

## Flash Alert

3 May 2021

*Minimum wages  
raised to  
Rs 15,000 per month*

The Ministry of Labor, Employment and Social Security, through a gazette notification dated 3 May 2021, has prescribed the following minimum wages to become effective from 1 Shrawan 2078 (mid-July 2021). The new minimum wages is an increment of 11% to the existing wages prescribed under section 106(3) of the Labor Act 2074 (2017).

Description	Monthly		Daily		Hourly	
	Current Monthly	wef 1 Shrawan 2078	Current Daily	wef 1 Shrawan 2078	Current Hourly	wef 1 Shrawan 2078
Basic Pay	8,455	9,385	325	361	43	48
Dearness Allowance	4,995	5,615	192	216	26	29
<b>Total</b>	<b>13,450</b>	<b>15,000</b>	<b>517</b>	<b>577</b>	<b>69</b>	<b>77</b>

In addition to the prescribed wages, the workers will have to be paid additional facilities including social security contributions as per the Social Security Act 2074, and provident fund and gratuity as required by the Labor Act, 2074.

The local governments have been given the authority to set minimum wages in their respective areas but the notice restricts them not to set minimum wages below the prescribed ceiling. In addition, it also prohibits any one to enter into employment contract with remuneration below the prescribed minimum wages.

### **PKF Comment**

*The increase in the minimum wages is a relief to the workers however, the employers will feel the burden of increased costs when the pandemic has significantly impacted their businesses. The GoN should also ensure effective enforcement that the workers are paid the minimum wages by their employers.*