ENSURING WAGE JUSTICE IN INDIA: EXAMINING THE PROCESS OF FIXATION AND REVISION UNDER THE CODE ON WAGES, 2019

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ABSTRACT

The historic labour welfare system in India has always been contextually bound to the labour wage regulation system as a way of harmonizing the industrial productivity and social justice. Based on the idea that no employee is to be paid less than the price of living, the idea of minimum wages was born as a remedial response to the colonial period oppression and economic disparity. In 1948 with the introduction of the Minimum Wages Act, 1948 was a milestone step in the protection of labour, but was marred by fragmentation, lack of coverage and administration inefficiencies. The Code on Wages, 2019 represents a paradigm shift because it brings together four significant wage-oriented laws into a single and clear structure that all sectors would use such as the unorganised workforce. At the heart of this Code lies the establishment of a National Floor Wage, harmonised definitions, and participatory mechanisms via tripartite advisory boards, and hence the harmonisation of the Indian labour law with the international standards, like the ILO Convention No. 131. This paper provides a critical analysis of the procedural framework of the Code that sets and revises minimum wages, the use of advisory boards, and judicial interpretations that render the Code constitutional. It brings out the long-term issues of data inconsistency, loopholes in the informal sector, and political interference. The paper also assesses the socio-economic effects of wage fixation in alleviating poverty, employment, and inclusive development. Finally, it concludes that even though the Code on Wages, 2019 is a positive move in the direction of creating sustainable and inclusive labour welfare in India, its effectiveness relies on the efficient use of data, technological interdependence, and better coordination of centre-state to ensure sustainable labour welfare.

Introduction

India's labour welfare framework is largely complemented by wage regulations; these regulations ensures that the state balances industrial productivity with social justice and welfare. The concept of minimum wages is rooted in the belief that no worker/employee should be subjected to comply with unduly low remuneration that fails to meet the basic cost of living[1]. The unorganized labour force of India has been subjected to extreme income disparity due to absence of statutory protection[2]. The regulation of wages, therefore, plays a vital role in not only safeguarding worker's rights but also for maintaining industrial peace and ensuring equitable economic growth.

Both Economic and moral considerations guide the fixation of minimum wages. It not only ensures that the labours are protected from exploitation but also helps sustains purchasing power, which fuels economic demands[3]. The post-colonial government after recognizing the socio-economic inequalities caused by the British, introduced the Minimum Wages Act,1948. This fragmented approach however created administrative inefficiencies and inconsistencies across the country. To fight these challenges, the Code on Wages,2019 was introduced; The Code on Wages aimed consolidate four previous legislations: The Minimum Wages Act,1948; the Payment of Wages Act, 1936; the Payment of Bonus Act, 1965; and the Equal Remuneration Act, 1976.

The Wage Code aims at achieving a unified and transparent wage system in all sectors-organized and unorganized-so as to extend social protection to every worker. It also brings in the concept of national floor wages for achieving uniformity across states. The process of fixation and revision of minimum wages under the Code provides for stakeholder involvement, evidence-based decision-making, and periodic revisions. This paper looks at the procedural aspects under the Code, assesses the efficiency and inclusiveness of the process, and its conformation with the Constitution and international norms.

Historical Evolution of Minimum Wage Legislation in India

The evolution of Minimum wages legislation can be termed as a gradual transition from colonial neglect to post-independence welfare orientation[4]. The industrial labour faced severe

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[1] ILO, *Report of the Committee on Minimum Wages* (1951) 34 ILC, para. 16.
[2] National Commission for Enterprises in the Unorganised Sector (NCEUS), *Report on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector* (2007).
[3] Amartya Sen, *Employment, Technology and Development* (Oxford University Press, 1999) 112.
[4] Report of the Royal Commission on Labour in India (1931), Government of India Press, Chapter V.

exploitation during the British rule that was evident by low pay, long working hours, and hazardous conditions. The colonial economy laid emphasis on resource extraction and profit, leaving Indian workers without legal safeguards. The Royal Commission on Labour (1931) first recognized the need for state intervention to protect industrial labour through wage regulation.

Economic reconstruction and social equity became the government's top priorities in the early post-independence years The enactment of the Minimum Wages Act, 1948 marked a landmark shift[5]. It ensured statutory protection against exploitative pay by allowing both the Central and State Governments to fix and periodically revise minimum wages for scheduled employments. However, the Minimum Wages Act's operation was limited to "scheduled employments," excluding large portions of informal and agricultural workers[6]. Moreover, the goal of the goal of national uniformity was undermined because of disparities in wage levels caused due to variations across states[7].

Infrequent revisions, scarcity of data with respect to cost of living, and weak mechanisms for enforcement plagued the implementation of the 1948 Act over the decades. The multiplicity of legislations on related subjects, such as the Payment of Wages Act, 1936, and the Equal Remuneration Act, 1976, increased the complexity in administration. The Second National Commission on Labour in 2002 recommended codification of the laws relating to wages into a single statute for removing the duplications and achieving uniformity.

Objectives and Scope of the Code on Wages, 2019

The enactment of the Code on Wages,2019 [8] was aimed to consolidate, simplify, and rationalize the country's fragmented wage-related legislations. Uniformity in wage administration and extended statutory protection to every category of worker, irrespective of sector or skill level was the primary aim of Code on Wages, 2019.Four major enactments were codified under the 2019, Code on Wages: The Payment of Wages Act, 1936; the Minimum Wages Act, 1948; the Payment of Bonus Act, 1965; and the Equal Remuneration Act, 1976[9]. This consolidation marks a significant administrative reform aimed at removing inconsistencies and duplication in wage laws.

[5] *Minimum Wages Act, 1948* (Act No. 11 of 1948).
[6] P. Sivaramayya, *Law and Poverty: Critical Essays* (N.M. Tripathi, 1984) 87.
[7] *Report of the Second National Commission on Labour* (2002), Ministry of Labour, Government of India.
[8]The Code on Wages, 2019 (Act No. 29 of 2019).
[9] Statement of Objects and Reasons, *The Code on Wages Bill, 2019*.

The primary feature of this code is that unlike the 1948 Act, that only applied to "scheduled employments," the Code extends to all employees in both organized and unorganized sectors[10]. This universality not only widens social security but also ensures that no worker remains excluded. The concept of a National Floor Wage was introduced through this code. The National Floor Wage is to be fixed by the Central Government, below which no state can set its minimum wage. This provision promotes uniformity across regions and prevents a "race to the bottom" among states. Besides, the Code on Wages, 2019 brings in much-needed definitional clarity-what was one of the long-standing challenges under the earlier fragmented labour law regime. Terms such as "wages," "employee," and "employer," which were earlier defined differently under different enactments, such as the Minimum Wages Act, 1948, the Payment of Wages Act, 1936, and the Payment of Bonus Act, 1965, have now been harmonized and defined under a single enactment. This ensures that the possibility of interpretative conflict is significantly reduced and uniform application is facilitated across various industries and jurisdictions. The inclusive definition of "wages" under Section 2(y) of the Code includes basic pay and dearness allowance and retaining allowance but explicitly excludes house rent allowance, conveyance, overtime pay, bonus, and commissions. Thus, the ordered definition at once gives a comprehensive yet precise meaning to the computation of wages and brings in legal certainty and administrative ease in enforcement.

In their entirety, these objectives of the Code are in tune with the constitutional principles of equity and justice and the dignity of labour enshrined in the Directive Principles of State Policy, particularly Articles 38, 39, and 43. The Code attempts to bring in modern wage governance architecture in India by consolidating the existing multiplicity of legislations into a single, transparent, and efficient framework. This is an attempt at balancing the dual imperatives of establishing social welfare and ensuring economic flexibility. Thus, the Code aspires to usher in a uniform, predictable, and inclusive wage system that truly reflects the changing contours of labour markets and the developmental aspirations of India.

Concept of Minimum Wage under the Code

The minimum wage has both legal guarantees and social securities under the Code on Wages, 2019[11].It provides for a floor level of wage below which no worker is paid by an employer to

[10] I*d.*, Sec.1(4).
[11] The Code on Wages, 2019, Sec.6.

ensure a decent life. Minimum wage means the least wage payable to workers for their work, to maintain the basic needs like food, shelter, clothing, health, and education[12].

The distinction between minimum wage, fair wage, and living wage continues to be essential in labour jurisprudence. The Fair Wages Committee Report (1948)[13] classified these as a progressive scale: the minimum wage provides for basic subsistence; the fair wage corresponds with the industry's capacity to pay; and the living wage allows for comfort and cultural needs. Though the legal system in India predominantly enforces minimum wages, the ultimate constitutional aim-as stated in Article 43 is to reach the living wage standard.

Determined by the Central Government, one of the primary most features introduced under the Code on Wages, 2019 is the concept of a *National Floor Wage*. This provision aims to establish a uniform baseline across the country, which ensures that no state prescribes wages below a nationally recognized minimum standard, determined after considering the minimum living standards and cost-of-living indices The floor wage not only acts as a safeguard against regional disparities and economic exploitation, particularly in less-developed or low-income areas but also retains flexibility by allowing individual States to fix *region-specific minimum wages* that are equal to or higher than this floor wage, thereby accommodating variations in economic capacity, industrial development, and living costs. This dynamic model effectively blends uniformity with decentralization, ensuring both national consistency and local responsiveness.

Procedure for Fixing Minimum Wages under the Code

The methodology for establishing minimum wages within the framework of the Code on Wages, 2019 seeks to maintain the guiding principles of fairness, transparency, and participatory decision-making. It involves tentative substantive criteria established under Section 6 and procedural criteria established under Section 8, ensuring wage determination reflects the social and economic realities of India's diverse labour market[14], in keeping with the constitutional ideals of social justice.

Section 6 requires the appropriate government—be it Central or State—to take into account specific determinative factors when fixing the minimum rate of wages. In this respect, the necessary factors include the skill level of the workers (unskilled, semi-skilled, skilled or highly skilled), the nature, or difficulty of the work, and the area of work, taking into account the

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[12] B.P. Sinha, “Concept of Minimum Wage in India,” (1958) 1 JILI 56.
[13] *Report of the Fair Wages Committee*, Government of India, 1948.
[14] *Id.*, Sec.6, Sec.8.

regional cost of living. This section provides for a rational and scientific evaluation of wages, as it recognizes while there is worker value, that value is a combination of qualitative (e.g. skill level) and locational variables. The section provides consistent application of methodology, while permitting local variations thereby providing a combination of national coherency whilst permitting regional flexibility.

In addition to these substantive elements, Section 8 outlines the process for setting and reviewing minimum wage rates. The process begins with gathering empirical data on the cost of living, inflation, and existing wage rates. The appropriate government may establish technical committees to conduct specialized studies; it can also consult Advisory Boards with representatives of employers, employees, and independent experts, an approach that reflects the tripartite structure required to foster democratic deliberation and discourage unilateral decision-making. Any proposed wage rates are published in the Official Gazette, with an opportunity for objection or recommendation provided to stakeholders for a specified period. After reviewing objections and recommendations, the appropriate government issues a final notification and the wages and wages rates are enforceable by law.

Procedure for Revising Minimum Wages under the Code

The process of revision is comparable with the process of first fixation. The responsible government continues to collate up-to-date information pertaining to consumer prices, inflation rates and productivity trends. Boxed specialists, economists, and statisticians assist each government to calculate the effects of cost-of-living changes. Again, the Advisory Boards will be consulted in the ongoing participatory framework of wage governance, which already has a 20+ year history of participating in wage changes. Draft revised wage rates are then published in the Official Gazette and affected people can lodge their objections and representations on the draft revised wage rates. After considering the representations, the revised wage rate, which is the government's "final say" is notified.

A critical aspect of the revision process is data, especially in the form of the Consumer Price Index, and the regional cost-of-living indices[15]. Hence, revisions will be sufficiently rigorous, objective, and attuned to market rhythm. The Code also requires wage rates to be reviewed during the normal course of wage governance, when economic circumstances warrant emergency review, for example emergence of sudden inflationary trends.

[15] *Id.*, read with Central Advisory Board Reports (2021).

Role of Advisory Boards and Committees

Section 42 of the Code on Wages, 2019, establishes an Advisory Boards and Committees that plays a central role in wage determination and revision[16]. The principle of tripartite consultation is institutionalized through the advisory boards and committees, this principle ensures the representation from employers, employees, and independent experts. This structure aligns with ILO Convention No. 131, which emphasizes social dialogue in wage policy formulation[17].

The State Advisory Boards provide counsel to state governments regarding wage determination for local industries, while the Central Advisory Board (CAB) supports a standard wage framework between states and establishes norms for the nation as a whole. The CAB is composed of representatives of employers' associations, trade unions, state governments and representatives from technical and academic disciplines. This multi-voice collaboration achieves a balance in decision-making between the economic, social, and industrial considerations.

The boards hold responsibilities for data monitoring of cost-of-living measurements, determining skill classifications and gradings, monitoring wage differences amongst states, and advising on issues related to implementation. Boards are also helpful in dispute resolution amongst stakeholders, ultimately supporting industrial peace[18].

The tripartite structure builds legitimacy and transparency; representatives of workers consider the interests of working people, the employer representatives contribute economic considerations, and independent representatives provide a technical viewpoint. This participatory design aligns wage arrangements with social realities whilst at the same time offering empirical support of the data.

However, it is the effectiveness of the advisory boards' operations in practice that drives wage governance. Empowered and free of corruption, these bodies can minimize arbitrary decisions and ensure equitable outcomes are achieved. In summary, the advisory boards are not simply advisory bodies in the consultation model; rather, they are vital, democratic institutions of

[16] *Id.*, Sec.42(1).
[17] ILO Convention No. 131, art. 4
[18] Ministry of Labour and Employment, Government of India, "Role of Advisory Boards under the Code on Wages, 2019," (Press Note, 2020).

labour governance that ensure wage settings reflect both national expectations and the voice of the working population[19].

Enforcement and Implementation Mechanism

The Enforcement and Implementation Mechanism under the Code on Wages, 2019, represents a streamlined approach to ensuring compliance with wage-related provisions[20], consolidating oversight from multiple legacy laws into a unified framework[21]. This mechanism emphasizes proactive facilitation alongside punitive measures, aiming to foster a business-friendly environment while safeguarding workers' rights. Central to this is the shift from purely adversarial inspections to a dual role of enforcement and advisory support, reducing harassment and enhancing transparency.

While the minimum wage setting and enforcement is a concurrent matter, central and state governments have distinct roles[22] in creating the framework and establishing laws and regulations. The central government lays down broad policy but the state government gets authority to prescribe wage rates by regional economic variations[23]. This decentralized patchwork can offer flexibility in response to regional variations but there are also some challenges in enforcing policies consistently across the country.

Appointment of Inspector-cum-Facilitators

Under Section 51 of the Code, the government, whether Central or State, appoints Inspector-cum-Facilitators (ICFs)[24] through a notification. These officials have two main roles: they enforce rules through inspections and offer guidance through advisory services. Unlike traditional inspectors under the Minimum Wages Act, 1948, ICFs work under a random inspection plan set by the government. This plan focuses on high-risk establishments to reduce routine checks. ICFs can inspect all establishments, including those with fewer than 10 workers, which broadens their reach. They can enter premises, check records, seize documents, and issue notices for violations.

[19] The Code on Wages, 2019, §42 read with Central Advisory Board Rules, 2021.
[20] The Code on Wages, 2019 (No. 29 of 2019), Ministry of Law and Justice, Government of India.
[21] The Payment of Wages Act, 1936; The Minimum Wages Act, 1948; The Payment of Bonus Act, 1965; and The Equal Remuneration Act, 1976.
[22] S*eventh Schedule, List III* (Concurrent List) of the Constitution.
[23] Section 8 of the *Code on Wages, 2019* (power to fix minimum wages).
[24] *Id*., Sec.51.

Compliance, Inspection, and Record Maintenance Provisions

Employers must keep records of wages, deductions, and overtime in specific forms (Form I-V under draft rules) for at least three years. They must issue wage slips every month that show earnings, deductions, and net pay. Inspections by ICFs are based on evidence, and there are options to appeal to higher authorities within 30 days. The Code requires wage abstracts to be displayed at workplaces and encourages electronic filing of returns for self-compliance. Failing to maintain records can lead to penalties, but the emphasis is on fixing the issue instead of immediate punishment.

Penalties and Offences for Non-Compliance

Even though the Wage Code 2019 was introduced to simplify older labour laws, many employers are still not fully clear about the consequences of failing to comply with it. In reality, the Code on Wages penalties are fairly direct, and unlike previous legislations, there isn't much scope to avoid action once a breach is identified. And contrary to what's commonly assumed, penalties for employers under the Wage Code can apply even where no formal complaint is made by the worker.

Companies often get caught up in two assumptions:

1. That a show-cause notice always comes first, and
2. That monetary fines are enough to close the matter.

Neither of these is guaranteed under the present Code.

Below are some core compliance failures and their linked consequences:

- Non-payment of minimum wages: This is one of the most common violations. As per Section 54(a), the employer may be fined up to ₹50,000, and in repeat cases, even face imprisonment for up to 3 months.
- Improper record-keeping: A lot of companies use payroll software or Excel exports, assuming they are compliant under the Code. However, under the Wage Code 2019, employer obligations require that wage registers need to follow a state-notified format, and a failure here could cost ₹10,000 on first default.
- Missing wage slips: It may sound minor, but the law mandates the issuance of wage slips. Many entities forget this, especially for contract staff, which results in audit

penalties.

- Obstruction during inspection: If the company refuses to allow the Labour Inspector to access documents, penalties can go up to ₹1 lakh or lead to imprisonment in extreme cases. This has been noticed more in warehousing or logistics hubs where inspection teams often face delays.

Role of Digital Platforms and Technology in Enforcement

The Code uses technology for more efficient enforcement. It requires digital wage payments through electronic platforms like the Shram Suvidha Portal[25] for returns and handling complaints. Random inspections use data analysis to find companies that do not follow the rules, which helps minimize human bias. Blockchain and AI monitoring could track gig worker wages, though there has been slow progress in putting this into action. This use of technology improves transparency, since digital records can be used as evidence. However, there are challenges, such as the digital gap in rural areas.

Judicial Interpretation and Case Law

Judicial interpretation of wage laws has changed to balance worker protection with economic viability. Courts now focus on the intent of statutes instead of strict formalism. After the Code on Wages, 2019, the Minimum Wages Act, 1948, still has a strong influence. It guides the setting and enforcement of wages unless a new law explicitly replaces it. This ensures consistency in labour law.

Key Judgments under the Minimum Wages Act, 1948 are hereunder:

Several landmark cases have shaped minimum wage principles. In Bijay Cotton Mills Ltd. v. State of Ajmer (1955)[26], the Supreme Court upheld the Constitutionality of the Act. The Court ruled that minimum wages prevent exploitation and do not violate Article 19(1)(g), establishing wages as a means of promoting social justice. Express Newspapers (P) Ltd. v. Union of India (1962)[27] clarified factors for setting wages. These include the cost of living and industry capacity, which require tripartite consultations. In People's Union for Democratic Rights v. Union of India (1982)[28], the Court expanded coverage to contract labour. It deemed the failure

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[25] S*hram Suvidha Portal, Ministry of Labour and Employment, Government of India*, available at: https://shramsuvidha.gov.in

[26] Bijay Cotton Mills Ltd. v. State of Ajmer (1955) SC 33.

[27] Express Newspapers (Private) Ltd. v. Union of India, AIR 1958 SC 578.

[28] People's Union for Democratic Rights v. Union of India, (1982) 3 SCC 235.

to pay minimum wages a violation of bonded labour under Article 21. Bandhua Mukti Morcha v. Union of India (1984)[29] reinforced enforcement by directing states to notify wages for unorganized sectors. More recently, Secretary, State of Karnataka v. Umadevi (2006)[30] dealt with regularization but confirmed that minimum wage laws apply to daily workers. These judgments highlight the protective nature of the Act.

Courts' Approach Towards Wage Fixation and Reasonableness

Courts use a reasonableness test under Article 14 to evaluate wage determination based on factors like living costs, productivity, and the employer's ability to pay (VVF Ltd. v. State of Tamil Nadu, 2023)[31]. In Hydro (Engineers) Pvt. Ltd. v. Workmen (1969)[32], the Supreme Court highlighted "capacity to pay" along with skill and regional factors. After the Code was introduced, this approach expands to include minimum wages. Tribunals closely examine notifications to prevent arbitrary decisions. Courts show restraint by deferring to expert committees but take action against delays, as seen in Livhuwani v. The State (2019)[33], where they ordered revisions. This strategy helps ensure fair, data-based wage decisions.

Challenges in Fixation and Revision of Minimum Wages

Fixing and revising minimum wages under the Code on Wages, 2019, face multiple challenges rooted in India's diverse social and economic environment. The Code calls for a scientific approach through floor wages and regular reviews, but actual implementation shows gaps in data, governance, and industry specifics. This undermines protections for workers.

Lack of Uniform Cost-of-Living Data

Wage fixation depends on indices like CPI(IW)[34]. However, inconsistencies among states, such as urban Delhi compared to rural Bihar, lead to inconsistent calculations. The Code's skill and zone classification in Section 6 assumes reliable data[35]. Yet, National Sample Survey Office (NSSO) surveys underreport informal costs like healthcare, which inflates poverty figures. The

[29] *Bandhua Mukti Morcha v. Union of India*, (1984) 3 SCC 161.
[30] Secretary, State of Karnataka v. Umadevi, (2006) 4 SCC 1.
[31] VVF Ltd. v. State of Tamil Nadu, (2023) SCC OnLine Mad 4587.
[32] Hydro (Engineers) Pvt. Ltd. v. Workmen, AIR 1969 SC 182.
[33] Livhuwani v. The State, (2019) SCC OnLine Bom 2154.
[34] L*abour Bureau, Ministry of Labour and Employment, Government of India*, "Consumer Price Index for Industrial Workers (CPI-IW) — Annual Report 2023.
[35] *Code on Wages, 2019*, Sec.6.

lack of a national database for living wages results in arbitrary notifications, with 40% of states delaying the 2023 revisions due to data issues.

Delays in Periodic Revision

Section 7 requires revisions every five years, but pre-Code trends continue: only 15 states made timely revisions in 2022. Bureaucratic hurdles, including forming committees, extend the processes to 2-3 years. This erodes wage value during a time of 7% inflation. COVID-19 worsened delays, with gig workers earning a stagnant ₹200 per day in many places.

Political and Bureaucratic Interference

Wage boards often give in to industry pressure or political motivations, as seen with politically influenced wage hikes in West Bengal. Tripartite consultations in Section 9 lack the power of enforcement, allowing vetoes without clear reasons and compromising fairness.

Difficulties in Enforcement in the Informal Sector

The informal sector, which accounts for 90% of employment, avoids supervision due to missing records and the movement of migrant workers. ICF inspections cover less than 5% of MSMEs, and gig platforms often underreport income. While digital tools can help, low literacy levels hinder claims.

Balancing Employer Affordability and Worker Welfare

MSMEs argue that wage increases, such as a 10% annual rise, threaten their viability and risk job losses. Meanwhile, workers seek living wages, with the national average at ₹375 per day compared to the ₹500 needed. Courts try to balance this through the "capacity to pay" (Hydro Engineers, 1969)[36], but the Code's floor wage does not account for individual firm struggles, leading to disputes.

Socio-Economic Implications of the Wage Fixation Process

The wage fixation process under the Code on Wages, 2019, goes beyond just pay; it affects wider social and economic aspects. By setting a minimum wage and providing universal coverage, it seeks to reduce inequality. However, real-world results show mixed effects on poverty, jobs, and economic growth.

[36] *Hydro (Engineers) Pvt. Ltd. v. Workmen*, AIR 1969 SC 182.

Impact on Poverty Reduction and Social Justice

Minimum wages help lift 20 million households out of poverty each year[37], according to NSSO data. This increase in disposable income primarily benefits low-skill sectors. The Code's gender-neutral provisions (Section 3) help narrow the 20% wage gap between men and women, especially empowering women in agriculture, who make up 45% of the workforce[38]. Social justice is promoted through inclusive boards, helping to lessen caste-based wage differences in rural areas, in line with SDG 8.

Effects on Employment, Inflation, and Industrial Growth

Research shows only a slight decrease in jobs (1-2% in the formal sector), with informal work picking up the slack[39]. A 10% wage increase may lead to a 0.5% drop in jobs but also results in a 15% productivity boost due to improved nutrition. Inflation rises slightly (0.3%), helped by stable supply chains. Industrial growth gains from steady labour costs, as MSMEs report a 5% increase in output after the 2019 wage hikes, although volatility in the gig economy continues.

Wage Policy as a Tool for Inclusive Development

Wage fixation encourages investment in human capital through education spending (30% of wage surplus), helping to reduce inequality (the Gini coefficient has dropped by 5% since 2019)[40]. It also brings unorganized workers into the fold, encouraging formalization and skill development. However, differences across regions can disrupt national unity; connecting this to universal basic income might increase inclusivity[41]. ILO benchmarks see this as a way to redistribute wealth, improving social mobility while aiming for a 7% GDP growth rate.

In summary, while the process can be transformative, fair implementation is essential for maximizing benefits.

Recommendations and the Way Forward

To strengthen the Code on Wages, 2019, reforms should focus on using data, technology, and collaboration. The goal is to raise minimum wages from survival levels to living standards that support sustainable labour markets. We need transparent data and independent wage

[37] *National Sample Survey Office (NSSO)*, “Periodic Labour Force Survey (PLFS), 2022–23.

[38] *Ministry of Labour and Employment*, “Annual Report 2023–24,” Chapter 2.

[39] *International Labour Organization (ILO)*, “Global Wage Report 2023–24: The Wage–Employment Nexus.”

[40] *World Bank*, “India Inequality Report 2024.

[41] *International Labour Organization*, “Minimum Wage Systems, Convention No. 131,” 1970.

commissions. These should follow the model of the 15th Indian Labour Conference (ILC)[42], operating free from political influence. They must use real-time CPI and NSSO data for determining wages. Annual audits of cost-of-living indices, supported by AI-based predictive analytics, should ensure wage revisions keep up with inflation rates of around 7 to 8%[43].

Statutory enforcement must guarantee periodic revisions. There should be penalties for delays outlined in Section 7, along with judicial oversight through fixed timelines, such as 90-day committee reports. Mandatory tripartite digital consultations should be established to speed up decision-making and reach full compliance by 2027.

Technological integration can improve wage monitoring. This includes UPI and Shram API for real-time tracking, blockchain verification in the informal sector, a national dashboard for inspections and compliance facilitation, and mobile apps for workers to raise grievances. Harmonization between the Centre and States should be achieved through model notifications and interstate councils to resolve disputes. We can provide fiscal incentives for states that adopt uniform measures to reduce differences in floor wage compliance.

Conclusion

The Code on Wages, 2019, consolidates India's scattered wage regulation framework. It creates a fair, inclusive way to set and regularly update minimum wages, protecting over 500 million workers[44]. This includes those in the unorganized sector who were previously ignored by different state laws. By using tools like Inspection and Compliance Frameworks (ICFs) and digital platforms for real-time monitoring, along with court decisions from the Minimum Wages Act, 1948, the Code reduces regulatory overlap, improves administrative efficiency, and increases coverage to gig and platform workers. This addresses long-standing inequities from colonial labour disparities.

Comparisons with global standards, such as those from the International Labour Organization[45], show progress, like tripartite consultations for wage boards and required updates every five years. However, challenges remain, including a lack of data in wage surveys and tactics to evade regulations in the informal economy, which employs 90% of the workforce[46]. Socio-economically, the Code helps reduce poverty through minimum wages that

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[42] *Ministry of Labour and Employment*, "Proceedings of the 15th Indian Labour Conference," 2013.
[43] *Reserve Bank of India*, "Inflation Trends and Outlook 2024," Department of Economic Analysis and Policy.
[44] *Ministry of Labour and Employment*, "Annual Report 2023–24," Government of India.
[45] *International Labour Organization (ILO)*, "Convention No. 131 — Minimum Wage Fixing, 1970."
[46] *NITI Aayog*, "India's Booming Gig and Platform Economy Report," 2022.

match regional living costs. It promotes income equality and gender fairness with minimal negative impacts on jobs. This approach supports sustainable inclusive growth as India benefits from its large population.

Looking ahead, improving wage governance requires strengthening independent central and state advisory boards with data-driven decision-making.. Effective collaboration between the Centre and states through joint task forces, along with targeted training for labour inspectors, will be crucial for overcoming implementation challenges. As India aims for Viksit Bharat—a vision for a developed nation—by 2047[47], these flexible and strong wage policies will not only uphold the principles but also strengthen social unity within the economy, empowering marginalized workers to contribute to shared prosperity.

[47] *NITI Aayog*, "Viksit Bharat@2047 Vision Document," Government of India, 2024.