

Draft Rules for Code on Wages Act

July 10, 2020

The Labour and Employment Ministry has notified the draft Code on Wages (Central) Rules under the Code on Wages, 2019, which would fix a national floor minimum wage based on minimum living standard including food, clothing, housing and any other factors prescribed by the government.

Draft Rules

- Housing rent expenditure to constitute 10% of the food and clothing expenditure; fuel, electricity and other miscellaneous items of expenditure to constitute 20% minimum wage and expenditure for children education, medical requirement, recreation and expenditure on contingencies to constitute 25% of minimum wage.
- The minimum wages will be fixed after taking into account the **type of area** (metropolitan, non-metropolitan and rural areas) and the **skill category** of the employee (unskilled, semi-skilled, skilled and highly skilled employees). An endeavour will be made to revise the dearness allowance twice a year, before April 1 and October 1.
- The draft rules state that the Centre shall constitute a technical committee which would advise on the skill categories, while an advisory board may recommend the minimum wage.
- The Draft Rules also allow the central government to decide the **floor wage** (below which minimum wage cannot be fixed) on the basis of **minimum living standards taking into account food, clothing, and housing, for a family of three consumption units**. The floor wage will be revised every five years and periodic adjustments may be made to accommodate variations in cost of living.

- The normal working day shall comprise **eight hours of work and one or more intervals of rest which in total shall not exceed one hour**. A day of rest shall be allowed to all the employees and shall be fixed according to the employer. The day of rest shall be paid.
- The wage code **universalises the provisions of minimum wages and timely payment of wages to all employees**, irrespective of the sector and wage ceiling. At present, the provisions of both the Minimum Wages Act and Payment of Wages Act apply on workers below a particular wage ceiling working in scheduled employments only. The wage code will ensure the right to sustenance for every worker and intends to increase the legislative protection of minimum wage from existing about 40% to 100% workforce.