

INDUSTRY

Minimum wage to vary across states

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Under Code on Wages Bill, the difference is based on geographies, say officials

The Code on Wages Bill proposed by the Union government earlier this month will not fix a single national level minimum wage for the whole country, but will vary across states and geographies.

“It provides for national minimum wage for different geographical areas so as to ensure that no State Government fixes the minimum wage below the national minimum wage, notified for that area by the Central Government,” the text of the Code on Wages Bill 2017, introduced in Lok Sabha by Labour and Employment Minister Bandaru Dattareya on August 10, said.

Labour Ministry officials said the wage levels would vary state-wise and in some cases, may differ based on geographies – coastal, hilly or plains. “India is a vast country with cost of living varying across states. We cannot have a single national level minimum wage. The Centre will fix different wages through a notification after consulting the Central Advisory Board,” said a senior Labour Ministry official. If the minimum wages fixed by the states are already higher than the ‘national minimum wage’, the states will not be allowed to lower their wage levels, according to the provisions of the Bill. The Code on Wages Bill combines four labour laws – Payment of Wages Act, 1936, Minimum Wages Act, 1948, Payment of Bonus Act, 1965 and Equal Remuneration Act, 1976.

The Bill states that the state governments will fix their minimum wages keeping in mind “the skill required, arduousness of the work assigned to the worker, the cost of living of the worker, geographical location of the place of work,” among other factors. At present, various states are free to fix their own level of minimum wages as per the local conditions, cost of living and other factors.

Further, the Bill proposes that the minimum wages so fixed by the Central government be applicable to all employments covering both organised and unorganised sector. The present law, Minimum Wages Act of 1948, applies to employees working in 45 scheduled employments.

At present, the Centre has fixed a National Floor Level Minimum Wage – a non-statutory measure to ensure that states fix their minimum wages beyond this floor level. “This is one of the reasons why the changes to the minimum wage law assumes significance as through this Bill, the minimum wages set by the Centre will become statutory,” another senior Labour Ministry official said.

With effect from July 1 this year, the Labour Ministry announced a hike in the National Floor Level Minimum Wage from ₹160 per day to ₹176 a day and sent advisories to states for compliance. However, till April 1 this year, at least 11 States, including Andhra Pradesh, Gujarat, Arunachal Pradesh, Himachal Pradesh, Manipur, Nagaland, Tripura and Tamil Nadu, had fixed their minimum wage level below the National Floor Level Minimum Wage of ₹160 recommended by the Central government as on that date.

