Syllabus subtopic: Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes; mechanisms, laws, institutions and bodies constituted for the protection and betterment of these vulnerable sections

News: The Centre will soon notify the rules that will create the mechanisms to fix a floor wage that would then undergird the minimum wages for different categories of workers — unskilled, semi-skilled, skilled and highly skilled — that the States and Central government would have to set and enforce. This is in accordance with the Code on Wages, 2019.

Prelims and Mains focus: Key features of the new code, need, significance, need for uniform wage across the country.

Key features of the new code:

The new code will amalgamate the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, and the Equal Remuneration Act, 1976.

1. **Coverage**: The Code will apply to all employees. The central government will make wage-related decisions for employments such as railways, mines, and oil fields, among others. State governments will make decisions for all other employments.

2. **Wages include** salary, allowance, or any other component expressed in monetary terms. This does not include bonus payable to employees or any travelling allowance, among others.

3. **Floor wage**: According to the Code, the central government will fix a floor wage, taking into account living standards of workers. Further, it may set different floor wages for different geographical areas. Before fixing the floor wage, the central government may obtain the advice of the Central Advisory Board and may consult with state governments.

4. The minimum wages decided by the central or state governments must be higher than the floor wage. In case the existing minimum wages fixed by the central or state governments are higher than the floor wage, they cannot reduce the minimum wages.

5. **Payment of wages**: Wages will be paid in (i) coins, (ii) currency notes, (iii) by cheque, (iv) by crediting to the bank account, or (v) through electronic mode. The wage period will be fixed by the employer as either: (i) daily, (ii) weekly, (iii) fortnightly, or (iv) monthly.

6. **Deductions**: Under the Code, an employee’s wages may be deducted on certain grounds including: (i) fines, (ii) absence from duty, (iii) accommodation given by the employer, or (iv) recovery of advances given to the employee, among others. These deductions should not exceed 50% of the employee’s total wage.

7. **Gender discrimination**: The Code prohibits gender discrimination in matters related to wages and recruitment of employees for the same work or work of similar nature.

8. **Advisory boards**: The central and state governments will constitute advisory boards. The Central Advisory Board will consist of: (i) employers, (ii) employees (in equal number as employers), (iii) independent persons, and (iv) five representatives of state
governments. State Advisory Boards will consist of employers, employees, and independent persons. Further, one-third of the total members on both the central and state Boards will be women. The Boards will advise the respective governments on various issues including: (i) fixation of minimum wages, and (ii) increasing employment opportunities for women.

**Significance:**

- This is expected to effectively reduce the number of minimum wage rates across the country to 300 from about 2,500 minimum wage rates at present.
- Codification of labour laws will remove the multiplicity of definitions and authorities, leading to ease of compliance without compromising wage security and social security to workers.
- It is expected to provide for an appellate authority between the claim authority and the judicial forum which will lead to speedy, cheaper and efficient redressal of grievances and settlement of claims as that of earlier.

**Need for a National minimum wage:**

- One argument for a national minimum wage is to ensure a uniform standard of living across the country. At present, there are differences in minimum wages across states and regions.
- Such differences are attributed to the fact that both the central and state governments set, revise and enforce minimum wages for the employments covered by them.
- The introduction of a national minimum wage may help reduce these differences and provide a basic standard of living for all employees across the country.