

Circular No – 031 / 2025

Date: 05.05.2025

To
All Members of The Association

KEA REPRESENTATION TO THE CHIEF MINISTER
REG DRAFT NOTIFICATION ON REVISION OF MINIMUM WAGES

The Association has submitted a representation dated 05.05.2025 to the Hon'ble Chief Minister, Government of Karnataka, requesting that the Government should withdraw the draft notification dated 11.04.2025 and corrigendum dated 19.04.2025 and immediately hold consultation with the industries and their associations and only thereafter issue a fresh draft notification after adjusting for inflation.

We also request you to submit a similar representation to the Government and to all the relevant Ministers and Secretaries, with a copy to kea@kea.co.in. Should you have any queries, please contact us.

A copy of the Letter dated 05.05.2025 is attached.

For KARNATAKA EMPLOYERS' ASSOCIATION
Sd/
[B C Prabhakar]
President



+91 9449183208



Bengaluru, Karnataka



kea@kea.co.in



B.C. Prabhakar, B.A., B.L.,
President

☎ Off : 080-26613091 / 26607167
080-42103360 / 26761733
Email : kea@kea.co.in
Web : www.kea.co.in

KARNATAKA EMPLOYERS' ASSOCIATION

NO.74, 2nd FLOOR, SHANKARA ARCADE, VANIVILAS ROAD,
BASAVANAGUDI, BENGALURU - 560 004
Reg. No. TU 507 / 20-3-1962

05.05.2025

The Hon'ble Chief Minister,
Government of Karnataka
Bengaluru

Respected Sir,

Sub: Draft Notification dated 11.04.2025 proposing to revise the Minimum Wages in the State of Karnataka along with corrigendum dated 19.04.2025.

On behalf of Karnataka Employers' Association (KEA), please accept my humble wishes and greetings.

Under your able and dynamic leadership, Karnataka has been consistently leading in attracting industries to the State. Bengaluru is the crown jewel of India in terms of being the software capital, healthcare capital and startup capital of India thanks to your visionary policies. Karnataka leads the country in several parameters such as maintaining a healthy industrial relations climate, investor friendly atmosphere and quick and prompt resolution of disputes under your able guidance.

Sir, we are writing this letter to bring to your kind notice the following in the matter of revision of minimum wages:

1) **About our Association:**

Our Association is one of the oldest Association of Employers in Karnataka. representing 800 leading industries in software, pharmaceuticals, textiles, engineering and other sectors. The

Association has members from all sectors of Industry both in private sector as well as in public sector. In its more than six decades of its existence, the Association has been taking up the cause of the Industry and Commerce and Service Sector with the different authorities for redressal or resolution of the issues confronting its members.

2) **Impact of the draft notification dated 11.04.2025 and corrigendum dated 19.04.2025:**

The Department of Labour has published Gazette Notification proposing to revise the rates of Minimum Wages in 62 Scheduled Employments uniformly

- 3) The present objection is with regard to the steep increase proposed in the minimum wages vide Government notification dated 11.04.2025 and Corrigendum dated 19.04.2025 which would deal a crippling blow to the the business as a whole and to the employers.

4) **Brief background on the previous revision of minimum wages:**

It is brought to your kind notice that the rates of minimum wages in respect of 34 scheduled employments were revised during the years 2022-23 in exercise of its power conferred under Sec 3(1)(b) and 5(1)(b) of the Minimum Wages Act, 1948. As required under the provisions of Minimum Wages Act, an Advisory Board meeting was also called for consultations with all stakeholders namely, managements, trade unions and the Government.

- 5) Though the rates notified for the abovesaid 34 scheduled employments was high and also higher than the rates in the neighbouring states including Maharashtra, the managements accepted the rates and implemented them.

- 6) Two Trade Unions namely, AITUC and EGWU challenged the final Notifications in the 34 scheduled employments by filing Writ Petitions before the Hon'ble High Court of Karnataka on the ground that the guidelines / norms prescribed by the Hon'ble Supreme Court in the case of Standard Vacuum and Reptakos Brett were not followed while

reviewing and revising the rates on minimum wages. The Government took the stand that since it had already followed the Reptakos guidelines during the previous revision in 2016, the 34 Notifications were issued in the years 2022-23 by increasing the minimum wages by 10 to 15% over the 2016 rates. Further, the Government in its Affidavit before the Hon'ble High Court stated that the Reptakos guidelines are required to be followed only when fixing the minimum wages for the first time and not at the time of revision of minimum wages.

- 7) However, the correct position of law is that the Government is not bound to follow the guidelines / norms prescribed by the Hon'ble Supreme Court in the case of Reptakos Brett for fixing or revising the rates on minimum wages in accordance with section 5(1)(b) of the Minimum Wages Act, 1948.
- 8) Since the employer associations and chambers representing the managements were not made as parties before the Learned Single Judge, this point of law was not articulated before the Learned Single Judge. As a result the Learned Single Judge quashed the 34 notifications holding that the Government should scrupulously follow Reptakos guidelines to revise the rates of minimum wages.
- 9) Since employer associations and chambers representing the managements were not made parties in the above 34 Writ Petitions by the trade unions, Writ Appeals were filed before the Division Bench by the employer associations and chambers representing the managements challenging the order of the Learned Single Judge. The Division Bench upheld the contentions of the Appellants and the quashed the order of the Learned Single Judge. The 34 notifications were also revived. Further, the Division Bench remitted back the 34 Writ Petitions to the Learned Single Judge with a direction to hear the Writ Petitions afresh and pass orders after hearing the Appellants.
- 10) While the matter was pending before the Learned Single Judge, the Government of Karnataka issued a draft notification dated

11.04.2025 under Minimum Wages Act proposing to revise minimum wages for employment in 62 scheduled employments including the above 34 scheduled employments and also in another 18 new scheduled employments totalling 80 scheduled employments in all.

- 11) After the draft notification dated 11.04.2025 was issued, the 34 Writ Petitions were withdrawn by the Petitioners, thereby their prayer that following Reptakos guidelines is compulsory has not been entertained. Consequently, the Hon'ble High Court has also not confirmed the contention of the Petitioners that that following Reptakos guidelines is compulsory.

Whether Reptakos guidelines are compulsory:

- 12) However, in the draft notification dated 11.04.2025, it has been indicated that guidelines / norms prescribed by the Hon'ble Supreme Court in the case of Reptakos Brett are being adopted by the Government for revising the rates on minimum wages in accordance with section 5(1)(b) of the Minimum Wages Act, 1948.
- 13) It is submitted that the correct position of law is that the Government is not bound to follow the guidelines / norms prescribed by the Hon'ble Supreme Court in the case of Reptakos Brett for revising the rates on minimum wages in accordance with section 5(1)(b) of the Minimum Wages Act, 1948.
- 14) The Hon'ble Supreme Court itself in several Judgments has held that the Government has discretion of choosing one of the procedures either under Section 5(1)(a) or under Section 5(1)(b) under the Minimum Wages Act, 1948. Going further, Reptakos Brett judgment never mandated that it should be followed every time the minimum wages are revised. However, the draft notification dated 11.04.2025 has restricted the discretion of the Government by revising minimum wages, only after following Reptakos Brett guidelines. This self-imposed restriction shall have long term adverse impact by curtailing the powers of the State Government.

- 15) The events narrated above clearly show that the Government is taking stands that are contrary to each other with regard to the whether the Reptakos guidelines is compulsory.

Unprecedented wage hike:

- 16) The proposed rates in the draft notification dated 11.04.2025 are extremely high and therefore has come as a shock to the employers. The proposed increase is as high as 70% in many cases.
- 17) When the rates revised in 2022-23 for 34 scheduled employments was already higher than the rates in the neighbouring states (second highest in the country after New Delhi), the draft notification has again been issued pertaining to the same 34 scheduled employments to further steeply increase the minimum wages making them highest in the country.
- 18) It is indicated in the draft notification that the minimum wages proposed are calculated after following the Repkatos Brett formula. However, the rates of minimum wages proposed are far higher than the rates of minimum wages of our neighbouring states who also incidentally follow Repkatos Brett formula. If that were to be so, there could not have been vast variation in the rates especially between neighbouring states.
- 19) Such a steep increase and that too within two years would deal a crippling blow to the employers because this increase is coming at a stage when there has been already a heavy burden placed on the employers due to increase in input costs across the board.
- 20) The Government should have retained the rates of minimum wages for 34 scheduled employments at the same level since it was increased as recently as in 2022-23. Instead of again increasing the minimum wages for 34 scheduled employments in such a short period, the Government should have brought the rates of minimum wages in the remaining 28 scheduled employments as well as in the 18 new scheduled employments to the same level as in the 34

scheduled employments. As already mentioned, the minimum wages as it exists presently in the 34 scheduled employments is already highest in the country except New Delhi.

- 21) The proposal of the Government to increase the already high minimum wages by another 70% will badly affect the small industries, small businesses, shopkeepers. Further, since the minimum wages are applicable throughout the state, small businesses, small industries and small shopkeepers in semi-urban and rural areas will be badly affected.

Whether there could be uniformity in minimum wages in all 80 scheduled employments:

- 22) **The** Government has for the first time proposed to revise the minimum wages for 80 scheduled employments uniformly. This is in clear violation of the provisions of Minimum Wages Act which states that different rates of minimum wages are to be fixed for each scheduled employment in accordance with the nature of the industry. This is because the nature of the business varies and the profit margins are not uniform in all the businesses. The potential for employment also varies depending on the nature of business. Keeping all this in mind, the Legislature has provided for fixing different rates of minimum wages for different scheduled employments. Therefore, the draft notification fixing uniform rates of minimum wages for all scheduled employments is violative of the provisions of the Minimum Wages Act.
- 23) A comparative statement of the minimum wages in the neighbouring states including Maharashtra is enclosed herewith. It clearly shows that different rates of minimum wages are fixed for different scheduled employments. This is not only the necessity of law but it is also a pragmatic way to encourage growth of employment in different industries. This point has been totally ignored in the draft notification.

Reduction in classification of zones from 4 to 3:

- 24) Reduction in classification of zones from 4 to 3 is again against the interests of the employers especially those who have their industries in the neighbouring areas of metropolitan cities like Bengaluru, Hubballi, Dharwad, etc.

Anomalies in Classification:

- 25) There are several anomalies in the classification of employees as contained in Annexure-V under the headings of Highly Skilled, Skilled, Semi-Skilled and Unskilled. Following examples are given to highlight the issue:
- a. In the case of scheduled employment of Hospitals, the existing notification dated 13.01.2023 classifies the employees working in Hospitals under nine categories Part 1 to Part 9 with different minimum wages fixed for each category. In the Proposed Draft Notification dated 11.04.2025, the classification of nine categories Part 1 to Part 9 have been reclassified to 4 categories as Highly Skilled, Skilled, Semi-Skilled and Unskilled. The employees under Part 4 and Part 5 have been clubbed together under Highly Skilled thereby employees under Part 5 who were getting lesser salary will be getting same salary as Part 4. In addition, both Part 4 and Part 5 employees get different salary enhancement as both are classified as Highly Skilled. The Staff Nurse under Part 4 who was getting higher salary than Registered Nurse under Part 5 will both get the same salary thereby causing heartburn and serious Industrial Relations issues causing unrest among employees.
 - b. In the case of scheduled employment of Engineering, same person will be handling multi type of activities. Eg. Machine operator himself is an operator but new notification differentiates minimum wages between Machine operator and operator. Further, there is also a category of operator both in

highly skilled and semi-skilled. Turners are again shown both under Highly skilled as well as Skilled. Similarly in the canteen a person kneading himself may be sweet maker or grinder, but notification differentiates between all three of them. There are several such discrepancies. It will be impossible to differentiate between Operators, Senior Operators etc and this may lead to ambiguity and difficulty in implementation. Lack of clarity may lead to IR issues, disputes and industrial unrest leading to loss of productivity.

Example of extent of Wage Hike:

- 26) There is substantial increase in the minimum wages as proposed to be notified.

ENGINEERING INDUSTRY & SHOPS AND COMMERCIAL ESTABLISHMENTS – ZONE-1

Sl. No.	Category of employees	Existing wages payable inclusive of VDA(Per month in Rs)	Proposed revision of wages (Per month In Rs.	Increase in Minimum Wages	% Increase
1	Unskilled	15701.43	23276.43 + VDA	7575.00 + VDA	48%
2	Semi-skilled	16860.21	25714.07 + VDA	8854.00 + VDA	53%
3	Skilled	18134.87	28285.47 + VDA	10151.00 + VDA	56%
4	Highly Skilled	19537.00	31114.02 + VDA	11577.00 + VDA	59%

Impact on Karnataka's economy:

- 27) The above increase would adversely affect all the industries including small industries which provide almost 90% of the employment in the industry in the State. If the minimum wage hike is implemented as proposed, the small industry particularly those engaged in parts manufacturing would be adversely affected. The obvious consequence of increase in wages would result in increase in the price of the products. The users would definitely source their requirement from the sources where it is cost effective for them. The order position of those manufacturing spare parts in Karnataka would decline and put the employment of employees engaged in such industry at stake.
- 28) The rates of minimum wages in Karnataka are already highest among the Southern States and second in the Country next only to New Delhi. By undertaking the exercise as indicated in the draft notification dated 11.04.2025, the rates of minimum wages which were revised only a few months ago, are now being revised even further. Cost of production and services will be more affecting the viability of the industries. Investors will hesitate to invest in Karnataka if minimum wages are further increased thereby depriving the employees of employment opportunity.
- 29) The increase proposed in the draft notification would lead to significant impact on Karnataka's economy. All the neighbouring states including Maharashtra have lower rates of minimum wages and also different rates of minimum wages for different scheduled employments. Only if the rate of minimum wages is on par with its neighbouring states as well as Maharashtra, our State would be able to attract businesses and industries. Our state can reap the benefits of growth of our State's economy with comparable rates of minimum wages among the Southern states as well as Maharashtra. A brief table of the comparable rates of minimum wages in the neighbouring states as well as Maharashtra is annexed herewith.

- 30) For all the above reasons, it is requested that the Government should withdraw the draft notification dated 11.04.2025 and immediately hold consultation with the industries and their associations and only thereafter issue fresh draft notification after adjusting for inflation.

For Karnataka Employers' Association

B. C. Prabhakar

B.C. Prabhakar
President

Mob: 98440 33348

Cc:

1. Hon'ble Deputy Chief Minister, Government of Karnataka
2. Hon'ble Minister - Large & Medium Scale Industries, Government of Karnataka
3. Hon'ble Minister - Health & Family Welfare Department, Government of Karnataka
4. Hon'ble Minister - Labour Department, Government of Karnataka
5. Chief Secretary to the Government, Government of Karnataka
6. Additional Chief Secretary to Chief Minister, Government of Karnataka
7. Principal Secretary to Government, Commerce and Industry, Government of Karnataka
8. Principal Secretary to Government, Department of Health and Family Welfare, Government of Karnataka
9. Principal Secretary to Government, Department of Labour, Government of Karnataka
10. Commissioner of Labour, Department of Labour, Government of Karnataka
11. Additional Labour Commissioner (Industrial Relations), Government of Karnataka

Employment in Engineering, Fabrication and Related Industry

Karnataka		Tamil Nadu		Kerala		Telangana		Andhra Pradesh		Maharashtra	
Class of Employment	Proposed Minimum Wages as per Draft Notification No. Labour Dept-411 L W A 2023 dated 11/4/2025	Minimum wages in Tamil Nadu	Difference in Minimum Wages compared to Karnataka	Minimum wages in Kerala	Difference in Minimum Wages compared to Karnataka	Minimum wages in Telangana	Difference in Minimum Wages compared to Karnataka	Minimum wages in Andhra Pradesh	Difference in Minimum Wages compared to Karnataka	Minimum wages in Maharashtra	Difference in Minimum Wages compared to Karnataka
Highly Skilled	31114.02	15536.00	15578.02	15340.00	15774.02	14817.00	16297.02	14488.00	16626.02		
Skilled	28285.47	15368.00	12917.47	13780.00	14505.47	13550.00	14735.47	13221.00	15064.47	18620.00	9665.47
Semi Skilled	25714.07	15251.00	10463.07	13260.00	12454.07	12501.00	13213.07	12172.00	13542.07	17195.00	8519.07
Un skilled	23276.43	14975.00	8301.43	12220.00	11056.43	12030.00	11246.43	11701.00	11575.43	16180.00	7096.43

Employment in Shops & Commercial Establishments

Karnataka		Tamil Nadu		Kerala		Telangana		Andhra Pradesh		Maharashtra	
Class of Employment	Proposed Minimum Wages as per Draft Notification No. Labour Dept-411 L W A 2023 dated 11/4/2025	Minimum wages in Tamil Nadu	Difference in Minimum Wages compared to Karnataka	Minimum wages in Kerala	Difference in Minimum Wages compared to Karnataka	Minimum wages in Telangana	Difference in Minimum Wages compared to Karnataka	Minimum wages in Andhra Pradesh	Difference in Minimum Wages compared to Karnataka	Minimum wages in Maharashtra	Difference in Minimum Wages compared to Karnataka
Highly Skilled	31114.02	14703.00	16411.02	15536.00	15578.02	14607.00	16507.02	14267.00	16847.02		
Skilled	28285.47	14193.00	14092.47	15326.00	12959.47	13570.00	14715.47	13230.00	15055.47	15246.00	13039.47
Semi Skilled	25714.07	14142.00	11572.07	15116.00	10598.07	13152.00	12562.07	12812.00	12902.07	14470.00	11244.07
Un skilled	23276.43	14080.00	9196.43	14906.00	8370.43	12750.00	10526.43	12410.00	10866.43	13635.00	9641.43