

**LABOUR CODE ON WAGES BILL, 2019**

- The Parliament has passed The Code on Wages Bill, 2019. The Code replaces the following four laws:
  - Payment of Wages Act, 1936,
  - Minimum Wages Act, 1948,
  - Payment of Bonus Act, 1965, and
  - Equal Remuneration Act, 1976.

**Salient Provisions:**

- **Definition of 'a worker':** The Act defines 'a Worker' as a person who is employed in any industry and does any kind of work (including manual, unskilled, skilled, or technical work).
- **Definition of 'an employee':** The Act defines 'an Employee' as a person who is employed on wages and does work including skilled, semi-skilled, unskilled, technical, managerial and administrative work.
- **Coverage:** The Code will apply to all employees (formal, informal, contractual workers, domestic help etc.)
- **Floor wage:** The Code mandates the central government to fix a floor wage based on the living standards of workers. The central government may set different floor wages for different geographical areas.
  - The minimum wages decided by the central or state governments must be higher than the floor wage. However, the central or state governments cannot reduce the minimum wages even if they are higher than the floor wage.
- **Fixing the minimum wage:** The Code prohibits employers from paying wages less than the minimum wages.
  - Minimum wages will be notified by the central or state governments based on the skills of the employee and place of employment. The minimum wages will be revised within every five years by the central or state governments.
- **Overtime:** The Code mandates the central or state government to fix the number of hours that for a normal working day. The employer is also entitled to pay overtime wages. It must be at least two times the wages of a normal working day.
- **Deductions:** The Code provides grounds on which an employee's wages may be deducted. It includes: absence from duty, accommodation given by the employee etc. However, it has that the deduction should not be more than 50% of the employee's total wage.
- **Bonus:** All employees whose wages do not exceed a specific monthly amount (as notified by the central or state government) will get an annual bonus. However, it has to be less than 20% of his annual wages.
- **Prohibits Gender discrimination:** The Code prohibits discrimination of employees on the basis of gender with respect to wages and recruitment for the same work/work of similar nature (work which has similar skill, effort, responsibility, experience).