CHAPTER 12

WAGE DETERMINATION BY WAGE BOARDS
In leaving the question of wages to be determined by collective bargaining, the State faces a risk. If collective bargaining does not succeed, work stoppages may take place. On the contrary, if the bargaining is successful, the economic implications of the agreement may detrimentally affect the national economy. Wage board as a system of wage fixation, is advantageous in that it takes into account the needs of national economy along with the interests of the parties concerned.

**Historical Background**

The origin of the system of wage boards can be traced back to the Victorian Minimum Wage Legislation of 1896, which provided for wage boards in some sweated
trades. Generally the power to appoint wage boards is vested with the Government. It may be constituted for a specific trade or a branch of trade or a group of trades. The universal nature of wage boards is that it is a tripartite body.

The Idea of instituting wage boards in India for determination of wages was first formulated by the Royal Commission. As India became independent in 1947, the new Government was eager to better the industrial relations. In the realm of labour, the Committee on Fair Wages was appointed to study and report on the various aspects of fair wages.

3. Ibid.
4. Commenting on the desirability of a tripartite machinery, the Commission said,

"The main principle is the association of representatives of both employers and workers in the constitution of the machinery. Such representatives would be included in equal numbers, with an independent element chosen as far as possible in agreement with or, after consultation with, the representatives of both parties".

One of the recommendations of the Committee on Fair Wages was the setting up of tripartite wage boards for fixation of fair wages. The Committee on Fair Wages after studying the machinery of Trade Boards in U.K., came to the conclusion that a machinery similar to that would be appropriate in India. This machinery was favoured also by the National Commission on Labour.

Drawing support from the Committee on Fair Wages, the First Five Year Plan recommended setting up of permanent wage boards with tripartite composition in each State and Centre to deal with all aspects of wages. However, the proposal did not materialise during the First Plan period.

The Second Plan came with a more definite proposal for fixing fair wages to workers by a suitable machinery. The Plan noted that the existing machinery for wage settlement was not giving full satisfaction to the parties.

---

7. K.N. Subramanian, Wages in India (1977), p.120.
concerned. The Plan stressed the need for constituting tripartite wage boards for wage determination. 8

The Planners considered the wage boards as a forum in which the parties themselves have a responsible role in reaching a decision which binds them. The Plan proposal to establish wage boards was strengthened by the recommendation of Professor Richardson, an I.L.O. official, who conducted a study in India in 1956 regarding industrial relations. 9 He recommended that due to the inadequacy of the system of collective bargaining a tripartite body should regulate wages in India. He said,

8. The Planning Commission observed,

"The existing machinery for the settlement of wage 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 reasonable role in reaching decision. 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".


"It would appear necessary to establish a tripartite body for the regulation of wages and working conditions in each important industry throughout the country. . . . The tripartite bodies will include representatives of employers and of workers together with impartial members appointed by the Government, one of whom would be Chairman". 10

The establishment of such a machinery was intended to achieve a long term objective of evolving a wage policy aiming at rising real wages. For evolving such a policy, the Second Plan, however, emphasised the need for a comprehensive wage census to be followed by the appointment of a Wage Commission. The Planning Commission, wanted the wage boards to function only during the interim period.

On the recommendation of the Second Five Year Plan, some wage boards were established. Employers were willing to implement voluntarily the wages recommended by the wage boards. Workers and employers began to regard this method as a satisfactory machinery in determining wages. Therefore, though the Second Five Year Plan regarded wage boards only as an interim measure, the Third Plan encouraged their establishment on a wider scale. The Planning

10. Ibid.
The Second Plan recommended the setting up of Wage Boards as the most suitable method of settling wage disputes where large areas of industry are concerned. This has so far been applied to the cotton and jute textiles, cement, sugar and plantation industries; and will be extended to other industries according to circumstances. It has been decided to appoint a Board soon for the iron and steel industry. But there was no criteria before the Government for selecting industries for appointing wage boards. Therefore, the demands on the part of trade unions had a significant role.

There may be considerable resistance on the part of employers in appointing a wage board. Unless the


12. In this regard certain suggestions were given by the 15th Indian Labour Conference. They suggested institution of wage boards, for jute, plantations, mines, engineering, iron and steel, chemicals, sugar, cement, railways, post and telegraphs, civilian employees in defence establishments and ports and docks. See Government of India, Ministry of Labour and Employment, Tripartite Conclusions (1947-67), p.60.


14. For an illustration see ibid.
employer shows a co-operative attitude, it is difficult for the Government to take any decision. When the employer shows his willingness to appoint a wage board, the Government may announce its decision to constitute a wage board for that industry.

**Characteristics of the Wage Boards**

A wage board need not be constituted under a statutory authority. Almost all the wage boards appointed by the Central Government were on adhoc basis. The only exception to this is the wage board for the working journalists, constituted under the Working Journalists (Conditions of Services) and Miscellaneous Provisions Act 1955.15

Though the primary responsibility to constitute a wage board vests with the Central Government, there is no prohibition for the State Governments to constitute

15. The Working Journalists (Conditions of Services) and Miscellaneous Provisions Act 1955, S.13-C reads, "For the purpose of fixing or revising rates of wages in respect of non-journalist newspaper employees under this Act, the Central Government shall, as and when necessary, constitute a Wage Board ... ."
wage board.\textsuperscript{\textit{16}}

Generally, wage boards are tripartite bodies consisting of independent members and representatives of employers and employees. The number of members present in a wage board is usually seven.\textsuperscript{\textit{17}} One of the independent members will be appointed as the Chairman.\textsuperscript{\textit{18}} Usually in addition to the Chairman there will be two more independent members. The usual practice is that one of the independent members is a

\textsuperscript{16} The Bombay Industrial Relations Act 1946 and the C.P. and Berar Industrial Disputes Settlement Act 1947 empower the respective Governments to appoint wage boards. The Bombay Industrial Relations Act 1946, S.86-A reads, "The State Government may, by notification in the Official Gazette constitute for one or more industries a Wage Board for the Bombay Area of the State of Maharashtra". The C.P. and Berar Industrial Disputes Settlement Act 1947 S.37-A reads, "The State Government may, by notification, constitute a Wage Board for one or more industries for the State".

\textsuperscript{17} There are exceptions to this general rule. In the Wage Board for Port and Dock Workers, and Engineering and Mining Industries there were nine members. P.R.N. Sinha, \textit{Wage Determination} (1971), pp.54, 55

\textsuperscript{18} In India, as a practice, the Chairman is appointed mostly from the ranks of retired judicial personnel having some experience in dealing with industrial disputes. \textit{Ibid.}
member of Parliament and the other an economist.
Employers' representatives and workers' representatives
are appointed by the Government in consultation with
their associations or unions. The Chairman and the
independent members are nominated by Government.\textsuperscript{19}

The general characteristic of the wage board is
that it is recommendatory body. It is bound to submit
its reports to the Government. The Government ultimately
takes a decision on the recommendation of the board.
A wage board is expected to limit its deliberations to the
issues specifically included in the terms of reference.

The functioning of the board can be divided into
three stages.\textsuperscript{20} In the first stage, data regarding the
various aspects of the industry under consideration is
collected by sending questionnaires to all parties
directly or indirectly interested in the industry. The
second stage is a public hearing in which the labour and
management are invited to submit their evidence relating

\textsuperscript{19} \textit{Report of the National Commission on Labour} (1969),
p.269.

\textsuperscript{20} This procedure results in delay. See \textit{infra}, n.54.
to the matters under consideration of the board. The third stage of the proceedings is the most important. On the basis of the data and evidence gathered in the first two stages, different sessions are held in which proposals and counter proposals are made by the members of the board. At this stage the process involved is more or less similar to collective bargaining. 21

In this process of bargaining, the independent members usually act as conciliators or mediators and "they endeavour to prevent deadlocks by promoting communication between the labour and management representatives." 22

21. The peculiarity of the bargaining is well explained in the following observation,

"The representative members on a Wage Board are expected to argue out and defend the cases of the organisations which they represent. ... as the arguments in a Wage Board develop the workers' representatives try their best to extract the maximum possible from the employers' representatives. The employers' representatives, on the other hand, leave no stone unturned to concede as little as possible. In arguing out their respective cases, they interpret and use the principles, facts and figures in such a way as to give a most convincing justification of their respective stands".


In this sense the position of the independent members is very crucial. They play a vital role in helping the board to arrive at a unanimous decision. With all these built in safeguards, the wage boards are intended to evolve a wage structure in India.

**Application of various principles**

In its working, the wage board is expected to follow the principle of 'fair wage' as set forth by the Committee on Fair Wages. According to the Committee, fair wages have to be determined on the following criteria. The lower limit of the fair wages should be the minimum wage and the upper limit should be set by the capacity of industry to pay. Between these two limits the actual wages should be fixed depending upon "the productivity of labour, the prevailing rates of wages, the level of national income and its distribution and the place of the industry in the economy of the country".23

Though the Committee recommended the minimum wage as the base, it did not prescribe any details on the basis

of which the minimum wages could be fixed. Therefore, the wage boards were to decide for themselves, the manner in which the ideas of the Committee were to be concretised.\textsuperscript{24} However, the 15th session of the Indian Labour Conference came out with a proposal of fixing the minimum wages on the basis of the needs of the worker.\textsuperscript{25} Though these norms were not obligatory, the wage boards took these as guide lines in fixing wages. However, unanimity in the final figure in the wage packet was lacking in some of the wage board recommendations. Table XXX below shows the amount of need based minimum wage fixed by various wage boards.

\begin{table*}
\centering
\begin{tabular}{|c|c|c|}
\hline
Province & Minimum Wage (Rs.) & Numeral of Workers (in thousands) \\
\hline
Andhra Pradesh & 200 & 123 \\
Maharashtra & 300 & 156 \\
Uttar Pradesh & 150 & 250 \\
\hline
\end{tabular}
\caption{Minimum Wages Fixation by Various Wage Boards}
\end{table*}

\textsuperscript{24} This is true in the case of all wage determining authorities. These authorities are left to themselves to decide the composition of the minimum wage.

\textsuperscript{25} See for details Chapter 7.
TABLE XXX

Wage board's Estimates of Need-Based Minimum Wages (Selected centres)

<table>
<thead>
<tr>
<th>Wage Board for Centre</th>
<th>Estimate of N.B. M.W. (per month total)</th>
<th>Cost of Food</th>
<th>Cost of Clothing</th>
<th>House Rent</th>
<th>Miscellaneous</th>
<th>M.W. Calculated at prices prevailing during</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Estimate % of total</td>
<td>Estimate % of total</td>
<td>Estimate % of total</td>
<td>% of total</td>
<td>% of total</td>
<td></td>
</tr>
<tr>
<td>Sugar Industry</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Meerut</td>
<td>77.0</td>
<td>50.60</td>
<td>65.7</td>
<td>6.00</td>
<td>7.8</td>
<td>5.0</td>
</tr>
<tr>
<td>Gorakhpur</td>
<td>84.99</td>
<td>56.99</td>
<td>67.0</td>
<td>6.00</td>
<td>7.1</td>
<td>5.0</td>
</tr>
<tr>
<td>Lucknow</td>
<td>79.19</td>
<td>52.35</td>
<td>66.1</td>
<td>6.00</td>
<td>7.6</td>
<td>5.0</td>
</tr>
<tr>
<td>Gwalior</td>
<td>69.46</td>
<td>44.57</td>
<td>64.2</td>
<td>6.00</td>
<td>8.6</td>
<td>5.0</td>
</tr>
<tr>
<td>Hyderabad</td>
<td>91.11</td>
<td>61.89</td>
<td>67.9</td>
<td>6.00</td>
<td>6.6</td>
<td>5.0</td>
</tr>
<tr>
<td>Bangalore</td>
<td>97.33</td>
<td>66.86</td>
<td>68.7</td>
<td>6.00</td>
<td>6.2</td>
<td>5.0</td>
</tr>
<tr>
<td>Madras</td>
<td>86.40</td>
<td>58.12</td>
<td>67.1</td>
<td>6.00</td>
<td>6.9</td>
<td>5.0</td>
</tr>
<tr>
<td>Cement Industry</td>
<td>94.06</td>
<td>61.00</td>
<td>64.9</td>
<td>6.75</td>
<td>7.2</td>
<td>7.5</td>
</tr>
</tbody>
</table>

January - March, 1957


contd...
<table>
<thead>
<tr>
<th>TABLE XXX (Contd.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
</tr>
<tr>
<td>Iron &amp; Steel</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Coffee Plantation</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Tea Plantation</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Rubber Plantations</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Coal Mining Industry</td>
</tr>
</tbody>
</table>

A number of reasons may be attributed for this divergence. Whatever be the explanations, the need based minimum wage cannot differ for different industrial areas except on account of variations in the cost of living. But this is not followed by wage boards. For instance, for Tea plantations in Alleppey at 119 points of Consumer price Index the wages estimate was Rs.153.90. At the same centre, for Rubber Plantations at 112 point of the Consumer Price Index the estimate came to Rs.157.05. A notable draw back in these estimates is that the wages for the Tea Plantations was made on 1964 prices and that for the Rubber Plantation was made on 1963 prices. These limitations retarded the application of the need based norms, by the wage boards. Only the wage boards for Cement and Iron and Steel Industries recommended the

26. These may involve the differences in the physical components of the need based wage, in the quality of various things chosen by the wage boards, in prices at different centres, and in procedures adopted by different wage boards.


need based minimum wage. Other wage boards did not take into account the recommendation of the labour conference concerning need based minimum. All these wage boards recommended minimum wages lower than the minimum wages calculated on the need based norms. Table XXXI below will show the difference between the wage board's estimate of need based minimum wage and the minimum wage recommended by them.

TABLE XXXI

Estimate of Need Based Minimum Wages and Minimum Wages as Recommended by various Wage Boards *

<table>
<thead>
<tr>
<th>Wage Board appointed for selected Industries</th>
<th>Region</th>
<th>N.B.M.W as estimated (per month)</th>
<th>M.W+D.A as recommended Maximum (per month)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar Industry</td>
<td>Bangalore South</td>
<td>97.00</td>
<td>81.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Coffee Plantation</td>
<td>Kozhikode South</td>
<td>141.60</td>
<td>54.90</td>
<td>86.00</td>
</tr>
<tr>
<td>Tea Plantation</td>
<td>Alleppey South</td>
<td>153.90</td>
<td>67.50</td>
<td>84.40</td>
</tr>
<tr>
<td>Rubber Plantation</td>
<td>Mundakayam South</td>
<td>137.28</td>
<td>63.00</td>
<td>74.00</td>
</tr>
<tr>
<td>Cement</td>
<td>All centres</td>
<td>94.00</td>
<td>91.00</td>
<td>3.00</td>
</tr>
<tr>
<td>Iron &amp; Steel Bhilai TISCO, IISCO and H SL</td>
<td>145.90</td>
<td>125.00</td>
<td>20.00</td>
<td></td>
</tr>
</tbody>
</table>

* Source: Compiled from P.R.N. Sinha, Wage Determination (1971), Table 3 and Appendix M.
Another principle which the wage boards had to take into account was the capacity to pay. The Committee on Fair Wages itself had mentioned that while fixing fair wages, the maximum limit should be determined taking into account the capacity to pay. While assessing this capacity, the wage determining authority must have regard to a fair return on capital remuneration to management and a fair allocation to reserves and depreciation so as to keep the industry in a healthy condition. The wage boards were giving importance to this principle when they recommended wage rates for different industries.

Wage boards were generally taking into consideration the overall financial capacity of the industry. For instance, the wage board for Rubber Plantations found that large plantations had a satisfactory financial position. However, as far as small plantations were concerned, the wage board was not very happy with their financial position. The wage board on a careful analysis of all the necessary facts, came to the conclusion,

"Although the small growers have certain disadvantages of small size economy, they have some compensating advantages also. They have, for example, no heavy overhead expenses and are free from many statutory and other liabilities of a fiscal and other nature from which there is no escape for the larger plantations. The various beneficial schemes introduced by the Rubber Board to help the small growers are also a factor of considerable significance in improving the paying capacity of this sector of the industry."\(^{31}\)

on this conclusion, the wage board recommended higher wages. According to the wage board, the industry as a whole had the capacity to pay the higher wages.\(^{32}\)

The wage boards are often keen on finding out the financial capacity of the industry by taking a fair cross section. However, due to non-co-operation of the employer and non-availability of the required information


32. Ibid.
wage boards may have to make recommendations on the basis of its analysis of available data\textsuperscript{33} presented by the parties. This is a serious drawback in the working of the wage boards. Adequate information required for fixing wages must be made available to the boards. A statutory duty may be imposed on the concerned parties to furnish such information to the wage board.

Though the Committee on Fair Wages had put forward some general principles for ascertaining the capacity to pay for fixing fair wages, wage boards have introduced a lot of other considerations which have made the procedure highly complicated.\textsuperscript{34}


\textsuperscript{34} Those considerations included capital formation, paid up capital, loan capital, fixed and working capital, elements of cost, dividend paid, utilization of the funds of a concern for financing other undertakings, age of machinery, depreciation, rehabilitation and modernisation schemes, rate of return on capital, sales, prices, production, closure of mills, employment, and Government Policy towards the Industry. See P.R.N. Sinha, \textit{op.cit.}, p.122.
A draw back which is apparent in the recommendation of the wage board is that it has never attempted to group together different establishments in the same industry having similar financial status. Instead, what the boards have done is to fix wages uniformly to all the establishments without taking into account their difference in paying capacity. On the whole, the application of the principles by the wage board does not seem to be satisfactory. The decisions of wage boards are influenced more by what the parties present to the board than by an objective analysis of all the relevant facts. 35

Apart from the various considerations 36 evolved by the wage boards the effort to determine the paying capacity, the boards were being governed by principles of productivity of labour, prevailing rates of wages, the level of national income and its distribution, needs of the industry in a developing economy and requirements of social justice.

Labour productivity is often considered as the ratio of output to the labour input. 37 Calculation of this

35. See text of n.33, supra.
36. Supra, n.34.
rate was the real problem before the wage boards. This was the direct result of the peculiar nature of the subject. However, from a perusal of the wage board reports, it can be seen that the wage boards were placing reliance on the viewpoints of employers, trade unions, the National Productivity Council and some of the Government Departments. Apart from some random references to productivity, the wage boards did not seem to have a clear stand in this matter. In fact, the wage boards failed to quantify the respective claims of the employers and the employees in relation to productivity. As a result, labour productivity did not find much place in the process of wage fixation by wage boards.

38. For instance, the wage board for Sugar Industry observed,

"... the productivity of labour depends inter alia on (a) the type and state of the machinery and equipment, (b) layout of plant and other physical conditions of working, (c) the flow of raw material and its quality, (d) the level of managerial efficiency and the level of the entrepreneurial activities and (e) the level of rationalisation reached in the deployment of labour and other factors of production".


In the determination of wages, the rates of wages prevailing in the region constitute another factor.

While recommending establishment of the wage boards, the Committee on Fair Wages observed,

"The wage boards should also be charged with the duty of seeing that fair wages so fixed for any particular industry are not very much out of line with wages in other industries in that region. Wide disparities would inevitably lead to movement of labour and consequent industrial unrest not only in the industry concerned but in other industries". 40

The wage boards, however, found it difficult to apply the principle to the particular cases before it. One of the reasons was the nature of the function of the board, it has to consider the wage structure in an industry for the entire nation. Possible diversities of wage rates in different industries in different regions might have added to the impossibility of comparison. The wage board for the Cement Industry failed to attach much importance to the prevailing wages in other industries. The board observed that the prevailing wages in other industries had only limited application over one of the major

industries like the Cement Industry. The difficulties in implementing the principle of comparability of wage rates were expressed by the wage board for Sugar Industry thus:

"(i) So far as fixation of minimum wages for the last skilled manual workman is concerned, the fear of mobility on account of variability in wage rates has not the same force in Indian condition as elsewhere because the supply of this class of labour here is usually in excess of the demand.

41. The Cement Wage Board said,

"We cannot . . . attach much importance to wages which now prevail in other industries where they are low or fall short of the minimum fair wage according to the standard laid down by the 15th Tripartite Labour Conference. Besides, it has to be borne in mind that comparison with wage rates in other industries is of limited application in the case of a major and basic industry like the Cement Industry, the wage rates of which should influence the level of wages in other industries."


(ii) The principle admits of easier application in countries where most industries are organised and reasonably good wages prevail. But in India, in several cases the comparison may have to be made with the wages in unorganised industries too, where the same are low. Apart from this, here the wages in the organised industries themselves have wide disputes.

(iii) Many a time, the current level of wages are no objective proof of the capacity of industries to pay and if such wages are taken for comparison they would tend to unjustly inhibit wages elsewhere."

It seems that a more practical approach would have been an examination of the wage rates in similar occupations in different industries in the same region and to recommend wages on that basis. When different wages are paid for different employees engaged in similar occupation in different industries it is likely to cause industrial unrest.\(^43\)

Another principle which the wage boards did not give much importance to, was the level of national income and its distribution. Even the Committee on Fair Wages which exposed that "the state of national income is highly relevant to the problem of wages because no wage policy

can be regarded as just or even economically sound unless it encourages increase of national income and secures to the wage-earner a legitimate share in that increase." adopted a duel stand and confessed that to indicate with any degree of precision the relationship between the level of wages and that of the national income was a difficult matter. However, the wage board for the Sugar Industry enunciated two principles. But the wage board did not put them into practice. Moreover, there was no insistence on the part of the workers in the organised sector for their implementation. It was pointed out that "the share of organised industrial labour has

45. Id., para 3.
46. (1) The wage fixing authority has to ensure that the wages of the least skilled employee are not violently out of proportion to the per capita national income.

(2) In a society pledged to securing fair distribution of national wealth another use lies in (a) taking stock of how the rises in the national income are reflected in the earnings of the working class and (b) guiding the actions of the wage fixing authorities in the light of broad policies of economic and social welfare, for wages is a socio-economic relationship.

remained more or less constant, inspite of expanding employment and greater share of factory establishments in the total output". \(^{47}\) though the earnings of an individual workman in the "highly organised sector of the economy are more than per capita national income". \(^{48}\)

When the demand for correlating the wages and national per capita income does not come from the concerned labour, it is the duty of the Government to specify unequivocally, the principle to be adopted. However, there is no evidence from the wage boards' reports that even this has been done.

In most of the cases wage boards have to take into account the special features of the industries concerned. These criteria in appropriate cases, may prevent a rise in wage rates and support measures for rehabilitation, renovation and modernisation of the industry concerned. \(^{49}\) Wage boards had the view that increase in

49. An analysis reveals that this was mainly due to the fact that wage boards placed emphasis on the requirement of capital formation for promoting modernisation and encouraging procurement of foreign exchange by promoting export. For instance the wage board for the Cotton Textile Industry observed, contd...
wages contributed primarily to an increase in cost of production. The fallacy of this attitude is brought out by two eminent economists.  

Another concept which guided the wage boards was that of social justice. Social justice connotes that "the workman who produces the goods has a fair deal, is paid sufficient at least to be able to sustain himself and his family in a reasonable degree of comfort, and that he is not exploited". Another definition of social

fn.contd...

"... the mills that are engaged in the export business require superior machinery, automatic looms and more modern plant to enable them to earn valuable foreign exchange".


50. B.N. Datar, "Wage Movements Since Independence", 17 Trade Union Record 5 (1961). According to him, wages have not been a significant factor in price increases as is often made out. Similar arguments are put forward by S. Hajra. According to him, rise in prices of industrial products has nothing to do with rise in wage costs. He further concluded that, though there was a sufficient rise in money wages, there was a decline in labour cost. See S. Hajra, "Cost Price Relationship in Indian Manufacturing Industry", 17 Economic Weekly 1629 (1965) at pp.1629-1636.

justice requires that by the principle, if there is a genuine case of grievance, it should be removed. However, identity of definition by wage boards is lacking. Lack of guidelines by the Government is also apparent in the divergent meanings attributed by different boards. Owing to this lack of unanimity, the approaches differ, but the principle enables wage boards to impart social justice in one form or other to workmen.

It is thus clear that the approaches of different wage boards towards various principles are not consistent. The principles followed successfully by one wage board may not be suitable for another. Such non-uniform approach must be dispensed with as far as possible. This is possible only if definite standards pertaining to each of these principles are adopted and enforced by Government. Multiplicity of principles which have a tendency to complicate the whole procedure should also be avoided.

53. See Supra, n. 34.
Defects of the system

The main drawbacks in the functioning of wage boards is the delay caused in the wage determination; lack of unanimity in the decisions; difficulties in implementing its recommendations; failure to ensure industrial peace through the evolution of a rational and scientific wage structure and the absence of binding nature of its reports.

Various factors contribute to the delay in the process of wage fixation through the system of wage boards. The procedure of the wage board involve much delay. Gathering of facts and figures relating to the issue, through comprehensive questionnaires and the collections of information and viewpoints from trade unions, employers, Government departments and other interest groups on particular issues, which help the wage board in arriving at a conclusion take much time.

54. See supra, n.20. See also infra, n.69.
The system of public hearing involves delay. However the information gathered in such hearings will better the quality of the board's recommendations. Another procedural inadequacy, which results in delay is the lack of power to compel the parties to file any statements or pleadings in connection with the hearing. Statutory authorities, which decide disputes between parties, on the contrary, can prescribe a time limit within which such pleadings should be presented. Such delay has to be avoided by legislation providing for the regulation of procedures of the wage boards. A wage board which is appointed for an industry and for the entire country cannot be expected to complete its work quickly. However, inordinate delay may be avoided by proper co-ordination and co-operation. 57

56. As a general rule, wage boards do not have power to compel appearance of parties. The only exception so far is the power obtained by the Central Wage Board for Sugar Industry from the Government under the Commission of Enquiry Act 1952. See Report of the Central Wage Board for the Sugar Industry 1960 (1961)

57. The National Commission on Labour gives a detailed recommendation for expediting the work of the wage board. Briefly, they include,

1) Setting up of a permanent Central Wage Board Division to service all wage boards.

2) This Division should have a special unit for processing and supplying statistical and other information needed by the Wage Boards.

contd...
Lack of unanimity is a necessary consequence when mutually conflicting ideologies are mixed together in an atmosphere of forced voluntariness. One party may not be willing to accept a view which is prejudicial to its interest. In such an instance if the government accepts the majority report, it will have serious repercussions on the minority. Therefore, the board may have to wait for a unanimous conclusion. This involves delay. The following table shows the approximate time taken by some of the wage boards.

f.n. contd...

3) This Division should lend the necessary staff to the Wage Boards

4) A standard questionnaire should be prepared and issued as soon as a wage board is set up, followed by a short supplementary questionnaire to collect information peculiar to the industry concerned

5) On-the-spot inspections by wage boards should be reduced to the minimum

6) A manual of procedure for wage boards should be prepared.


58. This position is made clear in the following observation:
"Wage boards have, therefore, to struggle hard and sometimes keep on sitting for years in the hope of bringing round the employers to agree one day and this results in considerable delay and discontent".

TABLE XXXII
Time Taken by Wage Boards in the Submission of Final Reports 1957-1970*

<table>
<thead>
<tr>
<th>No.</th>
<th>Industry</th>
<th>Date of appointment</th>
<th>Date of submission of final reports</th>
<th>Time taken by the Board (approx. to month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cotton Textiles</td>
<td>30.3.1951</td>
<td>1.12.1959</td>
<td>2 yrs. 8 months</td>
</tr>
<tr>
<td>2</td>
<td>Sugar</td>
<td>26.12.'57</td>
<td>28.11.'60</td>
<td>2 yrs. 11 months</td>
</tr>
<tr>
<td>3</td>
<td>Cement</td>
<td>2.4.1958</td>
<td>7.10.1959</td>
<td>1 yr. 6 months</td>
</tr>
<tr>
<td>4</td>
<td>Jute</td>
<td>25.8.1960</td>
<td>4.9.1963</td>
<td>3 years</td>
</tr>
<tr>
<td>5</td>
<td>Tea Plantations</td>
<td>5.12.1960</td>
<td>31.5.1963</td>
<td>5 yrs. 6 months</td>
</tr>
<tr>
<td>6</td>
<td>Rubber Plantations</td>
<td>7.7.1961</td>
<td>12.8.1966</td>
<td>5 yrs. 1 month</td>
</tr>
<tr>
<td>7</td>
<td>Coffee Plantations</td>
<td>7.7.1961</td>
<td>6.8.1965</td>
<td>4 yrs. 1 month</td>
</tr>
<tr>
<td>8</td>
<td>Iron and Steel</td>
<td>5.1.1962</td>
<td>21.2.1965</td>
<td>3 yrs. 1 month</td>
</tr>
<tr>
<td>9</td>
<td>Coal mining</td>
<td>10.8.1962</td>
<td>13.2.1967</td>
<td>4 yrs. 6 months</td>
</tr>
<tr>
<td>10</td>
<td>Iron ore Mining</td>
<td>3.5.1963</td>
<td>21.2.1967</td>
<td>3 yrs. 9 months</td>
</tr>
<tr>
<td>11</td>
<td>Limestone and Dolomite mining</td>
<td>3.5.1963</td>
<td>21.2.1967</td>
<td>3 yrs. 9 months</td>
</tr>
<tr>
<td>12</td>
<td>Working Journalists</td>
<td>12.11.'63</td>
<td>27.7.1967</td>
<td>3 yrs. 8 months</td>
</tr>
</tbody>
</table>

contd...
<table>
<thead>
<tr>
<th></th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Non-journalists</td>
<td>25.2.1964</td>
<td>17.7.1967</td>
<td>3 yrs. 5 months</td>
</tr>
<tr>
<td>14</td>
<td>Cotton Textile (2nd board)</td>
<td>12.8.1964</td>
<td>31.12.'68</td>
<td>4 yrs. 4 months</td>
</tr>
<tr>
<td>15</td>
<td>Cement (2nd board)</td>
<td>2.9.1964</td>
<td>14.8.1967</td>
<td>2 yrs. 11 months</td>
</tr>
<tr>
<td>16</td>
<td>Ports and Docks</td>
<td>13.11.'64</td>
<td>27.11.'69</td>
<td>5 years</td>
</tr>
<tr>
<td>17</td>
<td>Engineering</td>
<td>12.12.'64</td>
<td>3.1.1969</td>
<td>4 yrs. 1 month</td>
</tr>
<tr>
<td>18</td>
<td>Heavy Chemicals and Fertilisers.</td>
<td>3.4.1965</td>
<td>29.8.1968</td>
<td>3 yrs. 5 months</td>
</tr>
<tr>
<td>19</td>
<td>Sugar (2nd board)</td>
<td>16.11.'65</td>
<td>18.2.1970</td>
<td>4 yrs. 3 months</td>
</tr>
<tr>
<td>20</td>
<td>Leather and Leather goods</td>
<td>21.3.1966</td>
<td>14.8.1969</td>
<td>3 yrs. 5 months</td>
</tr>
<tr>
<td>21</td>
<td>Electricity Undertakings.</td>
<td>28.5.1966</td>
<td>12.12.'69</td>
<td>3 yrs. 6 months</td>
</tr>
<tr>
<td>22</td>
<td>Transport</td>
<td>28.5.1966</td>
<td>19.11.'69</td>
<td>3 yrs. 6 months</td>
</tr>
</tbody>
</table>

Another drawback of the system is that once a dispute arises and the parties take up a hostile attitude, the atmosphere for friendly deliberations is lost. Wage board may not be an effective and successful machinery in settling disputes on wages in such a context.

The National Commission on Labour suggested that unanimous recommendations of the board should be made statutorily binding on the parties. According to the Commission, in case of lack of agreement within the board, the Chairman should arbitrate, if the Chairman was a person acceptable to both sides. Hence such an 'arbitrator's award will become the unanimous recommendation of the board'.

The National Commission's view that unanimous recommendations of the board should become statutorily enforceable is in par with the trade union attitude that for getting the recommendations of the wage board implemented statutory measures should be resorted to.

60. Id., p.273
61. I.N.T.U.C., Seventeenth Report, 1965-68
62. Ibid.
The employers do not, however, seem to be very happy with this proposition. 63

The reason for the 'employers' attitude is very clear. Once the Government accepts the recommendation and enforces it statutorily, the employer's rights to avoid the board's recommendations will be at stake.

Though random observations of some of the Central Ministers 64 show that Government favours statutory backing of wage board recommendations, Government does not seem to be much enthusiastic about giving statutory backing to wage board recommendations. 65 It appears that the Government is satisfied that the wage board recommendations could be implemented without recourse to statutory measures. 66

63. For a detailed account see Sahab Dayal, Industrial Relations System in India (1980), pp.114-118.
64. D. Sanjivayya said that if the recommendations of a wage board is not implemented, the only solution is to refer it to adjudication. See Indian Parliamentary Debates, Lok Sabha Debates, 3rd Series, Vol.LXXVII, No.29, March 19, 1964, Col.6413. Abid Ali observed that the wage board recommendations will have statutory backing. See Indian Parliamentary Debates, Lok Sabha Debates, 2nd Series, Vol.LXXIX, No.41, April 6, 1959, Col.10020.
65. Even when the Government was asked about the proposal to give statutory backing to wage boards, the Government did not offer any explanation by way of answer. See Lok Sabha Debates, 5th Series, Vol.XXXIX, No.49, April 6, 1974, Col.341.
Wage Board: Suitability

Is wage board a suitable machinery for evolving a reasonable wage structure in our country? Since the interested parties participate actively in the functioning of the wage board in arriving at a decision, more durable results can be expected. A wage board is appointed to deal with wages in an entire industry. Therefore, the general pattern of wage settlement in that industry will be uniform. The award will also be within the periphery of the socio economic policies of the Government. In short, the institution is intended to standardise the wage structure in the industry concerned and thus bettering the industrial relations.

Initially, wage boards were able to produce unanimous reports, but subsequently the situation changed and reports with a number of dissenting notes on various important matters were produced. However, if the

67. In the case of adjudication, a decision is forced upon the parties. In the case of collective bargaining, the consumer's interest is not protected adequately. In wage board, the consumer interest is represented by the independent members.

68. For several such instances see K.N. Subramonia, op. cit., p.122.
recommendation is unanimous there is a moral obligation on the employers to implement it.

The report of the wage board containing its recommendation is submitted to the Government. After studying the report, the Government of India may introduce some amendments in consultation with the parties concerned. Then the Government announces its acceptance by publication in the official Gazette. However, in the case of a unanimous report of the wage board, the requirement of publication is a mere formality.

As far as the Government of India is concerned it is adopting a noncoercive attitude. The liability to implement the recommendation is shifted to the parties with the assistance of the State Government.

69. This may again add to the delay caused by procedural formalities. See also supra, nn.20, 54.

70. "At best, it implies a concealed threat of compulsion which might be used if voluntary action or persuasive methods failed to provide a solution". P.R.N. Sinha, Op. cit., p.241.

71. A notification with respect to a wage board recommendation for cotton textile industry runs as follows, "After careful consideration, Government has decided to request the employers and workers and State Governments to take immediate steps to implement the unanimous recommendations of the Wage Boards. Since the recommendations represent agreed conclusion between the contd...
The question of implementing majority recommendations\(^{72}\) of wage boards was raised in the 24th session of the Indian Labour Conference in 1966. The employers' representative attending the Conference emphasised the drawbacks of trying to implement majority recommendations. According to the employers, while trying to minimise the time taken by the wage boards in formulating their recommendations, the need for unanimity must not be forgotten. The following observation is significant.

"... unanimity is a must for all such bodies otherwise it would be merely just another tribunal where parties were ... heard and not persuaded to agree to the other point of view. They felt that if the principle of unanimity was not adhered to, the wage boards would lose the status and confidence which they enjoyed now."\(^{73}\)

---

F.N. contd...

representatives of employers and workers, Government expects that the parties concerned will show a spirit of accommodation in interpreting the recommendations, and difficulties, if any, will be solved by direct discussions between them and, if necessary, with the assistance of the State Government concerned".

See Gazette of India (Extraordinary), part I, S.1, No.25, March 3, 1960, p.66.

72. There are instances of acceptance of majority reports of wage boards, inspite of the dissent of the employer's representatives on some important and material aspects. The majority report of the Wage Board for the Tea Plantation Industry is an example. The employers expressed their inability to implement the recommendation regarding interim relief. See All India Organisation of Industrial Employers, Report of the Proceedings Of the Committee for the year 1962, p.39.

The failure to reach a unanimous agreement throws doubt on the success of functioning of the board as a body in which collective bargaining takes place. If the Government accepts a majority report without taking into consideration the serious material objections raised by the employer representative the process will assume the form of "half-baked adjudication". In the case of adjudication, the adjudicator will give weight to the conditions of both parties and will arrive at a conclusion which in most cases will be acceptable to the parties. Therefore, if the wage board fails to make a unanimous recommendation, the decision-making may as well be left to an adjudicator. The employers' organisations and workers' associations have the primary duty to bring forth a unanimous report. In case there is difference of opinion, the Government should try to persuade the parties to reconsider the question and to negotiate so that unanimity results. So much so in the Indian context such a step is desirable rather than creating a dead-lock by refusal of employers to implement a majority report.

74. K.N. Subramonian, op. cit., p.123.

75. See also supra, n.58. However, the boards should try to avoid any discontentment that may arise.
There is another alternative. If there is disagreement in the board, the Chairman may assume the role of an arbitrator. The arbitrator's 'award' may be deemed to be the unanimous decision of the board. In such an event, the other independent members in the board can function as mediators. This process may become one of quasi-adjudication. Therefore, a reasonable solution is to delete the present practice of accepting a majority view and establish a practice of recognising only unanimous decisions. Some employers may be

76. K.N. Subramonian, *op. cit.*, p.130

77. However even in such a case, certain problems will arise. The manifest dissatisfaction of the labour is evident in the following observation,

"It is now becoming increasingly difficult for wage boards to make unanimous recommendations. One of the reasons is that Government had announced in advance that they will act only on unanimous recommendations. This means that if the employer chooses to dissent from the majority recommendations, then government will have nothing to do with those recommendations."

reluctant to implement the so called 'unanimous' recommendations. Such events may cause industrial unrest.78

In the Indian scene, wage boards fall between collective bargaining and compulsory adjudication. It may start with a process of bargaining, but may end up with adjudication. Despite its draw backs, the system is serving some useful purpose in India. Though unanimous decisions may be rare, and the employers may refuse to implement the recommendations, the labourers do not favour the abolition of the system of wage boards.79

78. In 1967, the 'unanimous' recommendations of the wage board for coal mining was accepted by the Government. Some employers, however, refused to implement them on the ground of inability to pay. This resulted in a strike. Commenting on such incidents the Minister for Labour said:

"The implementation in recent years is unsatisfactory, because the recommendations of wage boards are not statutory. They are not enforceable, and therefore, we have to go by persuasion and request".


79. The following observation of one of the trade unions shows this attitude,

"The system of tripartite wage boards is essentially a sound one. There should, therefore, be no question of its abolition. We should only abolish the defects in the working of the system". I.N.T.U.C., Report 1965-68 (1968), pp.35, 36. The stand of other labour organisations and employers' associations are similar. See Government of India, Ministry of Labour, Tripartite Conclusions, 1947-1967 (1968), pp.49, 50.
Regarding preservation of the character of the wage board, the National Commission on Labour opined that there is little scope for making any radical departure from the existing procedures and practices.\textsuperscript{80}

Undoubtedly, wage boards present an excellent forum for active discussion between the employer and the employee. In this process the parties are able to determine wages and other conditions of employment, even in the absence of specific guidelines. The recommendations of the board have often been efficient and progressive. Even in the absence of specific guidelines, the boards have been following the general guidelines provided by the Committee on Fair Wages.\textsuperscript{81}

It is evident that in determining wage standards, the wage boards have made substantial contributions.\textsuperscript{82}


\textsuperscript{81.} \textit{Supra}, n.23.

\textsuperscript{82.} Prof. R.V. Goil, 'Wage Board Awards in India', \textit{I Indian Journal of Industrial Relations}, 80 (1965). According to the learned professor, the Board's deliberations and awards have contributed significantly towards development of a national and 'development-oriented' outlook on questions pertaining to particular areas and sectors. They give serious considerations to the impact on factors like prices, employment, profitability of the industry.
However, there are criticisms against the working of the wage boards. It is easy to find fault with any system of wage determination because, no system is perfect. Though it fails to impart full justice in the light of the goals mentioned earlier, on the whole wage board has served a useful purpose.

83. See the discussions under the sub-heading 'Defects in the system', supra.