THE CODE ON WAGES, 2019

KEY FEATURES

- **Consolidation of laws:** The Code subsumes the Payment of Wages Act, 1936; the Minimum Wages Act, 1948; the Payment of Bonus Act, 1965; and the Equal Remuneration Act, 1976.
- **Universal minimum wage:** Earlier, the Minimum Wages Act, 1948 applied only to *scheduled employments*. However, the Code on Wages 2019 extends the minimum wage applicability across all employments.
- **Floor wage:** The Code on Wages 2019 empowers the Central Government to fix a national *floor wage,* based on minimum living standards. No State/UT can set any minimum wage below this floor, thus reducing regional wage disparity.
- **Inclusive wage definition:** The Code defines "wages" broadly (including basic pay, dearness allowance and retaining allowance, if any), and even provides that certain allowances will count as wages if they exceed 50% of total pay.
- **Gender equality:** Section 3 of the Code explicitly **prohibits gender-based discrimination** in wages and recruitment for equal/similar work, subsuming the Equal Remuneration Act, 1976.
- **Timely payment:** All workers must be paid wages timely, according to a fixed wage-period (hourly/daily/weekly/fortnightly/monthly) set by the employer (not exceeding one month). The Code requires payment of wages on a prescribed day after each wage-period, covering all workers **irrespective of any wage ceiling**.
- **Mode of payment:** Wages must be paid in money (coin/ notes), cheque or via bank transfer. It also provides for payments through electronic mode.
- **Penalties and decriminalization:** The Code introduces **graded penalties** –first-time offences are often punishable by fines or compounding, instead of imprisonment. Imprisonment prescribed only for repeated defaults.
- **Easy Redressal**: Appellate authority to be a government officer instead of filling appeal in District Court so as to reduce delays in resolution of disputes.
- **Inspector-cum-facilitator:** The Inspector-cum-Facilitator under the Code on Wages, 2019 is entrusted with the responsibility of ensuring compliance with the provisions relating to wages. The role combines **inspection with facilitation**, by guiding employers and workers regarding their rights and obligations under the Code. The Inspector-cum-Facilitator may inspect establishments, examine records and documents, and inquire into compliance.

Benefits of the Code on Wages, 2019

1. For Employees:

a. **Universalization:** Minimum wages applicability extended to all workers across employments. Introduction of Floor wage will ensure higher/ decent wages and reduction in regional wage disparity.
b. **Timely payment:** Ensure **timely payment** of wages **to all employees** as against those coming under wage ceiling of Rs.24,000 at present.
c. **Gender equality:** Women benefit from guaranteed equal pay for equal work under this Code, which was not explicitly enforced under older wage laws.
d. **Simpler grievance process and shift of burden of proof:** With one unified law and a specified appellate authority (and reversal of burden of proof on employers), workers have better remedies.

2. For Employers:

a. **Simplified compliance:** Four old Acts are replaced by one Code, thus eliminating overlapping statutes. Records, registers and inspections are electronic, thereby reducing paperwork.
b. **Ease of enforcement:** Minor lapses attract fines or compoundable penalties; not immediate prosecution. The Code requires a notice/ opportunity to rectify most violations before prosecution. This graded penalty approach and decriminalization of offences reduces litigation risk for employers.
c. **Facilitating business:** By bringing labour laws in line with modern practice (digital payments, uniform wages etc.), the Code aims to improve the ease of doing business and attract investment.
d. **Clarity and predictability:** Features like national floor wage and extended intervals for revising wages provide stability. Employers can plan budgets knowing wage floors are fixed and uniform across states.

3. For Government/Administration:

a. **Streamlined enforcement:** A unified Code with technology-backed inspection, ease of maintenance of Records, easy filing of annual returns improves monitoring of compliance. Decriminalizing minor offences frees up the courts and focuses enforcement on serious violations.
b. **Inclusive protection:** By extending minimum wages, timely payment, the Government aims to strengthen worker welfare and achieve larger goals like reduction in regional wage disparities, etc.
c. **Efficient rule-making:** Labour being a concurrent subject; Centre and States both benefit from consolidation and amalgamation of above mentioned 4 labour laws.
d. **Policy modernization:** The Code aligns labour laws with evolving India's economic and technological context, thus promoting transparency and accountability.

S. No.	Section No.	Subject of the Section	Benefits
1.	2(y)	Definition of "Wages"	Provides a uniform definition of "wages" comprising basic pay, dearness allowance and retaining allowance, while prescribing specified exclusions. The provision incorporates a 50 per cent threshold to ensure that the excluded components beyond the prescribed limit are reckoned as wages. This promotes uniformity and transparency in the determination of wages, facilitates consistent application of wage-linked statutory provisions and simplifies compliance and enforcement under the Code.
2.	3	Prohibition of discrimination on ground of gender	This will ensure prohibition of discrimination in matters related to wages and recruitment on ground of gender, leading to more female participation in labour force.
3.	5	Payment of minimum rate of wages	Payment of minimum wage has been made universal instead of scheduled employments as per the existing Act. Thus, all employees irrespective of occupation will be benefited.
4.	9	Floor Wage	No State/UT can fix minimum wage below the floor wage fixed by Central Government. Thus, the amount of floor wage is ensured to the employees.
5.	17	Time limit for payment of wages	Timely payment of wages for daily, weekly, fortnightly or monthly basis has been envisaged. It will ensure timely payment of wages to all employees.
6	29	Disqualification for bonus	Employee convicted for sexual harassment may be disqualified for payment of bonus.
7	39(2)	Dispute regarding Higher Rate of Bonus	If the dispute is only about paying a higher bonus, the employer must still pay at least 8.33% of the wages within the original 8-month period.
8	43	Responsibility for payment of various dues	Secondary liability: If the direct employer fails to make payment, then the company, firm, or any other person who is Proprietor becomes responsible to ensure such payments are made

9.	52	Cognizance of offences	The Code authorizes a registered Trade Union make a complaint in respect of offenses punishable under the Code for the purpose of cognizance of offenses by a Court. Earlier, only employee/ his representative/ Inspector could file complaint.
10.	54	Penalties for Offences	Prescribes graded fines depending on the seriousness of the contravention. The lowest fine of up to Rs.10,000/- is for non-maintenance or improper maintenance of record. The fine for more serious contraventions like less payment or contravention of other provisions or committing the offence for the 2nd time ranges from Rs.20,000/- to Rs.1,00,000/-. The commission of offence for the 2nd time also attracts jail term ranging from one to three months.

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