

## **EXPERT COMMITTEE ON NATIONAL MINIMUM WAGE A FRAUD ON THE WORKING PEOPLE**

After the introduction of the Code on Wages Bill in Parliament in 2017, the Govt of India, through its Labour Ministry, appointed an Expert Committee on 17<sup>th</sup> January 2018 stated to be for determining the methodology for fixing National Minimum Wage for the country. The Expert Committee is constituted with the officials of Wage Cell of the Labour Ministry with Dr Anoop Satpathy, the fellow of V V Giri National Labour Institute as Chairman—all central govt appointees under the administrative control of Labour Ministry and also a representative of ILO's India office. Curiously enough, and also quite consistent with the undemocratic and anti-labour character of the Govt, no representative from the organizations of the workers has been included in the Committee.

The Expert Committee has submitted its report on 8<sup>th</sup> January 2019 and the report has been placed in public domain after about a month. **The recommendation on National Minimum Wage by the Expert Committee and the entire exercise made by the Committee to arrive at said recommendation is a total betrayal of the just and genuine aspiration of the workers in general who actually create the GDP for the country as a whole.** The expert Committee recommended, in the name of national minimum wage, amounts ranging from Rs 8892 to Rs 11,622 per month (for different regions of the country) meant for unskilled worker which is way below the level of minimum wage recommended by 7<sup>th</sup> Pay Commission as on 2016 based on ILC recommendation. The demands scientifically formulated by the entire trade union movement in the country and also by successive Indian Labour Conferences (ILC) have been ignored with arrogance. In fact, the formula or mode of calculation discovered by the Expert Committee and for that matter of fact the minimum wage determined by the committee is far below the demand of Rs.18,000/- besides being, arbitrary, devoid of any scientific basis and grossly violative of the unanimously agreed formula set out by the successive Indian Labour Conferences, and hence is liable to be out-rightly rejected.

In fact the entire exercise of the Expert Committee including its terms of reference is tutored by the Govt at the behest of its corporate masters to keep the minimum wages as low as possible and adopt such perverse methodology as to arrive at a pre-decided conclusion.

The conspiracy and deceptive manipulation started from deciding the terms of reference itself. The Committee, as its Report says at the very beginning, is set up to devise methodology for determining the National Minimum Wage as provided in the Code on Wages Bill. Everybody knows that Indian Labour Conference, the highest tripartite body in the country comprising representation from state and central govts, employers organizations and also the trade unions have already laid down in clear terms and with all details the methodology of determination of minimum wage through its unanimous recommendation. Subsequently Supreme Court in its judgment of 1992 added certain more items of requirements to be taken into account over and above what had been decided by the ILC. Then where is the scope for determination of the methodology de novo ? Still the terms of reference of the Committee included the issue of determining methodology to create avenue for the Committee to manipulate and play fraud while calculating the National Minimum Wage on the lines tutored by the corporate class and their agents in the Govt.

And the result has become evident. The Committee recommended a National Minimum Wage for the unskilled labour ranging from Rs 8892 to Rs 11,622 per month to be made applicable from July 2018 which is much less than Rs 18000/- as decided by the Seventh Pay Commission as on January 2016 following the same methodology of ILC recommendation and Supreme Court Judgment. The wage level decided in 2018 by the Expert Committee has become more than 36% less than the wage level decided by another Govt appointed Committee in 2016. Has the price level or inflation gone down to such huge extent in two years between 2016 and 2018 ? Will the pundits and experts of the great Expert Committee reply ?

### **ILC recommendation and Supreme Court Judgment**

The most comprehensive criteria for covering all the basic needs were evolved unanimously by the 15<sup>th</sup> Indian Labour Conference (ILC) in 1957 for fixation of minimum wages in which Govt of India was a party. The norms are that a need-based minimum wage for a single worker should cover all the needs of a workers' family consisting of spouse and two children i.e 3 adult units. The food requirement was to be 2700 kilo calories, 65 grams of protein and around 45 – 60 grams of fat as recommended by Dr. Wallace Aykroyd for an average Indian adult of moderate activity.

The 15<sup>th</sup> ILC further resolved that clothing requirement should be based on consumption of 72 yards or 66 Meters per annum for the average worker's family. For housing, the rent corresponding to the minimum area provided under the government's industrial housing schemes was to be taken. Fuel, lighting and other item of expenditure were to constitute an additional 20% of total minimum wage. The Supreme Court upheld these criteria in the case of Unichoy vs State of Kerala in 1961. Thus the criteria fixed were,

- (1) A family consisting of 3 adult units,
- (2) 2700 calories food requirement,
- (3) 66 metres of clothing per annum,
- (4) House rent &
- (5) Another 20% for lighting, fuel etc.

The Supreme Court went one step further in Raptakos Brett vs Workmen case of 1991 and held that besides the five components enunciated by the 15<sup>th</sup> ILC, minimum wage should include a sixth component, amounting to 25% of the total minimum wage to cover children's education, medical treatment, recreation, festivals and ceremonies. The SC also observed that a wage structure including the above six components would be **“nothing more than minimum wage at subsistence level” which the workers must get “at all times and under all circumstances”**.

Then again the 44<sup>th</sup> ILC held in 2012, adopted unanimously, inter alia, the following Recommendations of the Conference Committee on Minimum Wage:

1. There was consensus that the Government may fix minimum wages as per the norms/ criteria recommended by the 15<sup>th</sup> ILC (1957) and the directions of the Hon'ble Supreme Court (Reptakos Co. Vs Workers' Union) 1992. The Government may take necessary steps accordingly.
2. There was a broad consensus that the Minimum Wages Act should cover all employments and the existing restriction for its applicability on the scheduled

employments only should be deleted. This will also help India ratify ILO Convention No.131.

3. It was broadly agreed that there should be national minimum wages applicable to all employments throughout the country.

The same unanimous recommendation of the 44<sup>th</sup> ILC was again unanimously reiterated by the 45<sup>th</sup> and 46<sup>th</sup> ILC, the last one having been inaugurated by our present Prime Minister, Shri Narendra Modi.

### **What did the Expert Committee do?**

Was there any other work for the Expert Committee than to apply the formula concretely laid down by the ILC recommendation and Supreme Court judgment on the basis of current price level and arrive at the actual figure to meet the subsistence level requirement of the a workers' household? As per calculations made by the trade unions, the Minimum Wage should have been fixed **at** around Rs 26000/- as on 2016. Even then as recommended by Seventh Pay Commission, all the central trade unions have jointly formulated their demand for Minimum Wage at not less than Rs 18000/- as on 2016.

The Expert Committee also in its Report claimed that they have followed the overall framework and formula laid down by the ILC and the Supreme Court Judgment. The so called jumla politics of unalloyed falsehood promoted by the ruling class has also infected the Expert Committee appointed by them. While making the actual exercise, the Committee resorted to multidimensional perversion and manipulation in all the aspects of the exercise mandated upon them to satisfy the corporate masters.

First the Committee in a most arbitrary manner reduced the calorie-requirement level to 2400 from 2700 calories formulated by ILC while calculating the food requirement per household. Workers are supposed to consume less according to the Pundits of the Expert Committee as they have reportedly learnt from the consumption trends of workers during the period 1993—2012. Can criminality go further? How can someone with minimum level of sanity can prescribe reduction in calorie requirement of mass of the Indian workers who are chronically malnourished and underfed as revealed from the ranking of India at 100<sup>th</sup> out of 119 countries in the Global Hunger Index published annually by International Food Policy Research Institute(IFPRI)?

Secondly, they have arbitrarily and drastically reduced the prices of all basic food items and fuels as compared to prices adopted by seventh Pay Commission in 2016. Say for instance, the prices of rice and wheat products was taken as Rs. 25.93 per kg in 7<sup>th</sup> CPC and the same has been reduced to **Rs.20.40** per kg for the minimum wage recommendation of the so called expert committee. Similarly, for pulses the respective figures are Rs.97.84 per kg and **Rs. 56.50** per kg, for vegetables the figures are Rs. 43.57 per kg and **Rs.14.30** per kg, for fish & meat the average price taken are Rs.356 per kg and **Rs. 121** per kg, for milk the corresponding figures are Rs. 37.74 per litre and **Rs. 28.30** per litre and so on and so forth. On housing, the Expert Committee estimated an expenditure of only Rs 1430/- per month in its report. Can any member of the Committee find even any single room occupation in any of the towns or even suburbs with that ridiculous amount in any part of the country? Thus it is observed that there was a deliberate attempt to reduce the food requirement in one hand and the

commodity prices on the other to grossly undervalue the overall household requirements.

And shamelessly enough, the Expert Committee noted in its report that all the calculation of household expenses are made by them at 2012 prices which has been updated for July 2018 by reportedly using the national average of the Consumer Price Index for Industrial Workers.

Is there any logic or rationale for the Committee which was born in 2018 to calculate the household expenditure on the basis of 2012 prices for the purpose of fixing minimum wages of workers to be made applicable from July 2018 after making some cosmetic changes based on the fraudulent price index? Only motivation is to undervalue the minimum household expenditure to keep the prescribed minimum wage low.

The extent of satanic exercise of undervaluation of the minimum required food expenses of the workers' household has come clear once the Expert Committee's finding is compared with the exercise made by the Seventh Pay Commission. The Seventh Pay Commission estimated the total food expenses for a household with 3 adult consumption units at Rs 8019.80 based on 2700 calories intake as on January 2016. On the other hand the Expert Committee report cruelly slashed down said food expense requirement to Rs 3672.90 at 2012 price level which after so called updation to July 2018 level comes out to 5582.80 i.e., a reduction by 30.4% in comparison to Pay Commission recommendation, that too after a gap of two years.

Interesting to note here is that the Expert Committee was magnanimous enough to increase the average household size to 3.6 consumption units, while calculating the food and other requirements. Even then the Expert Committee's estimation of food expenses as on 2018 has become almost one third of what had been actually estimated by Pay Commission two years back in 2016. The fraud in the entire exercise has become thoroughly exposed.

And there has been other definite motive for the Expert Committee to keep the food expense requirement abnormally low. As per ILC recommendation besides food requirement, other requirement like fuel, lighting etc is to be calculated as percentage of the food expenditures (20%) to arrive at a final figure. Further as per SC Judgment expenditure for education, health etc has to be provided for at 25% of the total minimum wage. Thus food expenses provides the foundation of calculation of minimum wage which as per the dictate of the appointing masters of the Expert Committee has to be kept at the rock-bottom level to keep the National Minimum Wage at lowest possible level.

### **Fraud and Deception on the People**

Moreover the concept of National Minimum Wage cannot be different for different regions. National Minimum Wage represents the bottom level wage below which no state should be allowed to fix their minimum wage. Difference in price level in different parts of the country can well be taken care of by dearness allowance to be fixed based on price indices published regularly by the Govt for all the regions. Even then, the Committee made a mockery of the tasks given to them by prescribing different National Minimum Wage for different regions. Satanic and unscrupulousness knows no bound.

To summarise, the entire exercise of the Expert Committee appointed by the Modi Govt and announced in Parliament with much fanfare is actually a fraud and deception on the working people. Their main attempt is to to keep the Minimum Wage as low at Rs 8892/- for major parts of the country. And they have engineered such criminality on the people mainly in four ways ; One by arbitrary reduction of calorie requirements from 2700 to 2400 in gross violation of ILC recommendation and SC Judgment despite the fact that Supreme Court termed the minimum wage calculated on 2700 calorie requirement as “subsistence level wage”; Two by drastically reducing the prices that too arbitrarily of all items of household requirements and adopting 2012 prices for calculation of Minimum Wages in 2018 without any justification whatsoever; Three by estimating the housing expenses at a ridiculously low and totally unworkable level and Four by adopting an altogether different methodology for calculation of the other Non-food expenditures like clothing, fuel, lighting, children’s education, medical treatment, recreation, festivals and ceremonies completely ignoring the recommendation of 15<sup>th</sup> ILC and subsequent Apex Court orders on these issues.

In totality the Expert Committee on National Minimum Wage appointed by the Modi Govt committed a serious crime on the working people betraying all professional integrity. It is a humiliation on the working people who actually create GDP for the country, resources for national exchequer and even profit for the corporate masters of the Govt in power.

It should be totally rejected along with its perpetrators in the governance.

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