

## Government may go slow on national minimum wage plan

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- Opposition from working class, possible adverse impact on industries force government to hold implementation.
- Fixing minimum wage above Rs 300 will impact industries and increase their employee cost.

The Union labour ministry has decided to go slow in bringing in its much talked about mandatory national minimum wage, five months after it passed the labour code on wages. The move comes against the backdrop of growing opposition to the government's labour reforms.

After wage code act and draft wage code rules, it has also put an internal committee working on the minimum wage into hibernation, at least two government officials said requesting anonymity. "It is not a priority right now. There are challenges at hand both at the micro and macro levels for us," said one of the two officials mentioned above.

There are three challenges to the setting of a national minimum wage, said the other official. These include a growing opposition and protest from the working class to the marginal hike, feedback that hiking the minimum wage may impact industries in a difficult economic environment, and a recent amendment on law on parents' welfare that will have direct bearing on fixing a national minimum wage, said the official.

The working class is demanding a significant rise in mandatory minimum wage as part of the wage code, instead of a marginal hike of 10% over the existing voluntary floor wage of Rs 176 per day.

Only four states pay less than the existing voluntary national floor wage, that too only in a few sectors. Nagaland is the only state where the minimum wage range of Rs 115 to Rs 135 per day across sectors is less than the existing national minimum floor wage, according to government data.

The economic survey presented in Parliament on 4 July had mentioned that a well-designed minimum wage system "can be a potent tool for protecting workers and alleviating poverty, if set at an appropriate level that ensures compliance". The economic survey had indicated that a higher minimum wage will have little impact on job creation.

A labour ministry panel had said in its report in January that "the single value of the national minimum wage for India should be set at Rs 375 per day as of July 2018".

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The seven-member panel had suggested that an housing allowance of Rs 1,430 per month should be provided for city-based workers in addition to the minimum monthly wage of Rs 9,750. The government junked the report but is now apprehensive that any mandatory minimum wage that is not close to this figure will be criticised.

However, fixing a national minimum wage above Rs 300 will impact industries and increase their employee cost at a time that they are facing difficulties because of the economic slowdown, the second official said. The gross domestic product growth in the September quarter was 4.5%, the lowest in 25 quarters.

The Maintenance and Welfare of Parents and Senior Citizens Bill, 2019, recently tabled in Parliament, has also highlighted the need for a nuanced minimum wage, said the first official.

At present, the minimum wage is calculated by taking into account four people—husband, wife, and two children. Now parents will also be expected to be taken into account while deciding the minimum wage. "This aspect needs some discussion before it is made part of the minimum wage calculation," the second official said.

"During discussion related to wage code, we have told them that the government must calculate the minimum wage based on six units—worker, spouse, two kids and parents. However, the government is not even coming up with its own pronounced mandatory minimum wage even five months after passing the wage code," said A.K. Padmanabhan, vice-president of the Centre of Indian Trade Unions, a central workers' union.