

Labour ministry looking to replace 'minimum wage' by 'living wage'- Report

Updated at December 29, 2022 09:59 IST

In a bid to pull people out of poverty, the labour ministry is considering a shift from the minimum wage to a living wage, a report in the Economic Times (ET) said. The move may play a significant role in helping India meet its Sustainable Development Goal to eliminate extreme poverty by 2030.

"Initial discussions have begun within the labour ministry. India could seek help from the International Labour Organisation (ILO) to arrive at living wages if the idea gets a political backing," a senior government official told ET on the condition of anonymity.

The ministry has asked officials to weigh the pros and cons of such a step. They have also been asked to look at its economic, social and financial implications.

A minimum wage is the amount required for subsistence and is set by law. The living wage, on the other hand, is necessary for workers to meet their basic living requirements. The difference between the two may range from 10 to 25 per cent.

The members of the ILO have also reportedly requested the United Nations to help them with a better understanding of living wages by undertaking peer-reviewed research. India is a founding member of ILO.

In India, the minimum wage has been fixed at Rs 178 per day.