

Code on Wages bill, 2019.

Why in news?

The Union Cabinet has cleared the New Code on Wages bill, 2019.

What is the current situation?

- At present, minimum wages are fixed on the basis of categories such as **Skillset** (skilled, unskilled, semi-skilled, high skilled), **geographical location** and **nature of work/sector**.
- At present, there are 2,500 minimum wage rates across the country.
- There are **13 categories** of work for which minimum wage is fixed.
- The minimum wages are fixed by both the State and the Centre.
- The Centre can notify the minimum wage rate for railway, agriculture, mining or central government entities.
- The **current floor wage** that was fixed in 2017 is **Rs 176/day**, but some states have minimum wages lower than it.

What are the changes made?

- As per the Bill, minimum wages will be linked only to factors such as **skillset** and **geographical location**.
- This is expected to reduce the number of minimum wage rates across the country to 300.
- The minimum wage law will be **extended to all sectors**, this move is expected to ensure universal wage protection against exploitation.
- **National Floor Level Minimum Wage** - To be set by the Centre to be revised every five years.
- States will fix minimum wages for their regions, which cannot be lower than the floor wage level.

What previous legislations would be replaced?

- Payment of Wages Act, 1936
- Minimum Wages Act, 1948
- Payment of Bonus Act, 1965
- Equal Remuneration Act, 1976.

What are the challenges?

- The proposed Bill empowers the Centre to fix a statutory minimum wage. But this may differ from state to state or from one geographical area to another.
- This idea of a differentiated national minimum wage rate was taken forward by a government-appointed committee.
- The committee has suggested a national minimum wage level for **five different zones**.
 1. Four of these are grouped using varied socio-economic and labour market factors.
 2. The 5th group includes all North-eastern states except Assam.
- Despite the grouping, a regional-level minimum wage rate can lead to disparity among various regions with varying economic profiles.

Source: The Indian Express

