

THE CANARA BANK OFFICERS' ASSOCIATION (Regd.)



Registered under Trade Unions Act, 1926 at Mumbai.
(Affiliated to AIROCR & AINROF)

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GS WP 018 2018

21 May 2018

Dear friends,

Minimum Wages - Definition and purpose

Minimum wages have been defined as ***“THE MINIMUM AMOUNT OF REMUNERATION THAT AN EMPLOYER IS REQUIRED TO PAY WAGE EARNERS FOR THE WORK PERFORMED DURING A GIVEN PERIOD, WHICH CANNOT BE REDUCED BY COLLECTIVE AGREEMENT OR AN INDIVIDUAL CONTRACT”***. (Definition as per ILO: General Survey concerning the Minimum Wage Fixing Convention, 1970 (No. 131), and the Minimum Wage Fixing Recommendation, 1970 (No. 135), Committee of Experts on the Application of Conventions and Recommendations, 2014)

This definition refers to the binding nature of minimum wages, regardless of the method of fixing them. Minimum wages can be set by statute, decision of a competent authority, a wage board, a wage council, or by industrial or labour courts or tribunals. Minimum wages can also be set by giving the force of law to provisions of collective agreements.

The purpose of minimum wages is to protect workers against unduly low pay. They help ensure a just and equitable share of the fruits of progress to all, and a minimum living wage to all who are employed and in need of such protection. Minimum wages can also be one element of a policy to overcome poverty and reduce inequality, including those between men and women, by promoting the right to equal remuneration for work of equal value.

Minimum wage systems should not be seen or used in isolation, but should be designed in a way to supplement and reinforce other social and employment policies. Several types of measures can be used to tackle income and labour market inequality, including pro-employment policies, social transfers, and creating an enabling environment for sustainable enterprises.

The purpose of a minimum wage, which sets a floor, should also be distinguished from collective bargaining, which can be used to set wages above an existing floor.

The effectiveness of minimum wages depends on many factors, including the extent to which they afford protection to all workers in an employment relationship, including women, and youth and migrant workers, regardless of their contractual arrangements, as well as all industries and occupations in the economy (coverage); whether they are set and adjusted at an adequate level that covers the needs of workers and their families, while taking into account economic factors (level); and whether employers comply with minimum wage regulations (compliance).

What is included in a minimum wage?

The term “wage” is generally understood to be the payment an employer makes to his or her employees – including to employees with regular, casual, short-term, intermittent or seasonal jobs, as well as to apprentices and trainees. This broad definition of “wages” is spelled out in Article 1 of the ILO Protection of Wages Convention, 1949 (No. 95):

“...the term wages means remuneration or earnings, however designated or calculated, capable of being expressed in terms of money and fixed by mutual agreement or by national laws or regulations, which are payable in virtue of a written or unwritten contract of employment by an employer to an employed person for work done or to be done or for services rendered or to be rendered”.

In this general sense, the term “wages” is often synonymous with terms such as “earnings” or “remuneration”. It does not include income from self-employment.

The components of a wage

In many cases, total wages or earnings include different components, such as:

- basic pay

- annual bonuses
- tips
- in-kind benefits
- productivity and performance pay
- allowances and premiums for non-standard work hours or dangerous work.

The fact that total wages or earnings are made of different components raises the question of which components should count towards compliance with the minimum wage. Should the minimum wage apply to workers' total earnings – or should it apply only to some of its components?

Convention No.131 does not explicitly indicate the elements to be included in the minimum wage. But clarity is needed for a minimum wage policy to be operational.

BUT IN OUR COUNTRY THROUGH CPC, THE MINIMUM WAGE IS DEFINED AS THE BASIC + DA. THIS PRINCIPLE IS FURTHER ADOPTED IN THE PROPOSED CODE OF WAGES BILL TOO INDICATES THE GOI INCLINATION.

THUS, WE DEMAND TO FOLLOW THE PRINCIPLES ADOPTED IN FIXING MINIMUM WAGES FOR THE BANK EMPLOYEES TOO, SO AS TO ENSURE THAT THE BANK OFFICERS AND EMPLOYEES WILL GET A MINIMUM ASSURED TO LEAD A DECENT LIFE MATCHING TO THEIR STATUS IN THE BANKS WITHOUT LINKING TO THE PROFIT AND PAYING CAPACITY OF THE BANK.

MANIMARAN G V
General Secretary