

LABOUR LAWS – EXAM QUICK NOTES (All Topics Covered)

SHORT NOTES (5 Marks Each – One-Line & Table Format)

Topic	Key Points
Doctrine of Added Peril	Worker takes extra risk beyond duty → employer not liable for injury; voluntary/foolish act
Concept of Gratuity	Lump sum for long service (5+ years); Formula: $(15 \times \text{Last drawn salary} \times \text{Years})/26$; Payment of Gratuity Act, 1972
Bonded Labour	Forced work to repay debt; debt never ends; Illegal under Bonded Labour Abolition Act, 1976; violates Art. 23
Concept of Wages	Cash paid for work (basic + DA); excludes bonus, overtime, travel allowance; defined differently in each law
Child Labour in India	Below 14 years banned in hazardous jobs (Child Labour Act, 1986); 14-18 = adolescent; Art. 24

Labour Remuneration	Total package = wages + allowances + bonuses + non-cash benefits (free food, housing)
Social Security	Protection against sickness, old age, injury, pregnancy, death, unemployment; ESI, EPF, Gratuity, Maternity
Labour Welfare	Facilities for better life: canteen, rest rooms, crèche, housing, medical, sports (Fact Act + state laws)
Contract Labour	Workers hired through contractor, not directly by principal employer; CLRA Act, 1970
Types of Wages	Minimum, Fair, Living; Time, Piece; Nominal, Real
Equal Pay for Equal Work	Same pay for same work regardless of gender (Art. 39(d)); Equal Remuneration Act, 1976
Concept of Bonus	Profit-sharing; Minimum 8.33%, Max 20% of salary; Payment of Bonus Act, 1965
Overtime	Extra hours beyond normal (max 48 hrs/week); Double wage rate; Factories Act S.59

Kinds of Disability	Temporary (recoverable); Permanent (Total = no work, Partial = some work)
Arising out of Employment	Injury caused by work conditions → employer liable; ESI & Compensation Act
Employees' Provident Fund Scheme	12% + 12% contribution (employee + employer); lump sum on retirement; EPFO
Employees' Pension Scheme, 1995	Monthly pension after 58 years (10+ years service); 8.33% employer share goes to EPS
ESI Benefits	Medical, Sickness (70%), Maternity (100%), Disability (90%), Dependent, Funeral
ESI Court	Special court for ESI disputes; appeal against ESI Corporation decisions
International Labour Organization (ILO)	UN agency (1919); sets international labour standards; India founding member
Equal Remuneration Act, 1976	Prohibits wage discrimination based on gender; equal pay for equal work
Maternity Benefit Act, 1961	26 weeks paid leave; 12 weeks for 2+ children; crèche for 50+ workers
Special Economic Zones (SEZs)	Tax breaks for exports; flexible labour laws; basic protections still apply

Problems of Construction Workers	No job security, no safety, no housing, no ESI, child labour, migrant exploitation
Problems of Bonded Labour	Generational forced work; debt never ends; beaten/locked; in brick kilns, quarries
Problems of Unorganized Sector	No contract, no min wage, no social security, no leave, no union, middleman exploitation
Theories of Wages	Subsistence, Wage Fund, Surplus Value (Marx), Marginal Productivity, Bargaining
Theories of Minimum Wages	Subsistence, Fair wage, Bargaining, Poverty alleviation, Efficiency
Air India v. United Labour Union (1997)	Contract labour doing perennial work → absorption as regular employees (later modified)

LONG ANSWERS (15-20 Marks Each)

1. Define Wages – Kinds/Types of Wages

Definition: Wages = monetary compensation paid by employer to worker for work performed. Different laws define differently:

Law

Definition

Minimum Wages Act, 1948	All remuneration (basic + DA) but excludes bonus, travel, PF
Payment of Wages Act, 1936	All remuneration (wages + overtime + bonus) payable under contract
Equal Remuneration Act, 1976	Remuneration in cash or kind
Kinds of Wages:	
Kind	Meaning
Minimum Wage	Lowest legal wage for subsistence + bare necessities
Fair Wage	Between minimum and living wage; industry capacity based
Living Wage	Decent life: food, housing, education, health, insurance
Time Wage	Paid per hour/day/month
Piece Wage	Paid per unit produced
Nominal Wage	Money received
Real Wage	Purchasing power of nominal wage
Basic Wage	Core wage without allowances

Dearness Allowance (DA)

Cost of living adjustment

2. Theories of Wages

Theory	Proponent	Explanation
Subsistence Theory	David Ricardo	Wage just enough for survival (food, shelter)
Wage Fund Theory	J.S. Mill	Fixed fund for wages; more workers = less per worker
Surplus Value Theory	Karl Marx	Workers produce more value than paid; capitalists steal surplus
Marginal Productivity Theory	J.B. Clark	Wage = extra value added by last worker
Bargaining Theory	John Davidson	Wage decided by union vs employer bargaining strength
Standard of Living Theory	–	Wage based on workers' customary standard of living

3. Concept of Minimum Wages

Definition (Minimum Wages Act, 1948): Floor wage set by government to prevent exploitation.

Features:

- Legal obligation on employer
- Prevents sweated labour
- Differs by state, industry, skill level
- Includes basic + DA

Committee on Fair Wages (1949) classification:

Type	Level	Includes
Minimum Wage	Lowest	Food, clothing, shelter (bare needs) + children's education (minimal)
Fair Wage	Middle	Between minimum & living + industry capacity
Living Wage	Highest	Food, clothing, shelter, health, education, insurance, savings

Importance:

- Protects worker health & efficiency
- Prevents exploitation
- Reduces poverty
- Constitutional mandate (Art. 43)

4. Fixation & Revision of Minimum Wages (MW Act, 1948)

Procedure (S.5):

Method	Process
Committee Method	Government appoints committee to recommend wages
Notification Method	Government publishes proposal → invites objections → final notification
Criteria for Fixation (S.3):	
Factor	Consideration
Skill level	Unskilled, semi-skilled, skilled, highly skilled
Industry type	Scheduled employment
Region	A, B, C areas (metro, urban, rural)
Cost of living	Dearness Allowance adjustment
Employer capacity	Ability to pay

Revision (S.6):

- Wages revised every 5 years (minimum)
- DA revised every 6 months (or as notified)

Important Case: *Unichoyi v. State of Kerala (1962)* – Minimum wage must be need-based minimum, not arbitration.

5. Remuneration & Equal Remuneration Act, 1976

Definition of Remuneration (S.2(h)): Basic wage + DA + cash allowances + any other payment (excluding bonus, pension, travel).

Key Provisions of ERA, 1976:

Provision	Content
S.4	Same pay for same/similar work for men & women
S.5	No discrimination in recruitment/promotion based on gender
S.6	Advisory Committee for implementation
S.7	Employers must maintain registers
S.8	Penalty for violation: fine up to ₹500 per day

Case Law: *Mackinnon Mackenzie v. Audrey D'Costa (1987)* – Women stenographers doing same work as men entitled to equal pay.

6. Payment of Wages Act, 1936 – Permissible Deductions

Definition of Wages (S.2(vi)): All remuneration payable to employee under contract (wages + overtime + bonus).

Permissible Deductions (S.7 – exhaustive list):

Deduction Type	Condition
Fines	Authorized by employer, recorded, used for welfare

Absence from duty	For days absent (excluding leave)
Damage or loss	Proven negligence, after inquiry
House accommodation	Provided by employer
Amenities	Water, light, medical (if employee used)
Advances	Repayment of salary advance
PF, ESI, etc.	Deductions required by law
Income tax	TDS
Provident fund	Employee contribution
Cooperative society	Written authorization

Unauthorized Deductions:

- Without employee consent
- Exceeding limits (e.g., fine \leq 3% of wages)
- For speculative purposes

Penalty for Unauthorized Deductions (S.20):

- Fine up to ₹1,000
- Imprisonment up to 1 year

7. Employees' Compensation Act, 1923 – Objectives

Objectives:

1. Provide speedy compensation for work injuries (no court delay)
2. Fix employer's liability without proving negligence
3. Protect workers & dependents from destitution
4. Shift burden to industry (cost of production includes safety)

Employer's Liability (S.3):

Situation	Liability
Personal injury by accident arising out of & in course of employment	Yes
Occupational disease (schedule)	Yes (after specified period)
Injury due to worker's own serious misconduct	No
Injury under influence of alcohol/drugs	No
Injury resulting in death after 3 years	No compensation on death

Compensation Amount (S.4):

Injury Type	Compensation
Death	50% of monthly wages × relevant factor (min ₹1.20 lakh)
Permanent total disablement	60% of monthly wages × factor (min ₹1.40 lakh)
Permanent partial disablement	% of total disablement rate

Temporary disablement

25% of wages (max 28 days)

8. Employees' State Insurance (ESI) Act, 1948 – Objectives & Benefits

Objectives:

1. Provide medical care to workers & families
2. Provide cash benefits for sickness, maternity, disability, death
3. Prevent destitution during inability to work
4. Protect industrial workers

Benefits under ESI Act (S.40-60):

Benefit	Duration	Rate
Sickness Benefit	Up to 91 days/year	70% of wages
Extended Sickness Benefit	2 years (chronic diseases)	80% of wages
Maternity Benefit	26 weeks	100% of wages
Disablement Benefit (Temp)	As long as disability lasts	90% of wages
Disablement Benefit (Perm)	Life pension	90% of wages (commuted)
Dependent Benefit	Life to family	90% of wages (spread)
Funeral Benefit	One-time	₹15,000 (max)

Medical Benefit

Full family

Free (OPD +
hospitalization)

Employee Definition (S.2(9)): Any person employed for wages in factory/establishment (excluding seasonal factory) earning up to ₹21,000/month.

9. ESI Court – Constitution, Powers & Functions

Constitution (S.74-78):

- Presiding officer (qualified to be district judge)
- Members (employee & employer representatives optional)
- Appointed by state government

Powers:

Power

Scope

Civil court powers

Summon witnesses, documents, affidavits

Appeal hearing

Against ESI Corporation's orders

Interim orders

Injunctions, stay

Execution

Enforce own orders as civil court decree

Functions:

- Adjudicate disputes: contribution, benefits, classification
- Try offences (if authorized by magistrate)
- Answer references from Corporation

Appeal: ESI Court decision appealable to High Court within 60 days.

10. Retirement Benefits (Law Relating to)

Three major laws:

Law	Benefit	Formula
Payment of Gratuity Act, 1972	Lump sum on retirement/resignation/death (5+ years)	$(15 \times \text{Last drawn} \times \text{Years})/26$
EPF Act, 1952	Lump sum + Pension (EPS) + Life Insurance (EDLI)	12% + 12% contribution
Employees' Pension Scheme, 1995	Monthly pension after 58 (10+ years)	$(\text{Pensionable salary} \times \text{service})/70$

Eligibility for Gratuity (S.2A):

- 5 years continuous service (except death/disablement)
- On superannuation, retirement, resignation, death

Forfeiture of Gratuity (S.4(6)): On termination for riotous conduct, violence, theft, moral turpitude.

11. Health, Safety & Welfare Measures (Factories Act, 1948)

Health (S.11-20):

Section	Provision
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11	Cleanliness (daily sweeping, weekly washing)
12	Disposal of waste (drains, traps)
13	Ventilation & temperature
14	Dust & fume control
15	Artificial humidification
16	Overcrowding (14.2 cu.m per worker)
17	Lighting
18	Drinking water (within 15 m)
19	Latrines & urinals (separate for sexes)
20	Spittoons

Safety (S.21-40):

- Fencing of machinery (S.21)
- Work on moving machinery prohibited (S.22)
- Hoists, lifts, chains, ropes, pressure vessels (S.28-31)
- Floors, stairs, pits (S.32)
- Fire safety (S.38)
- Protective equipment (S.35)

Welfare (S.41-50):

Section	Provision	Threshold
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41	Washing facilities	All factories
42	Storage of clothes	All
43	First aid (1 box/150 workers)	All
44	Sitting arrangements	All
45	Canteen	250+ workers
46	Rest rooms (shelters)	150+ workers
47	Crèche (for children under 6)	30+ women
49	Welfare officer	500+ workers

12. Protection of Weaker Sections of Labour

Constitutional basis:

Article	Protection
Art. 23	Prohibition of forced labour
Art. 24	No child labour below 14
Art. 38	Promote welfare of weaker sections
Art. 39(e)	Protect against economic exploitation

Art. 42 Just & humane working conditions

Art. 46 Protect SC/ST from social injustice

Specific laws for weaker sections:

Law	Protects
Bonded Labour Abolition Act, 1976	Bonded labourers
Child Labour Act, 1986	Children (prohibits hazardous work)
Equal Remuneration Act, 1976	Women
Maternity Benefit Act, 1961	Pregnant women
Unorganised Workers Social Security Act, 2008	Street vendors, domestic workers, farm labour
Inter-State Migrant Workmen Act, 1979	Migrant workers
Building & Construction Workers Act, 1996	Construction workers

Case Law: *Bandhua Mukti Morcha v. Union of India (1984)* – Supreme Court expanded bonded labour definition; rehabilitation mandatory.

13. Unorganised Sector Workers – Provisions & Problems

Definition (Unorganised Workers Act, 2008 S.2(m)): Home-based worker, self-employed worker, or wage worker in unorganised sector (enterprise with <10 workers).

Salient Features of Unorganised Workers Act, 2008:

Feature	Content
NSSB (National Social Security Board)	Recommend schemes, monitor
SSSB (State Board)	State level coordination
Registration	Smart card with unique ID
Schemes	Life & disability, health & maternity, old age pension, death benefit
Funding	Central + State government

Problems of Unorganised Sector:

1. No written contract
2. Below minimum wage
3. No ESI/PF/gratuity/pension
4. No paid leave
5. No safety
6. Middleman exploitation
7. Child labour
8. No union/collective bargaining
9. No access to credit
10. Gender discrimination (women paid less)

Coverage: ~90% of Indian workforce (450 million) – largely unprotected despite laws.

14. Contract Labour (CLRA Act, 1970) – Restrictions

Key Restrictions:

Section	Restriction
S.7	Principal employer must register
S.8	Registration revoked = cannot employ contract labour
S.11-12	Contractor must have license
S.10	Govt can prohibit contract labour in perennial work
S.21	Contractor must pay equal wages (if same work)
S.16-20	Contractor to provide canteen (100+), rest room (100+), first aid, latrines

Penalties (S.22-25):

- Without registration/license: fine up to ₹1,000/day + 3 months imprisonment
- Violating welfare: fine up to ₹10,000

Case Law: *Air India v. United Labour Union (1997)* – Contract labour doing perennial work can claim absorption (modified by *SAIL v. National Union* – absorption only if prohibition under S.10).

15. Inter-State Migrant Workmen Act, 1979 – Features

Who is ISMW? Recruited from one state to work in another; wage ≤ ₹15,000/month.

Special Features (additional over CLRA Act):

Section	Feature
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S.16	Displacement allowance: 50% of monthly wages (or ₹500, whichever higher)
S.17	Journey allowance + travel time with wages
S.15	Residential accommodation (separate for sexes, ventilation, water, medical)
S.14	Protective clothing
S.13	Equal wages as local workers
S.21	Maintain registers of allowances paid

Penalty: Fine up to ₹1,000 per worker + imprisonment up to 1 year for forced labour.

16. Bonded Labour Abolition Act, 1976 – Case Laws

Key Provisions:

Section	Provision
S.3-4	Abolishes bonded labour system; any custom/agreement void
S.5	All debts of bonded labourers extinguished
S.6	Prohibits forced labour for debt

S.7-12	State duty: identification, release, rehabilitation (₹1 lakh+ per family)
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S.16-20	Penalties: 3 years imprisonment + ₹2,000 fine
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Case Laws:

Case	Held
<i>Bandhua Mukti Morcha v. UOI (1984)</i>	Bonded labour violation of Art. 21 & 23; expanded definition to include economic/social pressure
<i>People's Union for Democratic Rights v. UOI (1982)</i>	Non-payment of minimum wage = forced labour under Art. 23
<i>Neeraja Chaudhary v. State of M.P. (1984)</i>	States must identify & rehabilitate within 6 months

17. Maternity Benefit Act, 1961 – Benefits

Key Benefits:

Benefit	Duration/Amount
Paid leave (S.5)	26 weeks (first two children); 12 weeks (third+)
Medical bonus (S.8)	₹3,500 (if free medical not provided)

Miscarriage leave (S.9)	6 weeks paid
Tubectomy leave (S.9A)	2 weeks paid
Illness leave (S.10)	1 month extended paid
Nursing breaks (S.11)	2 breaks of 15 min (15 months after delivery)
Crèche (S.11A)	If 50+ employees
No dismissal (S.12)	Prohibited during pregnancy/leave

Eligibility: 80 days work in preceding 12 months.

Case Law: *B. Shah v. Labour Court (1978)* – "Average daily wage" includes all allowances.

18. Sexual Harassment at Workplace Act, 2013

Key Provisions:

Section	Provision
S.2(n)	Definition: physical contact, sexual favour request, coloured remarks, pornography, unwelcome conduct
S.2(o)	Workplace: wide – office, field, transport, telework
S.4	ICC mandatory for 10+ employees (presiding officer woman, 50% women members)

S.5	LCC for <10 employees or if employer fails
S.9	Complaint within 3 months (extendable by 3 months)
S.10	Conciliation possible (no monetary settlement)
S.11	Inquiry within 90 days
S.12	Interim relief: transfer, leave (3 months, paid)
S.13	Punishment: warning, termination, deduction
S.18	No retaliation against complainant
S.25-26	Penalty for no ICC: ₹50,000 fine; repeat cancellation of license

Background: *Vishaka v. State of Rajasthan (1997)* – Supreme Court guidelines (now superseded by Act).

19. Factory – Definition & Provisions (Factories Act, 1948)

Definition of Factory (S.2(m)):

Condition	Power	Workers
With power	10+ workers (any day in preceding 12 months)	Manufacturing process

Without power	20+ workers (any day in preceding 12 months)	Manufacturing process
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Excludes: Mines, railway running sheds, hotels, restaurants.

Key Provisions Summary:

Chapter	Sections	Topic
III	11-20	Health (cleanliness, ventilation, drinking water, latrines)
IV	21-40	Safety (fencing, hoists, floors, fire, protective gear)
V	41-50	Welfare (washing, canteen, rest room, crèche, welfare officer)
VI	51-66	Working hours (48 hrs/week, 9 hrs/day, overtime double)
VII	67-77	Young persons (no child under 14, adolescent certificate)
VIII	78-84	Annual leave (1 day/20 days worked)
X	92-106	Penalties (fine + imprisonment)

QUICK REVISION TABLE – IMPORTANT SECTIONS

Minimum Wages Act, 1948

Section	Topic
2(h)	Wages definition
3	Fixation of minimum wages
4	Procedure for fixation
5	Committee/notification method
6	Revision (5 years)
13	Payment of wages
22	Penalty for violation

Payment of Wages Act, 1936

Section	Topic
2(vi)	Wages definition
7	Authorized deductions (exhaustive list)
8	Fines (manner, record)
9	Deduction for absence

20	Penalty for unauthorized deduction
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ESI Act, 1948

Section	Topic
2(9)	Employee definition
2(14)	Factory definition
46	Benefits (sickness, maternity, disablement, dependent, medical, funeral)
51	Sickness benefit (70%)
54A	Disablement benefit
74	ESI Court constitution

EPF Act, 1952

Section	Topic
2(a)	Appropriate government
6	Contributions (12% + 12%)
10	Exemptions

14	Penalties
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Payment of Gratuity Act, 1972

Section	Topic
2A	Continuous service (5 years)
4	Payment of gratuity + forfeiture
4(2)	Formula: $(15 \times \text{wages} \times \text{years})/26$
7	Determination
8	Recovery

Factories Act, 1948

Section	Topic
2(m)	Factory definition
2(k)	Manufacturing process
11-20	Health
21-40	Safety
41-50	Welfare

51	Weekly hours (48)
59	Overtime (double rate)
67	Child labour ban (below 14)
78-84	Annual leave

CLRA Act, 1970

Section	Topic
2(1)(a)	Appropriate government
2(1)(b)	Contract Labour
7	Registration of principal employer
10	Prohibition of contract labour
12	Contractor license
16-20	Welfare provisions
21	Wages equal to direct employees

Maternity Benefit Act, 1961

Section	Topic
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5	Paid leave (26 weeks)
8	Medical bonus (₹3,500)
9	Miscarriage leave (6 weeks)
11	Nursing breaks
11A	Crèche (50+ employees)
12	No dismissal

Sexual Harassment Act, 2013

Section	Topic
2(n)	Definition of SH
2(o)	Workplace definition
4	Internal Complaints Committee
9	Complaint procedure (3+3 months)
11	Inquiry (90 days)
13	Punishment
25	Penalty for no ICC (₹50,000)

Bonded Labour Abolition Act, 1976

Section	Topic
3	Abolition of bonded labour
4	Any custom/agreement void
5	Debt extinguished
6	Prohibition of forced labour
16-20	Penalties (3 years + ₹2,000)

CONSTITUTION ARTICLES FOR LABOUR LAW (Quick Reference)

Article	Provision
14	Equality before law
15	Non-discrimination
16	Equality in public employment
19(1)(c)	Right to form associations (union)
21	Right to life & dignity (includes work safety, livelihood)

23 Prohibition of forced labour

24 No child labour below 14

39(a) Right to adequate means of livelihood

39(d) Equal pay for equal work

39(e) Protection against economic exploitation

41 Right to work, public assistance

42 Just & humane working conditions, maternity relief

43 Living wage for workers

46 Protect SC/ST from exploitation

47 Health of workers
