



Minimum Wage in India, and role of WageIndicator Foundation

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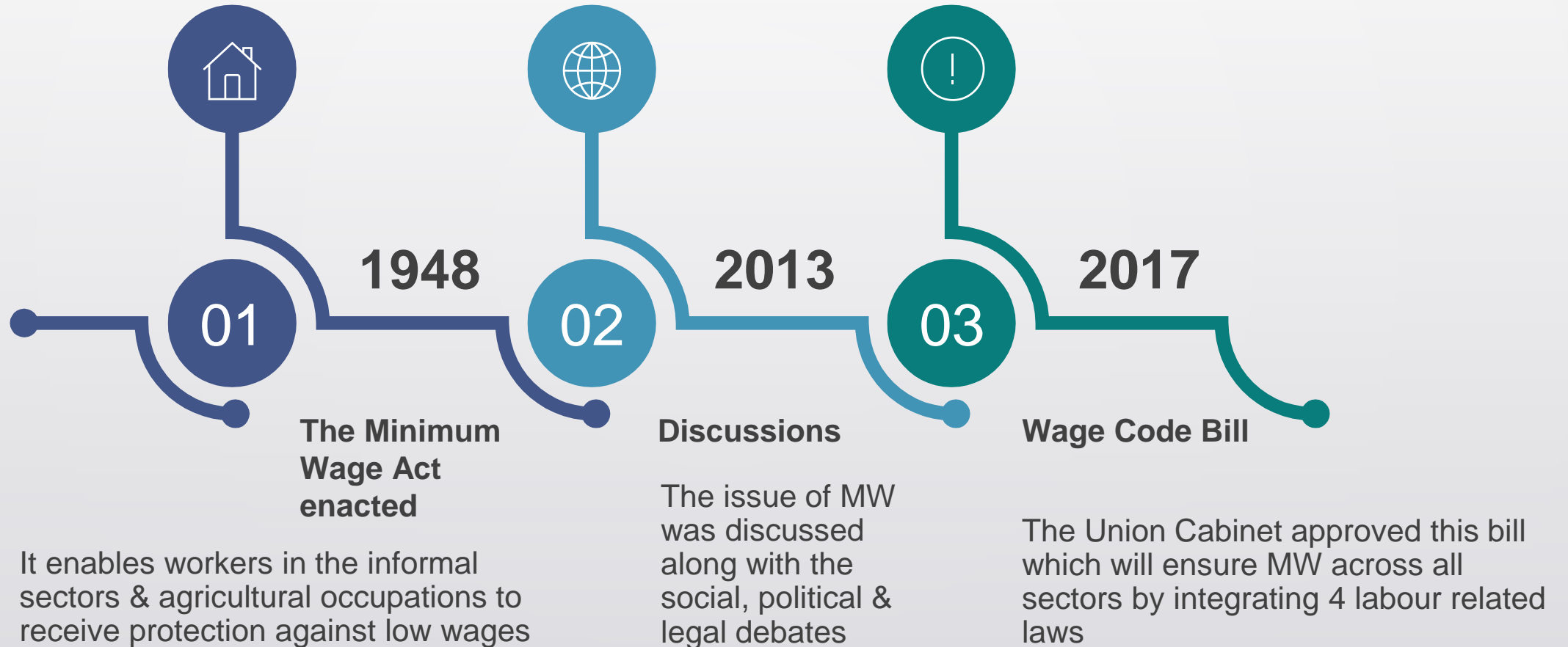




Introduction

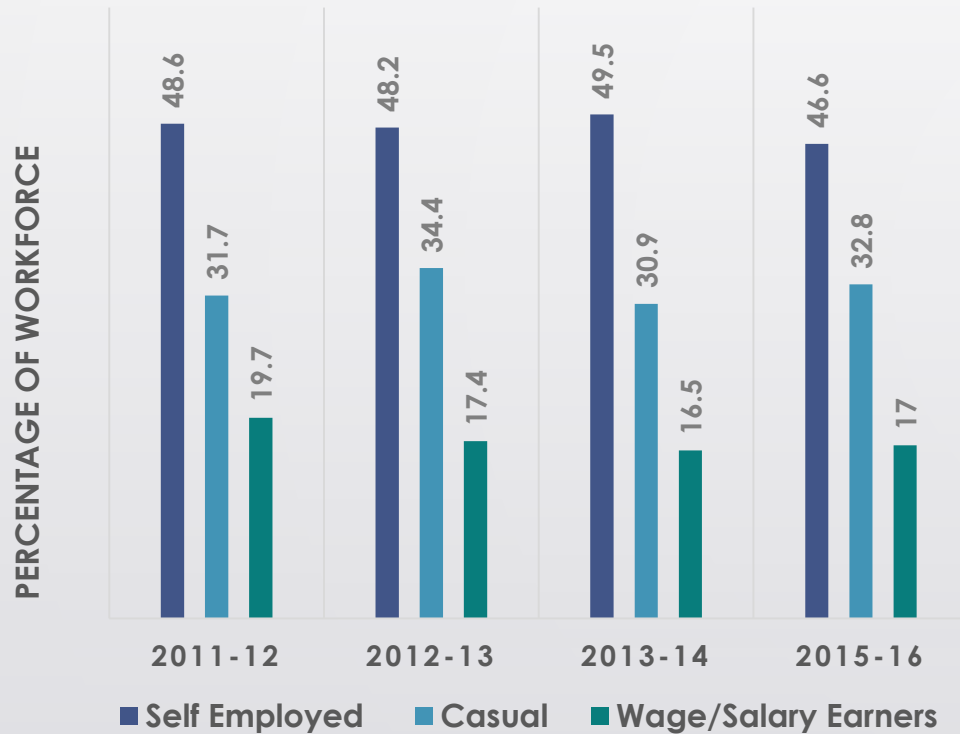
- **Minimum Wages (MW) crucial for developing developing countries**
 - Protection for low-wage workers
 - Ensure payment of fair wages
 - Provide a basic floor wage
 - Instrument of macroeconomic policy

Minimum Wage Act, 1948 India

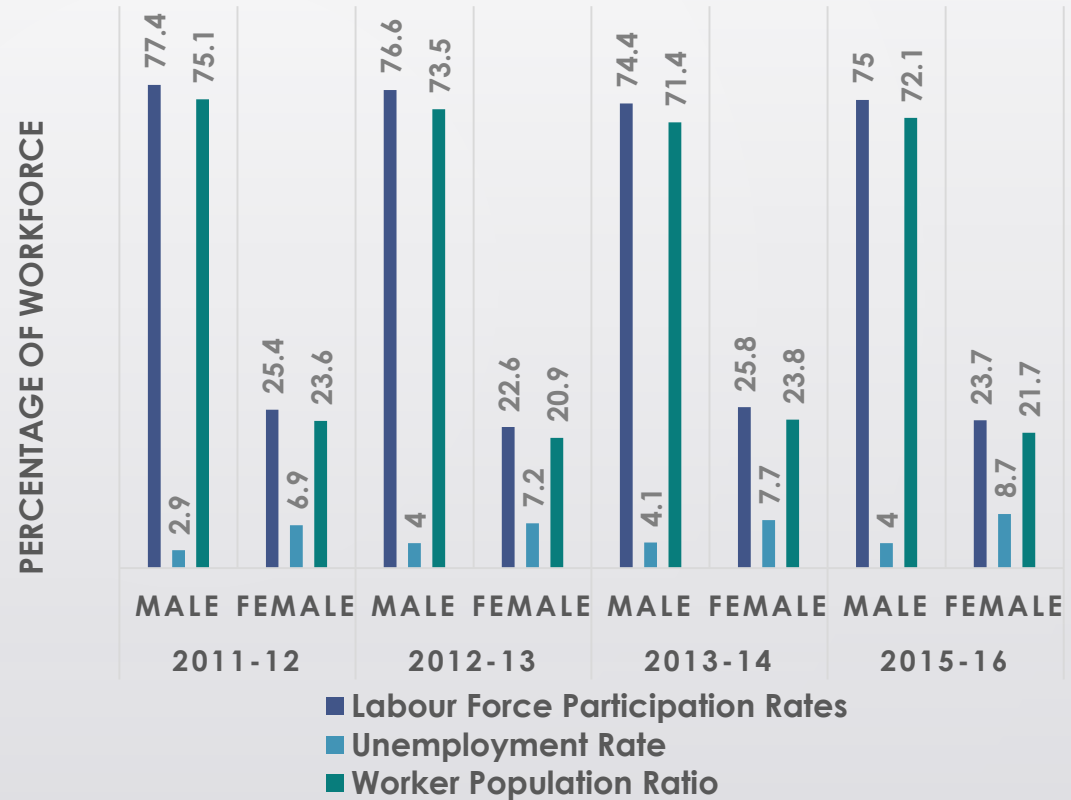


An Overview of the Indian Labour Market

Employment Activity by status, all India (2011-12 to 2015-16)



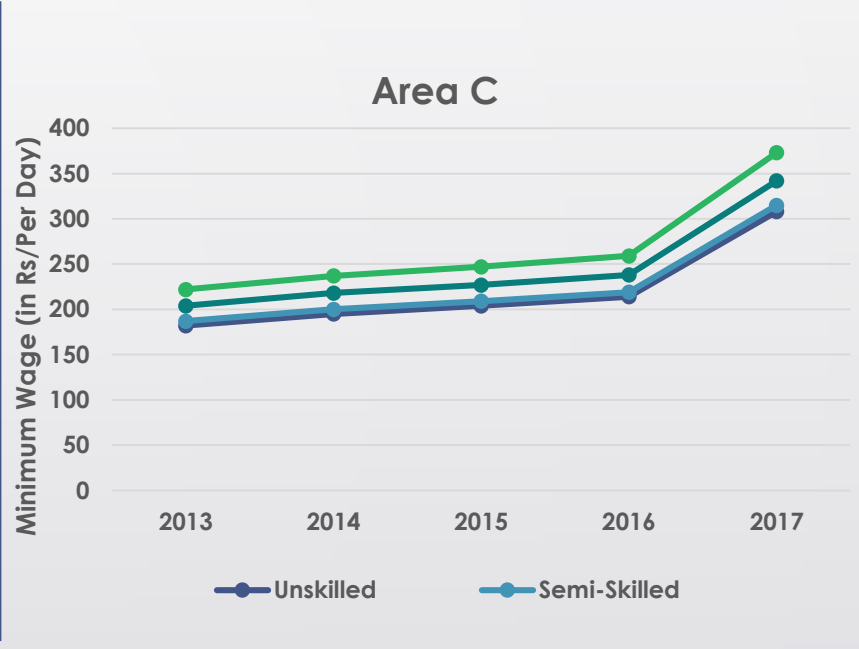
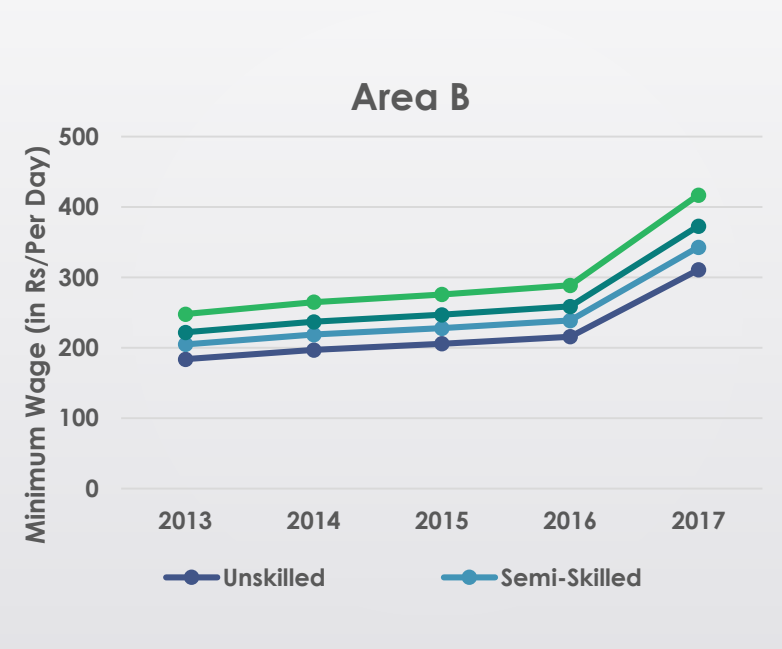
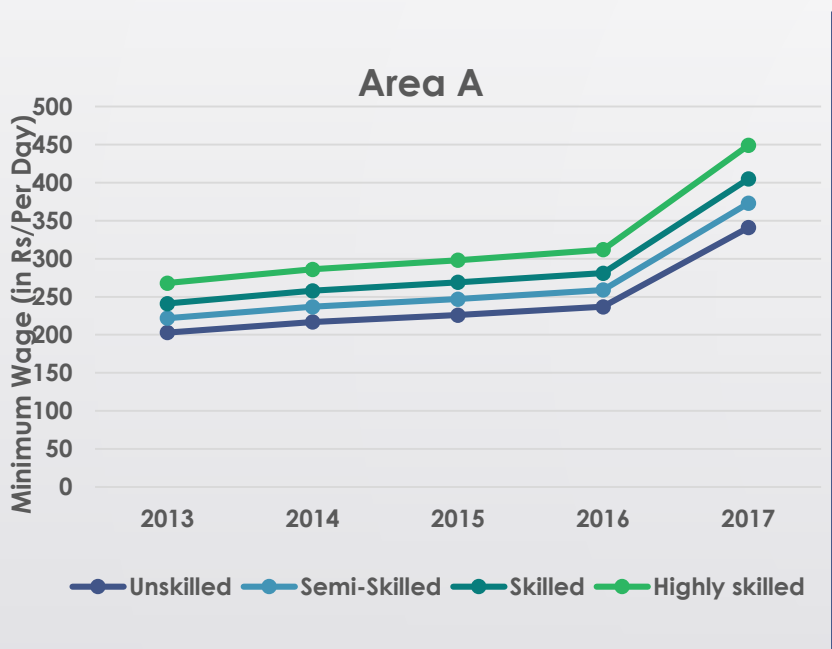
Labour Force Participation Rate, Unemployment Rate & Worker Population ratio (2011-12 to 2015-16)



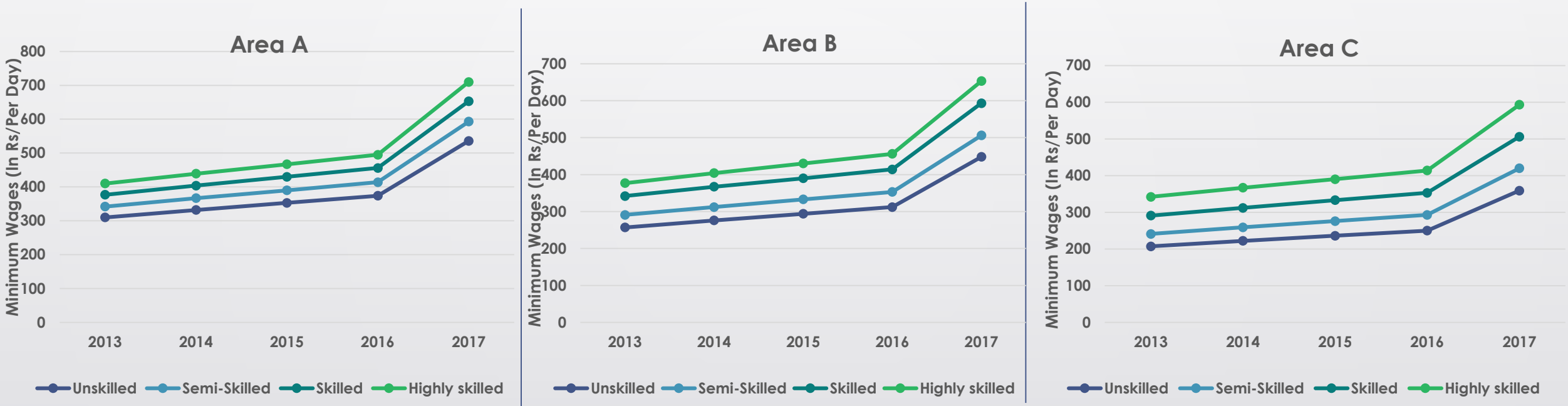
- Labour Employment
- Formal Sector ~34 million
- Informal work within formal sector
- Informal Sector ~484 million

Source: NSSO various rounds, Labour Bureau & CMIE Economic Outlook

Minimum Wage for Schedule Employment in Agriculture (as on July 30, 2017) (in Rs.)



Minimum Wage for Schedule Employment in Construction & Maintenance (as on July 30, 2017) (in Rs.)



Current Minimum Wages (Central Sphere)

Scheduled Employment	Category of Workers	Area A		Area B		Area C	
		Old	Revised	Old	Revised	Old	Revised
Agriculture	Unskilled	237	333	216	303	214	300
	Semi-skilled/Unskilled Supervisory	259	364	239	335	219	307
	Skilled/Clerical	281	395	259	364	238	334
	Highly-skilled	312	438	289	407	259	364
Sweeping and Cleaning	Unskilled	374	523	312	437	250	350
Watch and Ward	Without Arms (Upgraded to skilled with training)	414	637	353	579	293	494
	With Arms	456	693	414	637	353	579
Loading & Unloading	Unskilled	374	523	312	437	250	350
	Unskilled	374	523	312	437	250	350

Current Minimum Wages (Central Sphere)

Scheduled Employment	Category of Workers	Area A		Area B		Area C		
		Old	Revised	Old	Revised	Old	Revised	
Construction	Semi-skilled/Unskilled Supervisory	414	579	353	494	293	410	
	Skilled/Clerical	456	637	414	579	353	494	
	Highly-skilled	495	693	456	637	414	579	
Non – Coal Mines		Above Ground			Below Ground			
		Existing		Proposed		Existing		Proposed
	Unskilled	250		350		312		437
	Semi-skilled/Unskilled Supervisory	312		437		374		523
	Skilled/Clerical	374		523		436		610
	Highly-skilled	436		610		495		683

Revision of Basic Minimum Wage Rates in Indian States

Last MW revised more than 5 years ago

States	Minimum Wages	
	Effective from	Effective till
Arunachal Pradesh	Feb 2009	Till date
Manipur	Feb 2011	Till date

Last MW revised 2 to 5 years ago

States	Minimum Wages	
	Effective from	Effective till
Jammu & Kashmir	Jan 2013	Till date
Jharkhand	Oct 2014	March 2015
Sikkim	Nov 2014	Till date
Odisha	May 2015	Till date

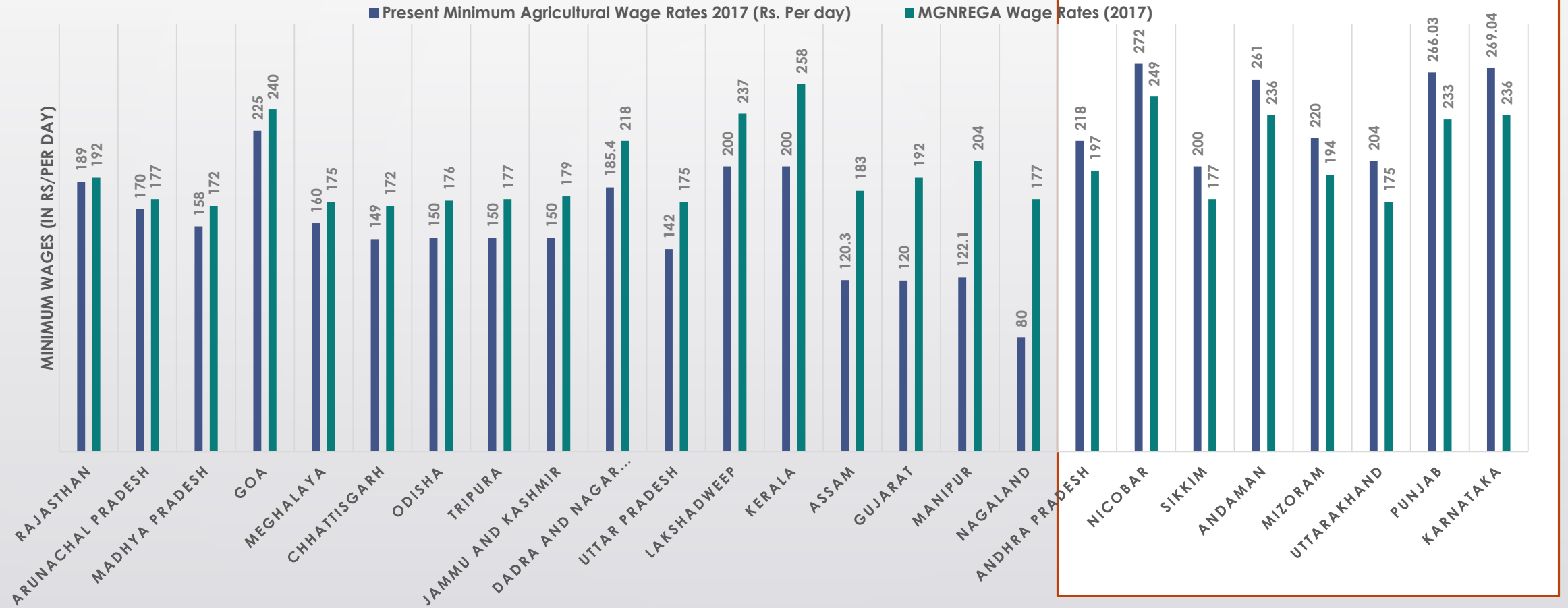
MW revised last year

States	Minimum Wages	
	Effective from	Effective till
Lakshadweep	Jan 2016	Till date
Assam	Jan 2016	Till date
Mizoram	April 2016	Till date
Goa	May 2016	Till date
Himachal Pradesh	July 2016	Dec 2016
Chandigarh	Oct 2016	March-2017
Dadra & Nagar Haveli	Oct 2016	March-2017
Daman & Diu	Oct 2016	March-2017
Meghalaya	Oct 2016	Till date
Nagaland	Oct 2016	Till date
Kerala	Dec 2016	Till date

MW revised this year

States	Minimum Wages	
	Effective from	Effective till
Haryana	Jan 2017	June 2017
West Bengal	Jan 2017	June 2017
Rajasthan	Jan 2017	June 2017
Maharashtra	Jan 2017	June 2017
Punjab	Feb 2017	July 2017
Delhi	March 2017	Aug 2017
Uttarakhand	April 2017	Sept 2017
Uttar Pradesh	April 2017	Sept 2017
Madhya Pradesh	April 2017	Sept 2017
Karnataka	April 2017	March 2018
Gujarat	April 2017	Sept 2017
Bihar	April 2017	Sept 2017
Chhattisgarh	April 2017	Sept 2017
Andhra Pradesh	April 2017	Sept 2017

State wise comparison of MW rates (w.e.f. April 2016) & MGNREGA Wage Rates (as on Feb. 2017)



Source : Paycheck.in (2017)



Impact of MNREGA

Budget allocation

- *'Highest allocation ever'* in Union Budget 2017
- INR 48,000 crore (€ 6.2 billion)

Job Creation

- Availability of jobs in rural areas
- Control over rural-urban migration

Wages

- Workers have started demanding and obtaining higher wages
- Improved agricultural wages
- Average wage earned per beneficiary has increased from INR 65 in 2006 to INR 150 per person/day in 2017

Coverage

- Ensured increased coverage of MW
- 13 crore (130 million) households have job cards which covers close to 28 crore (280 million) workers

States

- Successful in empowering women in the age group of 30-50 (Assam, Maharashtra)
- 75% of work done under MNREGA is agricultural work and has proved very useful to small & marginal farmers



Challenges in Implementation of MW in India

Norms for fixing MW

Coverage

Multiple MWs

Implementation

Enforcement

Lack of coordination between trade unions &
unorganized sector

Wage Code Bill, 2017 and its impact

Aims

- To ensure a universal MW for all industries & workers.
- To improve the living standard of workers

Coverage

- All industries & workers, including those getting higher than INR 18,000 (irrespective of workers' pay)
- 40 crore (140 million) workers will be covered

Implementation

- 44 different labour laws will be condensed into 4 sections
 - wages
 - industrial relations
 - social security & safety
 - health & working conditions

Amalgamation

- Bill seeks to amalgamate 4 laws
 - Payment of Wages Act 1936
 - Minimum Wages Act 1948
 - Payment of Bonus Act 1965
 - Equal Remuneration Act 1976

(+) Impact

- Will generate employment & attract entrepreneurs
- Simplify understanding of MW in India

(-) Impact

- Steep hikes in wage rate might have a negative impact on hiring in tier II & tier III cities
- Hiring at entry level might be hindered due to an increase in compensation cost to the companies

Potential contribution by WageIndicator Foundation



Workers	<ul style="list-style-type: none">• Create a support mechanism for workers to protect their right
Employers	<ul style="list-style-type: none">• Organize employer training programs
Government	<ul style="list-style-type: none">• Support Government's agenda digitalization• Assist in designing macroeconomic policies
Trade Unions	<ul style="list-style-type: none">• Work with trade unions
NGOs	<ul style="list-style-type: none">• Create awareness along with local and global NGO's
Education & Research	<ul style="list-style-type: none">• Research initiatives to help all other stake holders

WI contributes towards labour market & wage transparency, which is a precondition for a healthy economy

Paycheck.in has been able to evolve as a single point source for MW information for a country like India which has more than 1200 MWs

Wherever union involvement is important & its independent functioning is essential, WI can provide support to unions by making necessary information available

WI's analyses of compliance with MWs in practice can and should put pressure on employers, governments and unions

Select Research Contribution by Paycheck.in

2013

2012

WageIndicator Data Report Report Series 003 Date: September 2013

Gender Pay Gap in the Formal Sector: 2006 - 2013

Preliminary Evidences from Paycheck India Data

Biju Varkkey – Faculty, Personnel and Industrial Relations Area, Indian Institute of Management, Ahmedabad
Rupa Korde – Faculty, Economics Area, Foundation for Liberal And Management Education, Pune

WageIndicator.org

WageIndicator Minimum Wage Report Series 01 June 2012

Minimum Wage Comparison: Asian Countries

Official Representation of Minimum Wages

Biju Varkkey – Faculty, Personnel and Industrial Relations Area, Indian Institute of Management Ahmedabad
Rupa Korde – Faculty, Economics Area, Foundation for Liberal and Management Education, Pune

WageIndicator.org

WageIndicator Data Report Report Series 004 Date: December 2013

Exploring Job Satisfaction in India using Paycheck India Survey Data

Biju Varkkey – Faculty, Personnel and Industrial Relations Area, Indian Institute of Management, Ahmedabad
Rupa Korde – Faculty, Economics Area, Foundation for Liberal And Management Education, Pune

WageIndicator.org

WageIndicator Data Report Report Series 002 Date: September 2012

Gender Pay Gap in the Formal Sector

Preliminary Evidence from Paycheck India Data

Biju Varkkey – Faculty, Personnel and Industrial Relations Area, Indian Institute of Management, Ahmedabad
Rupa Korde – Faculty, Economics Area, Foundation for Liberal And Management Education, Pune
Laeja Anand – Research Associate, Indian Institute of Management, Ahmedabad

WageIndicator.org

2011

Minimum Wage Report

Mexico

www.misalarario.org

Minimum wage Report

MOZAMBIQUE

www.meusalario.org/mocambique

Minimum Wage Report

PAKISTAN

www.paycheck.pk

Minimum Wage Report

SOUTH AFRICA

www.mywage.co.za

Minimum Wage Report

VIETNAM

<http://www.luong.com.vn/>

Select Research Contribution by Paycheck.in

2015

WageIndicator Data report Date: January 2016

Bonus Payments in the Indian Formal Sector: 2008-2014 Trends from Paycheck India data.

Biju Varkkey – Faculty, Personnel and Industrial Relations Area, Indian Institute of Management, Ahmedabad
Rupa Korde – Faculty, Economics Area, Foundation for Liberal And Management Education, Pune
Swati Pathak- Research Associate, Indian Institute of Management, Ahmedabad



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WageIndicator & Monster India WageIndex Analytical Report

2017

RDW
Regulating for Decent Work

INDIAN LABOUR MARKET AND POSITION OF WOMEN: GENDER PAY GAP IN THE INDIAN FORMAL SECTOR

BIJU VARKEY, RUPA KORDE AND DEVANSH PARIKH
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Authors 2 & 3: Economics & Strategy, FLAME University, Pune, India
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Paper prepared for presentation at the
"5th Conference of the Regulating for Decent Work Network"
At the International Labour Office Geneva, Switzerland
3-5 July 2017

WageIndicator.org

WageIndicator & Monster India WageIndex Analytical Report

2016

Minimum Wage Report Series 002 | February 2016

WageIndicator.org

Minimum Wage Comparison: Asian Countries
Minimum Wage Fixing

Biju Varkkey – Faculty, Human Resources Management Area, Indian Institute of Management Ahmedabad, India
Rupa Korde – Faculty, Economics Area, FLAME University, Pune, India
Sanjana Singh – Research Assistant, Indian Institute of Management Ahmedabad, India

Prepared by Indian Institute of Management Ahmedabad and Paycheck India (www.paycheck.in)

WageIndicator.org

WageIndicator & Monster India WageIndex Analytical Report

WageIndex Report
Wages and working conditions in the Indian formal sector

Prepared by Central European Labour Studies Institute, Management and WageIndicator Foundation, Amsterdam

2011

www.misalarario.org

www.wageindicator.org

WageIndicator.org

www.mywage.co.za

Minimum Wage Report
VIETNAM

<http://www.luong.com.vn/>



Results and Conclusion

- A complex system of MW implementation has made its MW administration difficult. However, the New Labour Code on Wages Bill (passed by the parliament in August, 2017) seeks to empower the Government to fix a universal minimum wage for workers across the country. The new law is expected to benefit over 4 crore employees across the country
- The Minimum Wages Act is poorly implemented, particularly in rural areas, and a large proportion of agricultural workers continue to get less than the prescribed minimum wages.
- The indexation of MGNREGA wages in order to meet the inflationary pressures has shown positive results. In most states, the inflation adjusted MGNREGA wages are above the lowest official MW, but are below the MW with only few exceptions- Andhra Pradesh, Andaman & Nicobar, Sikkim, Punjab, Mizoram, Uttarakhand and Karnataka.
- The law insists that MW rates have to be reviewed and revised every 5 years or earlier if required, but the revisions do not follow a regular pattern in some states (Arunachal Pradesh and Manipur)
- WageIndicator has contributed significantly for creating awareness about MW in India through its various research studies on Wages and working conditions in the Indian -ICT sector, Finance Sector, manufacturing sector, garment industry, women's work and employment conditions, Status of Minimum wage in Asian countries, official representation of MW in Asian countries.
- Paycheck India, part of the worldwide WageIndicator foundation, provides the single dissemination point of MW in India and is widely consulted by different stakeholders.
- A situation in which all workers in India are eligible for the right MW and are assured its receipt has to be attained, if India is to become an economic powerhouse and ensure sustainable development