Minimum Wage Code Bill

Why in news?

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The Union Cabinet has approved the new wage code bill.

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What is the bill about?

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- It will ensure a minimum wage across all sectors by integrating four labour related laws.
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- It will consolidate the Minimum Wages Act, 1948; the Payment of Wages Act, 1936; the Payment of Bonus Act, 1965; and the Equal Remuneration Act, 1976.
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- It signals a formal start of the process of consolidating 44 labour laws into four codes.
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- At present, every state decides the minimum wage for different industries and labour classifications.
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- The bill seeks to **empower the Centre to set a minimum wage across all sectors** in the country and states will have to maintain that.
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- States will not be able to pay less than the national floor; however, states will be able to provide for higher minimum wage in their jurisdiction than fixed by the central government.
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- At present, the minimum wages fixed by the Centre and states are applicable only to workers getting up to Rs 18,000 pay monthly.
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- The new minimum wage norms would be applicable for all workers irrespective of their pay.
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- The proposed legislation is expected to benefit over 4 crore employees

across the country.
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What are the concerns with the code?

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- The point of labour law reform is to make regulation less intrusive and more effective. However, the wage code is doubtful of making this effect.
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- It seeks to expand the reach of minimum wage regulation to non-formal jobs. The **scope for intervention** in business by government inspectors has thus been vastly **increased**.
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- The code assumes a **single national floor for wages** for a country as diverse as India, with so many variations to costs of living.
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- This ignored local and sectoral conditions.
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- Such regulations have often resulted in the **decrease of the number of such jobs.**
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- The code looks less like labour law reform and more like another entitlement which could be counter-productive to the intended aims.
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Source: Business Standard

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