

Code on Wages 2019, Meaning, Objectives, Provisions, Significance

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The **Code on Wages, 2019** is an important labour law introduced to create a **uniform and transparent system for wages in India**. It brings together various wage-related laws under one framework and aims to ensure that workers receive **fair, timely and adequate wages**. The Code also focuses on **reducing wage discrimination, protecting workers from exploitation and simplifying compliance for employers**. Overall, it seeks to balance **workers' welfare with ease of doing business** and promote a fairer and more organised labour market.

Code on Wages 2019 Meaning and Objective

- The **Code on Wages, 2019** is a major labour reform aimed at creating a **simple, uniform and transparent wage system** in India. It seeks to ensure **fair and timely wages** while making compliance easier for employers.
- The Code was introduced on the recommendation of the **Second National Commission on Labour**, which suggested grouping the existing labour laws into a few broad Labour Codes. The Code on Wages is one of the **four Labour Codes** introduced for this purpose.

- Its main objective is to promote **fair wages, social justice and dignity of labour** while balancing the interests of workers and employers. It aims to protect workers from exploitation without creating unnecessary compliance burdens for businesses.
- The Code combines four earlier laws: the **Payment of Wages Act, 1936, Minimum Wages Act, 1948, Payment of Bonus Act, 1965 and Equal Remuneration Act, 1976**.
- It expands the scope of **minimum wage protection**, promotes **equal pay and non-discrimination**, and provides a more consistent framework for wage-related matters.
- The Code also promotes **transparent and technology-based labour administration** through the **Inspector-cum-Facilitator** system, which combines enforcement with guidance and awareness.

Code on Wages 2019 Key Provisions

- The Code introduces a **uniform definition of wages**, broadly covering **basic pay, dearness allowance and retaining allowance**. If excluded allowances exceed **50% of total remuneration**, the excess amount is added to wages as prescribed.
- It provides for **minimum wages for employees across sectors**, moving beyond the earlier system of limiting minimum wages mainly to scheduled employment.
- The Code introduces a **floor wage** fixed by the Central Government. Minimum wages fixed by the appropriate government cannot be lower than the applicable floor wage.
- Minimum wages may be fixed according to **skill level, geographical area and arduousness of work**, with rates determined on an hourly, daily or monthly basis.
- Minimum wages must ordinarily be **reviewed or revised at intervals not exceeding five years**, helping them respond to changes in living costs.
- Workers engaged in **piece-rate work** are also protected through minimum wage provisions so that their earnings do not fall below the prescribed minimum.
- Employees working beyond normal working hours are entitled to **overtime wages of at least twice the normal wage rate**.
- The Code ensures **timely payment of wages** and protection against **unauthorised deductions**, with these provisions extended to employees irrespective of the earlier wage ceiling.
- Employers must provide **wage slips** in physical or electronic form, creating transparency and documentary proof of employment and payment.
- Eligible employees who have worked for at least **30 days in an accounting year** can receive an annual bonus, generally ranging from **8½% to 20% of wages**, subject to prescribed conditions.
- The limitation period for filing wage-related claims has been increased to **three years**, giving employees more time to seek remedies.
- Certain first-time offences can be **compounded**, shifting the focus towards correcting non-compliance while retaining stronger action for repeated violations.
- The **Inspector-cum-Facilitator** system replaces the traditional inspector-only approach and combines regulatory enforcement with guidance to employers and workers.
- The Code prohibits **gender discrimination** in recruitment, wages and employment conditions for the same or similar work, including discrimination based on transgender identity.

- At least **one-third of the members of Central and State Advisory Boards must be women**, strengthening women's participation in wage-related policy discussions.

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Code on Wages 2019 Minimum Wages and Payment of Wages

- One of the major changes under the **Code on Wages, 2019** is the **universalisation of minimum wages**. Minimum wage protection is extended to all employees rather than being limited to workers in specific scheduled employment.
- The appropriate government can fix minimum wages for **time work and piece work**, with rates based on factors such as **skill, geographical area and arduousness of work**.
- The Code introduces **floor wages** as a common minimum benchmark. This helps prevent wage rates from falling below a basic level and reduces differences in wage protection across States.
- For **piece-rate workers**, the Code ensures that workers receive at least the prescribed minimum time rate where applicable. This provides protection against underpayment in jobs where wages depend on the quantity of work completed.
- Employers are required to make **timely payment of wages**. Depending on the wage period, payment must be made at the prescribed time, while wages due on termination or resignation are required to be paid within **two working days**.
- The Code makes employers responsible for the **payment of wages** and strengthens accountability where wages remain unpaid.
- **Overtime work** must be compensated at a rate of at least **twice the normal wage**, ensuring that employees receive fair compensation for additional working hours.
- These provisions together aim to ensure **income security, fair compensation, timely payment and protection from exploitation**, particularly for vulnerable and low-income workers.

Code on Wages 2019 Applicability and Coverage

- The Code aims to provide wage protection to employees across different sectors, including the **organised and unorganised workforce**, subject to the specific provisions applicable to them.
- A major change is the wider application of **minimum wage protection**, moving away from the earlier scheduled-employment approach.
- It covers major wage-related matters such as **minimum wages, floor wages, payment of wages, overtime, bonus, deductions and equal remuneration** under one framework.
- The Code is especially important for **casual, daily-wage, migrant and other low-paid workers**, who often have weaker bargaining power.
- It applies gender-equality principles by prohibiting **discrimination in recruitment, wages and employment conditions** for the same or similar work.
- Labour compliance is also intended to become simpler through measures such as **Single Registration, Single Licence and Single Return**, reducing repetitive paperwork for establishments.
- The **Inspector-cum-Facilitator** and technology-based inspection system aim to make labour administration more transparent, predictable and compliance-oriented.

Code on Wages 2019 Importance and Significance

- The **Code on Wages, 2019** is significant because it brings four separate wage-related laws under **one comprehensive framework**, making the wage system simpler and more consistent.
- It strengthens **worker protection** by ensuring minimum wages, timely payment, protection against unauthorised deductions, overtime payment and access to wage-related remedies.
- The universalisation of minimum wages can improve **income security and living standards**, particularly for workers in vulnerable and low-paid employment.
- The introduction of **floor wages** helps create a common baseline for wage protection and can reduce wage disparities between different regions.
- The Code promotes **gender equality** by ensuring equal treatment in wages and employment and by increasing women's representation in advisory bodies concerned with wage fixation.
- It also seeks to make labour compliance easier for employers through **simplified procedures, standardised definitions and technology-based inspections**.
- The replacement of the traditional **Inspector** approach with an **Inspector-cum-Facilitator** gives greater emphasis to guidance, awareness and compliance along with enforcement.
- The Code promotes a balance between **workers' rights and ease of doing business** by protecting employees while simplifying compliance for employers.
- The **Code on Wages, 2019** aims to strengthen **economic justice, labour welfare, workplace equality and formal employment**, while contributing to a more transparent and organised labour market.

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