period of five years;

(vi) Unanimous recommendations should be made statutorily binding. In cases where no agreement is reached within the Wage Board the Chairman should arbitrate, if the Chairman before appointment was acceptable to both sides."¹

Going through the recommendations made by the National Commission, it may be suggested that the goal of need-based minimum wage should be achieved. Mr. V.V. Giri's opinion may be cited here, "nothing short of a living wage can be a fair wage, if, under competitive conditions, an industry can be shown to be capable of paying a full living wage."²

A living wage cannot be the same for all places and country, but may differ from country to country. For example

Justice Higgins of Australia defined living wage as "a wage sufficient to ensure to the workmen food, shelter, clothing, frugal comfort and provision for evil days."

According to the Committee on Fair Wages, living wage may be defined as a wage that "represents a standard of living which provides not merely for a bare physical subsistence, but for the maintenance of health and decency, a measure of frugal comfort including education for children, protection against ill-health, requirements of social needs and some insurance against the more important misfortunes."

In the last, it would be appropriate to quote Justice Higgins, again, who was the first person to define the concept of living wage in 1907 as "it is not purely economic wage; it is social as well."

In the following chapter the wage-structure of sugar industry is discussed which may be of some value with regard to the assessment of the socio-economic conditions of the wage-earner in the concerned industry.