

An Analytical Study on Fixation of Minimum Wages Under Minimum Wages Act in Chennai

M. Noah Nishanth¹ and Mrs. U. Ragavee B.E²

5th Year BBA.LLB(HONS)¹

Assistant Professor, BL(Hons), LLM, MCL²

Saveetha School of Law, Saveetha Institute of Medical and Technical Sciences (SIMATS), Chennai

noahnishanthstanley@gmail.com and ragaveeu.ssl@saveetha.com

Abstract: *The study focuses on how minimum wages are decided in India. This is important because it affects how much money workers get paid for their work. To determine minimum wages, the government sets rules and regulations. These rules consider factors like the job market and the overall state of the economy. When it comes to the fixation of minimum wages in India, there are several labor laws and acts that play a role. One of the key acts is the Minimum Wages Act, 1948. Under the Minimum Wages Act, there are various sections that outline the process of fixing minimum wages. Section 3 talks about the appointment of committees to review and recommend minimum wage rates. Section 5 deals with the factors that are considered while fixing minimum wages, such as the skill level required for the job, the cost of living, and the prevailing wage rates in similar occupations. After conducting research on the fixation of minimum wages in India, the findings reveal that the Minimum Wages Act plays a crucial role in ensuring fair compensation for workers. As an end result, it is found that for many laborers it is found that the fixed minimum wages rate are not sufficient for the laborers, although they could survive and afford food and shelter with provided wages, but unfortunately could not afford education and other facilities for their children and family. The aim of the study is to understand the criteria based on which minimum wages are prescribed and To know whether the minimum wages prescribed are sufficient enough for laborers, The study deals with empirical research study, Simple random sampling method was used for the purpose of this study. There are a total of 201 samples collected with regard to this study. Age, gender and you think the minimum wages fixed is sufficient for laborers to sustain their lifestyle.*

Keywords: minimum wages, sufficiency, laborers, prescribed

I. INTRODUCTION

The study focuses on how minimum wages are decided in India. This is important because it affects how much money workers get paid for their work. To determine minimum wages, the government sets rules and regulations. These rules consider factors like the job market and the overall state of the economy. By understanding these factors, we can better understand how minimum wages are determined and how they impact workers and the economy. The main goal is to make sure workers are paid fairly and not taken advantage of. It's all about creating a fair and just system where everyone gets a fair wage for their hard work. When it comes to the fixation of minimum wages in India, there are several labor laws and acts that play a role. One of the key acts is the Minimum Wages Act, 1948. This act provides a framework for determining and fixing minimum wages for different industries and occupations. Under the Minimum Wages Act, there are various sections that outline the process of fixing minimum wages. Section 3 talks about the appointment of committees to review and recommend minimum wage rates. Section 5 deals with the factors that are considered while fixing minimum wages, such as the skill level required for the job, the cost of living, and the prevailing wage rates in similar occupations. Additionally, the act also covers aspects like the responsibilities of employers to pay minimum wages, the enforcement of minimum wage rates, and the provision for periodic revision of minimum wages to keep up with changing economic conditions. These labor laws and acts ensure that workers receive



fair and just compensation for their work, taking into account various factors and considerations. Under the Minimum Wages Act in India, there are a few key sections and provisions. Section 3 talks about the fixation of minimum wages, taking into account factors like the nature of work and skill required. Section 4 deals with the establishment of minimum wage committees to advise on wage rates. Section 5 covers the revision of minimum wages at regular intervals. And finally, Section 9 discusses the penalties for non-compliance with the act. These sections and provisions help ensure that workers receive fair and adequate wage. The process of fixing and revising minimum wages typically involves a combination of legislative action, government agencies, and consultation with stakeholders such as trade unions, employers' associations, and worker representatives. The specific procedures and institutions involved can vary from country to country. The concept of minimum wages in India was brought in the year 1920 by Mr. K.G.R Chaudhary, who proposed the bill to formulate the policy of minimum wages at the International Labour Conference. The bill was brought in 1946, and by 1948, the bill of Minimum Wages Act was enforced to save the rights of the workers. The provisions of the Act are intended to achieve the objective of doing social justice to workers employed in the scheduled employment by prescribing the minimum rate of wages for them. In other words, the Act aims to provide a statutory fixation of minimum wages with a view to preventing the exploitation of labor. It's important to note that the objectives of the Minimum Wages Act may be influenced by the specific social, economic, and political context of each country or jurisdiction. The Act's effectiveness in achieving these objectives can depend on factors such as enforcement mechanisms, compliance rates, and the level of cooperation among various stakeholders, including employers, workers, and government authorities. Overall, the fixation and implementation of minimum wages aim to create a fair and just labor environment, protect workers from exploitation, and contribute to social and economic well-being. By providing a decent standard of living for workers, minimum wage laws play a crucial role in promoting equality, safeguarding workers' rights, and supporting sustainable economic growth. **The aim of the study is To understand the criteria based on which minimum wages are prescribed and To know whether the minimum wages prescribed are sufficient enough for laborers.**

Objectives:

- To determine the criteria based on which minimum wages are prescribed
- To determine the minimum wages prescribed are sufficient enough for laborers
- To study about the impact of fixation of minimum wages on social economy
- To discuss about the provisions and laws for fixation of minimum wages under labor law

II. REVIEW OF LITERATURE

The economic effects of minimum wages are a central focus of research. **Card and Krueger (1994)** conducted a famous study on the impact of minimum wage increases on employment in New Jersey and Pennsylvania. They found no significant negative employment effects. Researchers like **Burkhauser et al. (1996)** have explored the impact of minimum wages on poverty rates and income distribution. They suggest that minimum wage policies can be an effective tool in reducing poverty and income inequality. International comparisons are also common in minimum wage literature. **Belman and Wolfson (2014)** analyze minimum wage policies in various countries and their effects on employment, providing insights into different approaches and outcomes. Researchers like **Hirsch et al. (2015)** have discussed policy implications and alternatives to traditional minimum wage laws, such as the earned income tax credit (EITC), as a means to address poverty and income inequality. The impact of minimum wage on small businesses is another area of interest. **Meer and West (2019)** explore how changes in the minimum wage affect the survival rates of small businesses. Research by **Allegretto et al. (2018)** delves into the gender and racial disparities in minimum wage employment. They examine how minimum wage policies affect different demographic groups, shedding light on issues of equity and social justice. The relationship between minimum wages and inflation is explored in literature by **Yellen (1984)**. Understanding how changes in the minimum wage impact inflation and the broader economy is essential for policymakers. Researchers like **Wicks-Lim and Pollin (2002)** have examined the effects of minimum wage policies at the regional or local level, recognizing that the impact may vary based on local economic conditions and costs of living.



There's also literature that investigates the relationship between minimum wage policies and social welfare programs like food stamps and Medicaid. Research by **Dube and Naidu (2018)** explores how minimum wage increases can reduce the reliance on these programs. The concept of a "living wage" is often discussed in literature related to minimum wages. This idea suggests that the minimum wage should be set at a level that allows workers to meet basic living expenses. Studies by **Luce and Ostrower (2001)** examine living wage campaigns and their impact on wages and worker well-being. Some researchers have explored how minimum wage policies can influence individuals' decisions regarding education and skill development. For example, **Sabia and Nielsen (2015)** discuss how changes in minimum wages can affect the incentives for individuals to invest in human capital. Minimum wage policies can also have an impact on working conditions. Research by **Manning (2003)** examines how minimum wages influence factors like job turnover rates, work hours, and job training. The literature has also explored how minimum wages can affect informal labor markets, where workers are not officially employed or are engaged in unregulated work. Studies by **Maloney (1999)** in the context of developing countries provide insights into this aspect.

The political economy perspective examines the factors influencing the adoption and changes in minimum wage policies. Researchers like **Donado and Waugh (2016)** discuss the role of political institutions and voter preferences in shaping minimum wage laws. In the era of globalization, scholars have examined how international trade and outsourcing impact minimum wages in both developed and developing countries. The work of **Feenstra and Hanson (1999)** is an example of this research focus. Research often explores how minimum wage policies affect small and medium-sized businesses, which may have fewer resources to absorb increased labor costs. Studies by **Meer and West (2016)** and Haltiwanger et al. (2020) provide insights into this aspect. Some countries implement mechanisms for indexing or regularly adjusting the minimum wage to inflation or other economic indicators. Research on the effectiveness and consequences of these mechanisms, such as those by **Flinn and Mullins (2019)**, can shed light on their impact. The rise of automation and artificial intelligence has led to discussions about the potential impact of minimum wage policies on the adoption of automation technologies. Research by **Acemoglu and Restrepo (2020)** explores this intersection. Minimum wage policies can have implications for the gender pay gap. Studies like those conducted by **Allegretto et al. (2017)** investigate how changes in minimum wages affect gender wage disparities. Some studies have explored the relationship between minimum wage policies and health outcomes. For example, **Sabia et al. (2017)** investigated how changes in minimum wages can impact the health and well-being of low-income individuals and families.

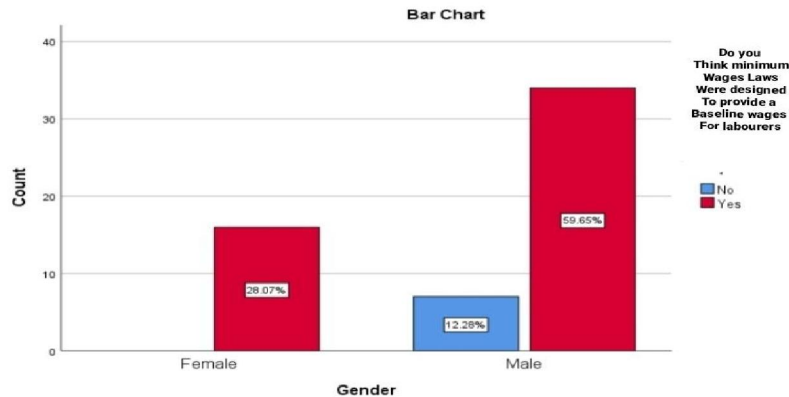
III. METHODOLOGY

The study deals with empirical research study. It deals with both primary as well as secondary sources of data and various secondary sources like books, articles, research papers, etc. were used for reference. The study deals with survey methods and the main tool for calculating or analyzing the results is the cross tabulation count through percentage and Correlation analysis. The method of collecting responses is through a survey in d-mart chennai by getting people's opinion and answers to the questionnaires. Simple random sampling method was used for the purpose of this study. There are a total of 200 samples collected with regard to this study. Age, gender and occupation are considered as the independent variables, whereas the Dependant variable is do you think the minimum wages fixed is sufficient for laborers to sustain their lifestyle.



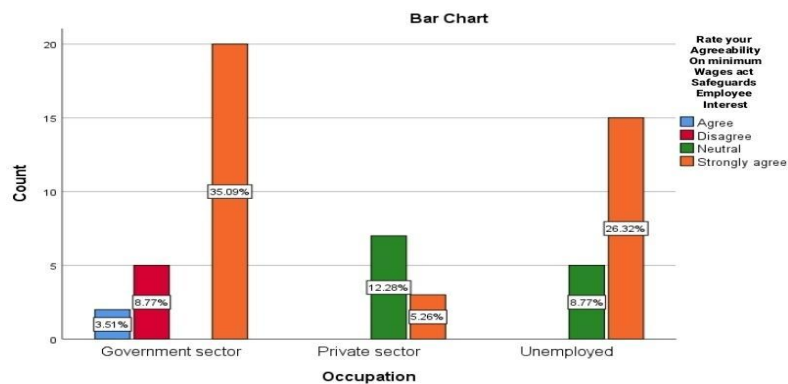
IV. ANALYSIS

Figure : 1



LEGEND: The graph shows the responses of respondents classified under gender category and do you think minimum wages laws were designed to provide a baseline wages for laborers.

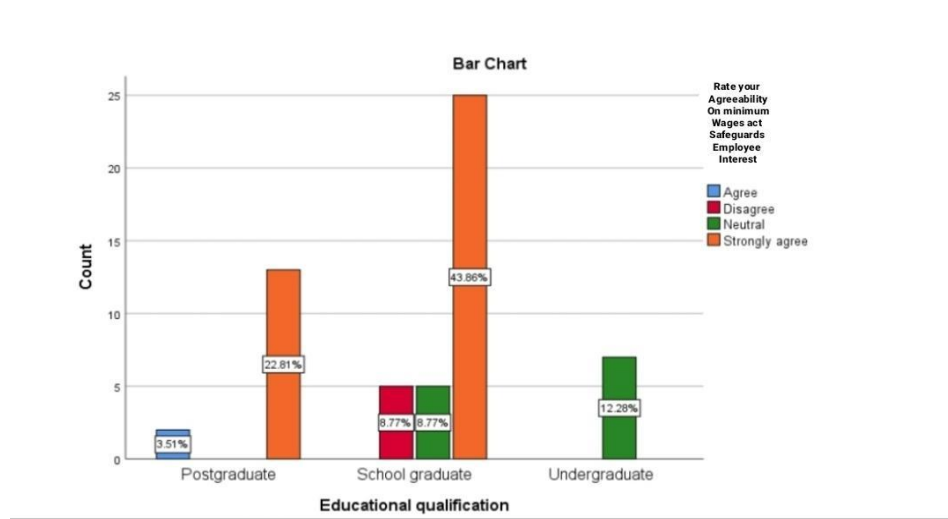
Figure 2 :



LEGEND: The graph shows the responses of respondents classified under occupational category and rate your agreeability on minimum wages act safeguards employee interest.

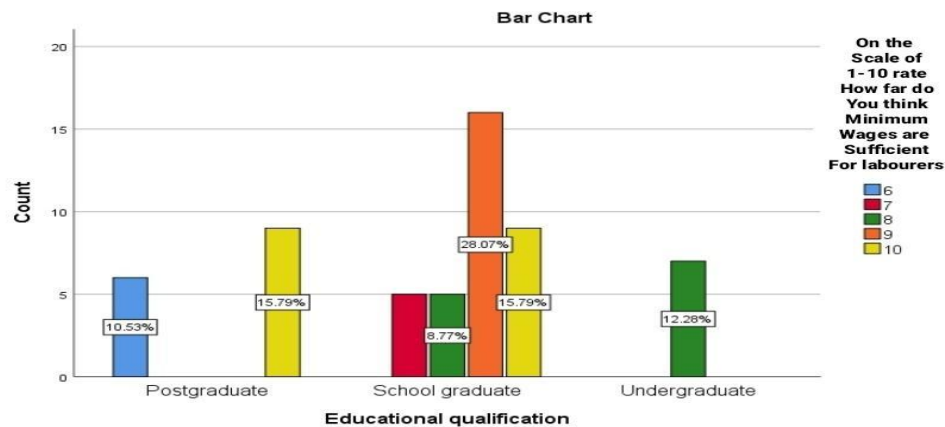


Figure 3 :



LEGEND: The graph shows the responses of respondents classified under the educational qualification category and their agreeability on minimum wages act safeguards employee interest.

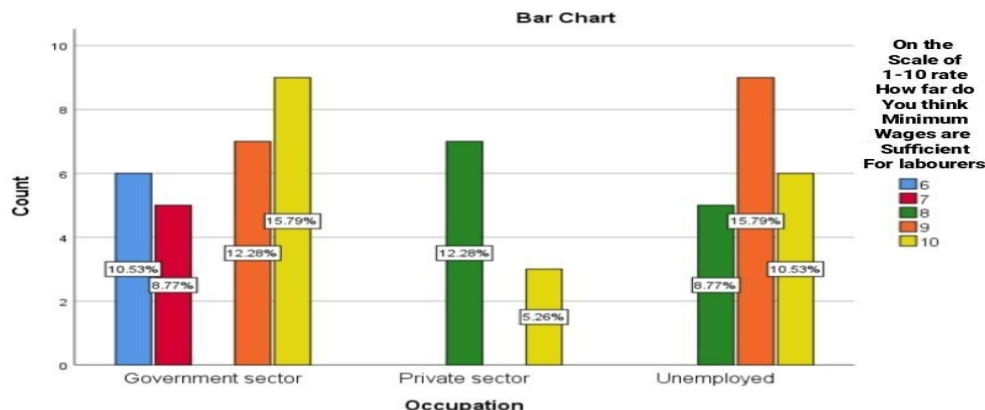
Figure 4 :



LEGEND : The graph shows the responses of respondents classified under educational qualification and on the scale of 1-10 rate how far do you think minimum wages are sufficient for laborers.

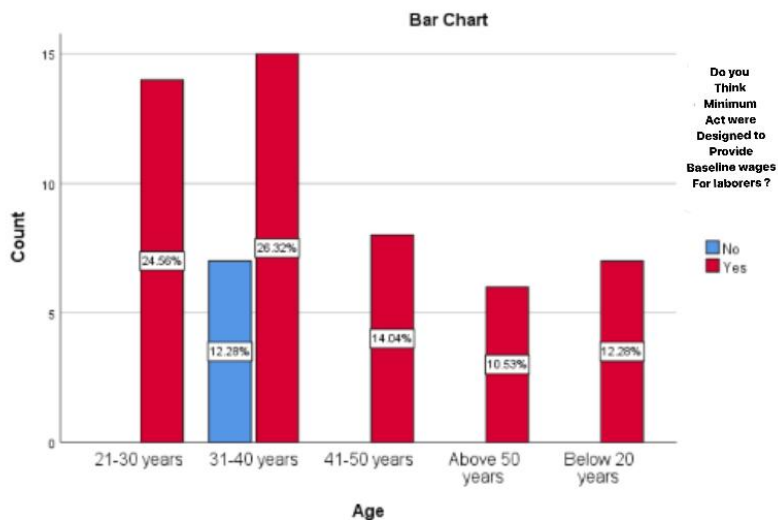


Figure 5 :



LEGEND: The graph shows on a scale of 1-10 and the responses of respondents classified under occupational category how far do you think minimum wages are sufficient for laborers.

Figure 6 :



LEGEND : this graph shows the responses of the respondents classified under the age category and the opinion on whether minimum wages act provides baseline wages for laborers.



Figure 7 :

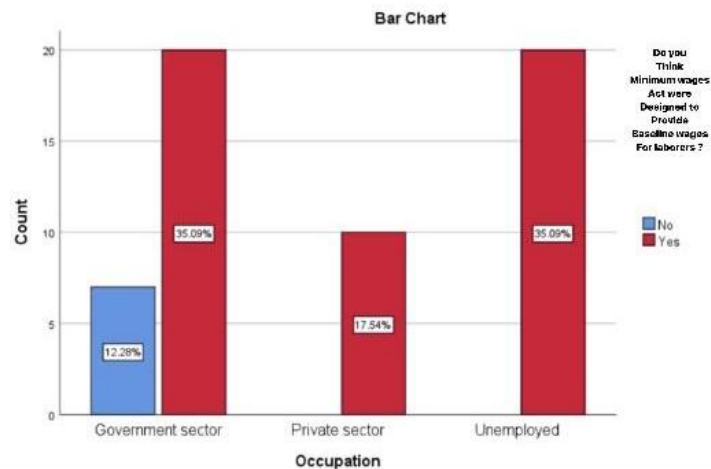


Figure 7 : this figure shows the responses of respondents classified under occupational category ,and the opinion on whether minimum wages act provides baseline wages for laborers.

V. RESULTS

In **Graph 1**, the maximum of the respondents were male and they stated yes for the minimum wages laws were designed to provide a baseline wage for laborers. In **Graph 2**, the maximum of the respondents were working in the government sector and they strongly agreed that minimum wages act safeguards employee interest.

In **Graph 3**, the maximum of the respondents have studied upto school level and they opted strongly agreed that minimum wages act safeguards employee interest. In **Graph 4** the maximum of the respondents have studied school level and they rated 9 to the rating scale. In **Graph 5** the maximum of the respondents were working in the government sector and they rated 10 to the rating scale. In **graph 6** ,the majority of the respondents belong to the age category of 31-40 years and most of them opted for the minimum wages act that provides baseline wages for laborers .In **graph 7** majority of the respondents were from the government sector category who opted yes for minimum wages act were designed to provide baseline wages for laborers

VI. DISCUSSION

Graph 1 reveals that a significant majority of respondents identified as male. This gender imbalance in the sample prompts further inquiry into potential underlying factors. It could be valuable to explore whether certain industries or job sectors, which are traditionally male-dominated, play a role in shaping these opinions. Additionally, understanding how societal and cultural norms may influence these perceptions would provide deeper insights.

Graph 2, the substantial representation of respondents from the government sector who strongly support minimum wage laws suggests a consensus among this group regarding the importance of these regulations. This alignment might be attributed to the familiarity of government employees with labor policies and their belief in the government's role in ensuring fair wages. Further research could delve into specific policies or practices within the government sector that resonate strongly with these respondents.

In **Graph 3**, the concentration of respondents with education up to the school level exhibiting a strong endorsement of minimum wage laws highlights the significant role education plays in shaping opinions on labor policies. It would be intriguing to explore whether higher levels of education are associated with different perspectives on minimum wages and what underlying factors may be driving this correlation. Additionally, examining the educational backgrounds of those who may hold opposing views would provide a more comprehensive understanding.



Graph 4 showcases respondents with school-level education rating their support for minimum wage laws at a high level (9 on the scale). This indicates a strong belief in the societal benefits of establishing a wage floor for laborers. Delving into the specific factors influencing this high rating, such as personal experiences, economic considerations, or awareness of the implications of minimum wage laws, would offer valuable insights.

Graph 5 further emphasizes the support for minimum wage laws among government sector employees, as evidenced by the majority giving the highest rating (10) on the scale. This indicates an overwhelming endorsement for these policies within this occupational group. Understanding the experiences and perspectives that contribute to this high level of support would shed light on the factors driving these attitudes.

Graph 6 draws attention to the age distribution of respondents, with a majority falling within the 31-40 year range. This demographic trend suggests that individuals in this age group may have a particular interest or stake in minimum wage laws. Exploring the reasons behind their strong endorsement of these policies, whether influenced by personal experiences, economic circumstances, or evolving societal attitudes, could provide valuable insights into the generational dynamics influencing labor policy perspectives.

Graph 7 highlights the alignment between respondents from the government sector and their support for minimum wage laws. This reinforces the role of occupational context in shaping opinions, and further exploration could uncover whether working in the government sector leads to a greater understanding or appreciation of the rationale behind these policies. In conclusion, these graphs collectively present a mosaic of strong support for minimum wage laws, with distinct variations among different demographic segments. Analyzing the underlying factors driving these trends, as well as potential intersections between demographics and attitudes towards labor policies, provides valuable insights for policymakers and researchers alike. Understanding these dynamics is crucial for crafting effective and equitable labor policies that benefit a diverse range of stakeholders.

Limitation:

Since the study was carried out within the urban limits it was difficult and hard to understand the mentality and the difficulties faced by workers of rural and semi-urban areas. Also lack of accessing previous studies on the same idea was a disadvantage.

Suggestion

As an end result, from the research it is found that for many laborers it is found that the fixed minimum wages rate are not sufficient for the laborers, although they could survive and afford food and shelter with provided wages, but unfortunately could not afford education and other facilities for their children and family. Hence, many of the laborers belong to the poverty line category, there are various provisions and benefits for the unprivileged people under the law who also fall into the laborers category, also many laborers are exploited by underpayment where laborers are paid less than the prescribed minimum wages. As the laborers lack awareness and education, they are unaware of the actual payment they deserve to get paid. Therefore the researcher suggests that many legal awareness should be conducted in order to make the laborers aware about their rights and benefits.

VII. CONCLUSION

After conducting research on the fixation of minimum wages in India, the findings reveal that the Minimum Wages Act plays a crucial role in ensuring fair compensation for workers. It considers various factors to determine minimum wage levels, aiming to balance the needs of workers and employers. The act serves as a mechanism to address income inequality and improve the standard of living for workers. Overall, the research highlights the importance of a well-regulated minimum wage system in promoting social and economic justice. So, the research on the fixation of minimum wages in India shows that the Minimum Wages Act helps make sure that workers get fair pay for their hard work. The act considers things like the cost of living and inflation when determining minimum wage levels. This helps strike a balance between the needs of workers and employers. By having a well-regulated minimum wage system, India can tackle income inequality and improve the overall living standards of workers. It's all about promoting fairness and economic justice. In conclusion, the fixation of minimum wages is a critical aspect of labor legislation aimed at



ensuring fair remuneration, preventing exploitation, reducing income inequality, promoting social justice, stimulating consumer demand, providing social protection, and upholding labor standards. Minimum wage laws exist in various countries, including India, and are enacted through specific acts like the Minimum Wages Act, of 1948. The process of fixing minimum wages involves research and data analysis, consultation with stakeholders, consideration of various factors such as the cost of living and productivity, and the establishment of a minimum wage floor. Governments may utilize methods such as committee-based approaches, where committees conduct inquiries, analyze data, and make recommendations for wage fixation. Alternatively, the notification method may be used, whereby the government issues an official notification specifying the minimum wage rates applicable to scheduled employment. Overall, the fixation and implementation of minimum wages aim to create a fair and just labor environment, protect workers from exploitation, and contribute to social and economic well-being. By providing a decent standard of living for workers, minimum wage laws play a crucial role in promoting equality, safeguarding workers' rights, and supporting sustainable economic growth. As an end result, it is found that for many laborers it is found that the fixed minimum wages rate are not sufficient for the laborers, although they could survive and afford food and shelter with provided wages, but unfortunately could not afford education and other facilities for their children and family.

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