

New Wage Code

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The Code on Wages, 2019, has been notified on 08 August 2019, and the provisions of the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976, have been rationalised and subsumed therein. The Code provides for universal minimum wage across employments in organized and unorganized sector. The Code mandates the Central Government to fix floor wage and that the minimum rates of wages fixed by the appropriate Governments shall not be less than the floor wage. The Code prohibits gender discrimination in matters related to wages and recruitment of employees for the same work or work of similar nature done by an employee. Every employee, drawing wages not exceeding a monthly amount as notified by the Central or State Government, and having put in at least 30 days of work in an accounting year, will be entitled to an annual bonus at the rate of 8.33% of wages earned or Rs. 100, whichever is higher.

“Labour” as a subject is in the Concurrent List of the Constitution of India and under the Codes, the power to make rules is vested with the Central Government as well as the State Governments as appropriate Government. As a step towards implementation of the four Labour Codes, the Central Government has pre-published the draft Rules, inviting comments of all stakeholders. As per available information, 31, 26, 25 and 25 States/Union Territories have pre-published the draft Rules under the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety Health and working Conditions Code, 2020 respectively.

The Labour Codes were drafted after wide consultations including nine tripartite meetings involving employers’ and workers’ representatives, regional Labour Conferences, inter-Ministerial consultations and based on reports of the Parliamentary Standing Committee on Labour. The endeavor has been to align the Labour Codes with the present economic scenario and technological advancements along with reduction in multiplicity of definitions & authorities. The Codes tend to ease compliance mechanism aiming to promote ease of doing business/setting up of enterprises, attract investment and catalyze creation of employment opportunities while ensuring safety, health and social security of every worker. Use of technology has been introduced in order to ensure transparency & accountability in enforcement. Decriminalization of minor offences has also been provided in the Labour Codes.

This information was given by the Minister of State for Labour & Employment, Shri Rameswar Teli in a written reply in Lok Sabha today.
