INTERNATIONAL JOURNAL FOR LEGAL RESEARCH AND ANALYSIS

Open Access, Refereed Journal Multi Disciplinary
Peer Reviewed

www.ijlra.com

ISSN: 2582-6433

DISCLAIMER

ISSN: 2582-6433

ABOUT US

The *International Journal for Legal Research & Analysis (IJLRA)* (ISSN: 2582-6433) is a peer-reviewed, academic, online journal published on a monthly basis. The journal aims to provide a comprehensive and interactive platform for the publication of original and high-quality legal research.

IJLRA publishes Short Articles, Long Articles, Research Papers, Case Comments, Book Reviews, Essays, and interdisciplinary studies in the field of law and allied disciplines. The journal seeks to promote critical analysis and informed discourse on contemporary legal, social, and policy issues.

The primary objective of IJLRA is to enhance academic engagement and scholarly dialogue among law students, researchers, academicians, legal professionals, and members of the Bar and Bench. The journal endeavours to establish itself as a credible and widely cited academic publication through the publication of original, well-researched, and analytically sound contributions.

IJLRA welcomes submissions from all branches of law, provided the work is original, unpublished, and submitted in accordance with the prescribed submission guidelines. All manuscripts are subject to a rigorous peer-review process to ensure academic quality, originality, and relevance.

Through its publications, the *International Journal for Legal Research & Analysis* aspires to contribute meaningfully to legal scholarship and the development of law as an instrument of justice and social progress.

ISSN: 2582-6433

PUBLICATION ETHICS, COPYRIGHT & AUTHOR RESPONSIBILITY STATEMENT

The *International Journal for Legal Research and Analysis (IJLRA)* is committed to upholding the highest standards of publication ethics and academic integrity. All manuscripts submitted to the journal must be original, unpublished, and free from plagiarism, data fabrication, falsification, or any form of unethical research or publication practice. Authors are solely responsible for the accuracy, originality, legality, and ethical compliance of their work and must ensure that all sources are properly cited and that necessary permissions for any third-party copyrighted material have been duly obtained prior to submission. Copyright in all published articles vests with IJLRA, unless otherwise expressly stated, and authors grant the journal the irrevocable right to publish, reproduce, distribute, and archive their work in print and electronic formats. The views and opinions expressed in the articles are those of the authors alone and do not reflect the views of the Editors, Editorial Board, Reviewers, or Publisher. IJLRA shall not be liable for any loss, damage, claim, or legal consequence arising from the use, reliance upon, or interpretation of the content published. By submitting a manuscript, the author(s) agree to fully indemnify and hold harmless the journal, its Editor-in-Chief, Editors, Editorial Board, Reviewers, Advisors, Publisher, and Management against any claims, liabilities, or legal proceedings arising out of plagiarism, copyright infringement, defamation, breach of confidentiality, or violation of third-party rights. The journal reserves the absolute right to reject, withdraw, retract, or remove any manuscript or published article in case of ethical or legal violations, without incurring any liability.

www.ijlra.com
Volume 3 Issue 6 | Sep 2026
ISSN: 2582-6433

MINIMUM WAGES IN INDIA: A COMPREHENSIVE ANALYSIS OF WAGE REGULATION, SOCIAL SECURITY & INTERNATIONAL PERSPECTIVE

AUTHORED BY - PARIDHI RAUT

Abstract

Minimum wages can be defined as the lowest pay that an employer can give workers for their time. Minimum wages as an concept is an important instrument of providing for dignity of labour and ensuring that they are provided with enough wages in correlation with their work and maintain a certain standard of living. Wages should refer to the payment or a consideration for the work performed for a time over a period specified. The consideration is for the time and efforts they provide. The employed person may be an employee, or any worker that is working in an organized or may be an unorganized sector. It is always assumed that the wages are in correlated to the skill and experience that an particular individual possesses, but in practicality it is seen that an individual who is employed for a task in India who earns minimum wages or low wages, but with a similar skills or experience earn a significantly higher wage in another country. The Code on Wages, 2019 retains a fragmented and decentralised wage-fixation structure, limiting the creation of a uniform and dynamically enforceable national wage floor and perpetuating inter-state and inter-sectoral disparities. Its weak convergence with the Code on Social Security, 2020 further leaves informal, unorganised and gig workers without an integrated system linking wage protection with portable and adequate social-security benefits.Both Codes also lack modern pay-transparency and disclosure mechanisms. The absence of mandatory pay-range disclosure, gender-disaggregated wage data and effective platform reporting limits the ability to identify wage inequalities and enforce social-security rights. India therefore requires an integrated framework combining a formula-based and automatically revisable national floor wage, stronger coordination between wage and social-security systems, and transparent wage-data and reporting obligations. Such reforms can transform fragmented statutory protections into an enforceable and equitable wage and social-security floor.

Introduction

Wages is an very important and essential component of labour welfare, economic security and the dignity of work. In India, regulation of wages falls within the Concurrent List (List III) of the Seventh Schedule, enabling both the Union and State Governments to legislate on labour and wage-related matters. The constitutional framework further reflects the importance of fair remuneration through the Directive Principles of State Policy, particularly Article 39(a), which seeks to ensure adequate means of livelihood, Article 39(d), which promotes equal pay for equal work, and Article 43, which envisages a living wage and conditions of work ensuring a decent standard of life for workers.

Against this constitutional backdrop, the Code on Wages, 2019 and the Code on Social Security, 2020 is an important attempt to consolidate and rationalise India's fragmented labour-law framework. However, consolidation of legislation does not necessarily ensure substantive uniformity or effective protection. The Code on Wages retains decentralised wage fixation, permitting regional and occupational variations without an automatic mechanism linking minimum wages to inflation, living costs or productivity. Similarly, although the Social Security Code recognises informal, unorganised, gig and platform workers, the connection between worker identification, wage protection and actual, portable social-security entitlements remains insufficiently integrated.

Further, the Codes do not adequately develop modern pay-transparency and disclosure mechanisms, limiting the ability of workers, regulators and researchers to identify wage discrimination, underpayment and social-security non-compliance. These concerns become particularly relevant and important in an evolving labour market characterised by informal employment, platform work and changing employment relationships.

This paper therefore examines whether India's labour-code consolidation has translated into effective and enforceable economic protection for workers. It analyses the fragmented wage-fixation framework, the weak convergence between wage and social-security protection, and the absence of comprehensive pay transparency. The discussion is supported by international conventions, comparative experiences and policy approaches from different jurisdictions, including relevant examples demonstrating both the strengths and limitations of existing wage-regulation models. It also proposes practical and policy-oriented recommendations aimed at strengthening India's labour-law framework. Ultimately, the paper argues that labour-law reform must move beyond mere legal consolidation towards substantive, accessible, transparent and continuously enforceable protection of workers' economic rights.

Aim of Research:

1. To study the Code on Wages, 2019 and Code on Social Security, 2020 with the perspective of Minimum wages and to suggest relevant measures regarding the same.
2. To study the concept of Wages from a global perspective through various laws and mechanisms adopted by different countries.
3. To analyse the lack of pay-transparency and disclosure mechanisms in the Code on Wages, 2019 and the Code on Social Secutity,2020 and study about measures to improve the transparency.

Chapter 1: Fragmented Wage fixation under the Code on Wages, 2019

Argument: - The fragmented, decentralized structure of wage-fixation retained by the Code on Wages, 2019 fails to guarantee a uniform, dynamically enforceable national wage floor.

The Code on Wages Act, 2019[1] is a labour code that consolidated and replaced the four earlier wages related laws i.e. The Minimum Wages Act 1948, Payment of Wages Act, Payment of Bonus Act, and Equal Renumeration Act.

The Wage framework in India has developed through various separate laws, each had different definitions, threshold, coverage and compliance requirement. This fragmented system made wage regulation difficult to administer, requiring the employers to refer different rules for wage calculation, payment and employee entitlement, while the workers too often faced uncertainty about their rights due to differences based on sector, employment category. This need for a consolidated framework led to enforcement of Code on Wages, 2019 which seeks to harmonise definitions, reduce overlapping provisions and widen coverage. The new codes provide system that covers both formal and informal sector meaning states must set a minimum wage for every worker, rather than choosing a few "scheduled" industries.

The Code on Wages, 2019 along with its key provisions came into effect on the 21st of November 2019, establishing a consolidated framework for minimum wages, but the code does not by itself prescribe a number for the national floor wage. The Code on Wages (Central) Rules, 2026[2], notified on 8 May 2026, particularly Rule 10, lay down the procedure for determining the floor wage, including consultation with the Advisory Board and States and consideration of essential living requirements such as food, clothing and housing. However, the Rules do not specify any monetary amount. The actual floor wage must therefore be

[1] https://www.indiacode.nic.in/bitstream/123456789/15793/1/aA2019-29.pdf

[2] https://prsindia.org/files/bills_acts/bills_parliament/2026/Draft_Wages_Rules_2026.pdf

separately determined and notified by the Central Government under Section 9, making the Code the legal framework and subsequent governmental fixation the step that gives the floor wage its operative value.

The Code does not create a uniform, dynamically enforceable national minimum-wage floor. Instead, it retains decentralised wage fixation by the "appropriate Governments", based on skill, geographical area and type of employment. The Central floor wage also remains subject to executive discretion and periodic rather than automatic indexation. Consequently, the Code's institutional structure continues to permit wage fragmentation. The floor therefore operates primarily as a negative boundary preventing wages from falling below a prescribed level, rather than as a mechanism for interstate convergence or progressive realisation of a living wage.

I. Decentralised Fixation and Administrative Fragmentation

Under Section 6 read with Section 9 of the Code, the authority to fix minimum wages remains split between Central and State governments depending on the sector and legislative competence. While the Code ostensibly seeks to simplify the wage regime, it preserves multiple classificatory variables, allowing the "appropriate Government" to vary minimum wages based on skill levels, types of employment, and geographical areas.

Sec 2 (d)(ii) *"appropriate Government" means, —in relation to any other establishment, the State Government*

Section 9 (The Centre's Power): This section gives the Central Government sole authority to fix a "National Floor Wage". The Centre can set different floor wages for different geographical regions based on living standards

Section 6 (The States' Power): This section mandates that the "appropriate government" (which translates to individual State Governments for most private businesses) will fix the actual Minimum Wages for their territory.

The Interaction (Section 9(2)): State governments are legally barred from setting a minimum wage lower than the Central floor wage. However, if a state's existing minimum wage is already *higher* than the Centre's floor wage, the state cannot reduce it.

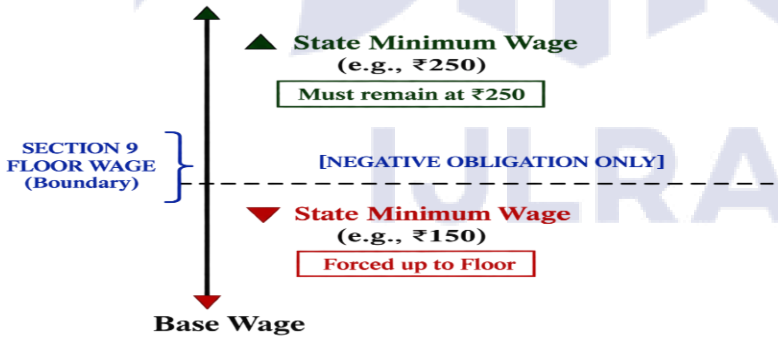
Because Section 6 permits individual states to maintain or increase their minimum wages independently as long as they stay above the absolute bottom floor, India does not have a single, unified minimum wage layout. A worker in one state can legally be paid a vastly different minimum wage than a worker performing the exact same job in a neighboring state, preserving regional fragmentation

ISSN: 2582-6433

- Interstate Inequality: Workers performing identical, comparable tasks receive vastly different statutory protections across state borders.
- Migrant Vulnerability: Migrant laborers moving across jurisdictions face an uneven legal landscape without a consistent, uniform national wage guarantee.
- Compliance Complexity: Small-scale employers face persistent legal uncertainty regarding which specific notification, skill classification, or zone applies to their enterprise.
- Enforcement Impediments: Labor inspectors and enforcement authorities must navigate a complex maze of overlapping state notifications, geographic zones, and wage components to identify the correct statutory rate.
- Exploitation of Classifications: Employers can exploit ambiguities in job descriptions to classify skilled or semi-skilled workers into lower-paid brackets.
- Informal Sector Exclusion: Workers in the informal sector who possess the weakest bargaining power remain functionally unable to invoke or enforce these complex, fragmented rates even when they exist on paper.

II. The Central Floor Wage: A Negative Boundary Lacking Positive Convergence

As already discussed in above point The cornerstone of the Code's rationalisation argument is Section 9, which mandates that the Central Government fix a national floor wage by taking into account the minimum living standards of workers. To accommodate regional economic disparities, Section 9 permits the Central Government to set different floor wages for different geographical areas.



Once this floor is notified, State and Central minimum wages cannot legally be fixed below it, and existing rates that are already above the floor cannot be reduced simply because the floor is lower.

However, a strict reading of Section 9 reveals a critical institutional gap: it establishes a negative obligation rather than a positive convergence obligation. While State Governments are legally barred from dropping below the floor, the statute does not require them to adopt the floor wage as their actual minimum wage, nor does it mandate that states with low wage rates revise their tariffs upward within a specified, legally binding timeframe to converge with the national standard.

By acting only as a statutory barrier to prevent legal wages from falling further, the floor wage does not guarantee that the baseline will dynamically reflect changes in living costs, nor does it drive uniform national standards. It remains a nominal statutory baseline rather than a dynamic, uniform wage entitlement.

III) Executive Discretion and the Stagnation of Indexation

Section 8(4) requires the appropriate Government to review or revise minimum wages ordinarily at intervals not exceeding five years. However, a duty to review or revise is not the same as a statutory direction to increase wages automatically whenever the Consumer Price Index, food prices, productivity or GDP changes. The provision leaves the quantum, timing within the statutory framework and methodology of revision substantially to governmental determination.

The real-world danger of relying on executive discretion is illustrated by the historical experience of the National Floor Level Minimum Wage (NFLMW). The NFLMW was last adjusted to ₹176 per day in June 2017[3]. The subsequent multi-year stagnation benchmark before the Code's operationalisation stands as a stark warning of the policy risks of executive stagnation.

(Note: The NFLMW was a non-statutory and non-binding measure, not a legally enforceable national minimum wage. Government materials describe it as a voluntary measure, revised from time to time with reference to CPI-IW[4])

While this historical stagnation cannot be cited as a post-commencement failure of the Code itself, it serves as an empirical warning. Without an automatic, legally binding formula to protect purchasing power, the Code's new floor remains highly vulnerable to the same administrative inertia and inflation-driven erosion that historically neutralized the NFLMW.

Comparative analysis between India and Brazil

The comparison between India and Brazil demonstrates two contrasting minimum-wage models. India establishes a statutory floor wage, permits geographical differentiation and requires review or revision of minimum wages at intervals not exceeding five years, but does not link revisions automatically to inflation, food prices, productivity or GDP. While this

[3] https://forumias.com/blog/national-floor-level-minimum-wage-nflmw/
[4] https://www.gktoday.in/national-floor-level-minimum-wage/

preserves governmental flexibility, it may result in administrative delays, uneven implementation and erosion of workers' real purchasing power.

Brazil, under Law No. 12.382/2011[5], adopted a formula linking annual minimum-wage adjustments to INPC inflation and previous GDP growth, thereby improving predictability, protecting purchasing power and contributing to reduced income inequality[6]. However, automatic indexation can increase fiscal expenditure, labour costs and inflationary pressures, and may adversely affect employment and output when wage growth exceeds productivity or average wage growth[7]. Thus, India prioritises governmental flexibility but risks real-wage erosion, while Brazil prioritises predictability and real-value protection but risks fiscal rigidity and economic distortions. The comparison shows that India's lack of automatic indexation can affect workers' living standards and the effectiveness of the wage floor, while Brazil demonstrates the need to balance wage protection with employment, inflation and fiscal sustainability.

Effects of Fragmented Wage fixation

1) **For multi-state employers:** the Code on Wages, 2019 does not create a single uniform wage rate for every job across India. Although the Central Government may prescribe a national floor wage, State Governments continue to fix minimum wages for employments within their jurisdiction, subject to the statutory floor. The possibility of different state notifications therefore requires employers operating across India to maintain location-specific wage matrices and continuously monitor central and state rules.
2) **Preserved Regional Wage Disparities:** A construction worker or security guard in a highly urbanized, higher-cost state like Maharashtra may legally receive a significantly higher minimum wage than an identically skilled worker in a lower-tier economic zone.
3) **Safety Net via the National Floor Wage:** On the positive side, if a historically low-paying state sets a minimum wage below economic survival standards, Section 9(2) forces an automatic upgrade to match the Central Government's floor. It eliminates absolute bottom-tier worker exploitation
4) **Friction for Migrant Labour Portability:** As millions of informal and contractual workers migrate between states, calculating exact wage dues and entitlements remains

---

5 https://share.google/RMJ4WsgHDFw12qJe9 (Page 29 of 128)
6 https://wageindicator.org/work/minimum-wage/regulations/minimum-wages-regulations-brazil/
7 https://finance.biggo.com/news/8ff57abf-70c2-496a-8a37-323166aabaa6

confusing due to different state-level calculations, despite central attempts to digitalize records.

5) **Arbitrage in Interstate Business Location:** Because states retain control over their specific minimum wage caps, individual state governments can deliberately keep their minimum rates close to the Centre's "National Floor Wage" to attract manufacturing hubs, logistics centers, or investments away from high-wage states.

Chapter 2: Missing Link between the Labour Laws

Argument:- Weak convergence between the Code on Wages, 2019 and the Code on Social Security, 2020 leaves informal, gig, and unorganised workers without effective protection

The Code on Wages, 2019 and the Code on Social Security, 2020 formally expand labour protection to informal, gig and platform workers, but their interaction produces significant enforceability gaps. Under the Code on Wages, the broad definition of "worker" under Section 2(z) and the universal minimum-wage framework extend protection beyond scheduled employments. Sections 5 and 6 establish the right to minimum wages and the floor-wage framework, while Section 17 requires timely payment of wages. However, gig and platform workers are not separately defined, creating uncertainty over who constitutes the liable "employer" under Section 2(l). This becomes particularly problematic where workers operate through multiple platforms, aggregators or contractors and where wage records are maintained primarily through digital platforms. If a delivery rider works for three different apps in a single day, the law cannot easily determine which app is responsible for ensuring the worker hits the daily minimum wage floor.

Although the Code on Wages, 2019 universally extends minimum-wage protection beyond scheduled employments, gig and platform workers lack an effectively enforceable hourly statutory floor because the Code does not clearly identify platform aggregators as liable 'employers' nor integrate platform wage data for enforcement.

Also the wage records on digital platforms are not integrated with government social security databases as they are stored in company's own servers, the state cannot automatically track whether a platform is underpaying its workers or failing to meet the statutory wage floor

The Code on Social Security, 2020 addresses this definitional gap by expressly recognising gig workers and platform workers under Section 2(35) and related definitions. Section 109 empowers the Central Government to frame social-security schemes for unorganised, gig and platform workers, covering areas such as life and disability, health, maternity and old-age protection. Section 114 provides for a Social Security Fund, including contributions by aggregators. Nevertheless, these protections remain largely scheme-based rather than automatic statutory entitlements, making access dependent upon notified schemes, eligibility conditions and aggregator compliance.

The 2026 Rules further demonstrate this gap by introducing eligibility requirements of 90 days of work with a single aggregator or 120 days across multiple aggregators. Such thresholds can exclude irregular, seasonal and newly engaged workers and create difficulties in aggregating workdays across platforms. Consequently, those in the most precarious forms of gig work may remain outside effective social-security coverage.

The principal weakness is the lack of convergence between the two Codes. The Wage Code requires identification of an employer for wage liability, whereas the Social Security Code primarily treats aggregators as contributors to the social-security framework. There is no unified mechanism allowing a worker to pursue minimum-wage and social-security claims against the same respondent, nor is wage data systematically integrated with social-security contribution records. Sections 110–114 of the Social Security Code provide the institutional framework for schemes and the Fund, but do not by themselves create a comprehensive individual remedy corresponding to every contribution failure.

The Wage Code states that an "employer" is responsible for paying the minimum wage. However, because it does not clearly define gig platforms (like Uber, Zomato, or Dunzo) as employers, these companies can claim they are just "aggregators" or tech platforms, avoiding the legal obligation to pay minimum wages.

Thus, the Codes create a structural asymmetry: the Wage Code provides a statutory wage floor but leaves employer liability uncertain in platform work, while the Social Security Code recognises gig workers but makes many benefits dependent on schemes and eligibility conditions. Weak enforcement capacity, fragmented portals, evidentiary difficulties and state-level implementation further reduce practical access to rights.

The framework therefore requires deeming provisions for platforms exercising substantial control, joint and several liability, pro-rata benefits instead of rigid eligibility thresholds, mandatory digital wage records, direct remedies for social-security contribution failures, and an integrated worker-ID system linking wages, workdays and contributions. Such reforms would convert formal recognition into effective and individually enforceable labour protection.

Chapter III: Absence of a pay-transparency or disclosure mechanism

Argument: The Code on Wages, 2019 and the Code on Social Security, 2020 fail to introduce modern pay-transparency or disclosure mechanisms, missing a critical opportunity to

enforce wage equity and secure social security rights through open data.

The new labour codes i.e. the Code on Wages and the Code on Social Security consolidate Indian labour legislation and protections regarding the minimum wages, equal remuneration, deductions, social-security contributions and non-standard workers.

However, their primary focus remains on employer record-keeping, compliance and inspection rather than establishing pay transparency as an independent labour right. Employers are required to maintain registers, issue wage slips, display notices and record deductions and contributions, but workers generally lack access to comparative pay information, pay-setting criteria, gender-disaggregated remuneration, platform-payment calculations and complete social-security contribution records.

My argument here is that there is gap between substantive labour rights and the information required to enforce them. Record keeping and transparency, accessibility are two different ideas, maintaining information does not necessarily mean making it accessible, understandable or comparable to workers. This informational asymmetry can make it difficult to prove minimum-wage violations, gender discrimination, unlawful deductions, misclassification and social-security underpayment. The problem is particularly serious for informal, migrant, home-based, contract, gig and platform workers, where records may be fragmented among employers, contractors and digital intermediaries.

The Codes recognise several substantive labour entitlements but do not establish transparency as an independent, worker-enforceable right. Under Sections 3 and 4 of the Code on Wages, 2019, workers are protected against gender-based wage discrimination and are given a mechanism to determine whether work is of the same or similar nature. Yet the Code does not require employers to disclose salary bands, pay-setting criteria, job-evaluation methodologies or gender-disaggregated remuneration. Similarly, Section 50 requires employers to maintain wage registers, display category-wise wage rates and issue wage slips, but these obligations produce records primarily for compliance and inspection; they do not provide workers with a right to access comparative or establishment-wide pay information.

The same distinction appears in the Code on Social Security, 2020. Sections 111 and 123 require record keeping and maintenance of registers and returns, while Sections 113 and 114 provide for registration and social-security schemes for unorganised, gig and platform workers. However, the Code does not expressly require employers, contractors or aggregators to provide workers with complete, intelligible and portable records of earnings, deductions, payment calculations, aggregator contributions or social-security deposits. Consequently, the Codes may recognise rights in principle while leaving workers without the information necessary to detect and prove wage discrimination, minimum-wage violations, misclassification or underpayment of social-security contributions ***(Explained in more detail under APPENDIX I)***

International Perspective

1. **The ILO Minimum Wage Fixing Convention, 1970 (No. 131)[8]** requires wage-fixing machinery to consider workers' needs and wider economic factors and to be supported by adequate inspection. Different countries have developed four broad models:

   1. Independent/Tripartite Commission Model – Independent statutory bodies involving employers, workers and experts recommend wage adjustments on a fixed cycle. Examples include the United Kingdom, Germany and South Africa.
   2. Legislated Formula/Indexation Model – Wages automatically adjust according to a statutory formula, such as inflation and GDP growth. Brazil represents this model.
   3. Ad Hoc Legislative/Executive Discretion Model – Wage revisions depend upon government action without a binding formula or independent mechanism. India and the United States fall within this model.
   4. Collective Bargaining/Sectoral Extension Model: Focuses primarily on sector-wide union agreements extended nationally, common in parts of Northern Europe.

2. **ILO Convention C193[9]** is the first global labor treaty that establishes minimum rights, fair pay, and social protections for platform and gig workers. It forces digital apps to be transparent about how their algorithms manage workers and prevents companies from misclassifying employees as independent contractors.

India's abstention from ILO Convention C193 reflects its preference to preserve domestic legislative authority and policy flexibility. The government cited labour's Concurrent List status, its policy of aligning domestic laws before accepting international obligations, and the view that existing frameworks such as the Code on Social Security, 2020 already provide a basis for protecting gig and platform workers

3.**Spain Case Study[10]** Spain provides an important case study of how a substantial minimum-wage increase can improve low-wage earnings without causing proportionate employment losses. In January 2019, Spain increased its statutory minimum wage by 22%, directly affecting around 7% of dependent employees. The OECD assessed the reform using individual-level

[8] https://www.ilo.org/publications/minimum-wage-fixing-convention-1970-no131
[9] https://www.ilo.org/resource/article/how-will-new-convention-no193-promote-decent-work-platform-economy
[10] https://www.oecd.org/en/publications/minimum-wages-in-a-dual-labour-market_7ff44848-en.html

longitudinal data, comparing workers affected by the increase with those just above the new minimum-wage threshold.

The results indicate a favourable wage–employment trade-off. Among directly affected workers, full-time equivalent monthly earnings increased by 5.8%, while employment declined by only 0.6%. The effects also reflected Spain's dual labour market: wage gains were stronger for workers with open-ended contracts, whereas employment losses were more pronounced among workers on fixed-term contracts.

Policy significance: The Spanish experience suggests that a sizeable minimum-wage increase can raise earnings at the bottom of the wage distribution with only a limited employment cost. However, the distribution of employment effects across contract types shows that minimum-wage policy must be accompanied by measures addressing labour-market segmentation and the vulnerability of temporary workers

4.California's legal framework protects gig workers far more effectively than India's scheme-dependent model by replacing vague welfare programs with rigid, enforceable rules. Under Assembly Bill 5 (AB5)[11], the strict "ABC test" presumes all workers are employees unless platforms can definitively prove they operate with complete independence. When tech platforms fought this rule, Proposition 22 established a critical fallback by keeping drivers as contractors but guaranteeing them a mandatory sectoral wage floor and health benefits. This two-layer approach creates a clear, transparent baseline for worker compensation and corporate accountability. In contrast, India's current model relies on scattered, voluntary government schemes that lack strict legal definitions or automatic wage protections. Ultimately, adopting a clear legal presumption or a mandatory sector-specific floor would give Indian gig workers much higher financial security and reliable legal recourse.

Moving Forward

1) Can India adopt ABC test?

India could adopt the ABC test by shifting from welfare-based recognition of gig workers to a presumption of employment. Platforms would have to prove that workers are independent by satisfying three criteria: genuine control over work, work outside the platform's core business, and an independently established trade. Failure would reclassify the platform as an employer, triggering employment-related protections and social-security obligations. Harmonised central and state rules would be necessary to implement this framework effectively.

[11] https://www.ftb.ca.gov/file/business/industries/worker-classification-and-ab-5-faq.html

ISSN: 2582-6433

2) Develop grievences redressal mechanisms accessible through multiple channels (online; on phone; in person) with time bound resolutions also conduct awareness campaign targeting workers through notifications, social media, posters etc.

3) E-Shram Portal : The e-Shram portal aims to improve social-security coverage by registering gig workers through platforms and providing portable Aadhaar-linked UANs, allowing benefits to follow workers across platforms. However, it cannot effectively monitor underpayment because gig workers lack a nationally enforceable hourly minimum-wage floor, while essential work-related expenses such as fuel, data, and maintenance are not captured. Thus, registration improves identification but does not ensure adequate earnings.

4) Formula-based revision: Amend the Central Rules (or issue a binding notification under Section 9 read with Rule 11) to tie the national floor wage to an objective index (e.g., a weighted index of nutritional requirements, CPI-IW/CPI-AL, and regional rent), with mandatory revision at fixed intervals (e.g., annually).

5) Introduce a new chapter under the Code on Wages, 2019 requiring establishments above a threshold (e.g., 100+ employees) to submit periodic wage data disaggregated through various components to a central authority, which publishes anonymized transparency reports — with a mandatory corrective action plan where a gap is flagged, backed by real penalties. This is your most original recommendation and should be the centerpiece.

6) Amend Section 9 of the Code on Wages, 2019 to fix the National Floor Wage by a statutory formula that incorporates the Anoop Satpathy Committee's need-based methodology (15th ILC norms, balanced food basket, essential non-food expenditure, and 3.6 consumption units)[12], with mandatory periodic indexation. This would convert the floor wage from a discretionary notification into a rule-bound statutory computation, making it harder to delay or dilute revisions and giving states a clear, non-discretionary benchmark that minimum rates cannot fall below.

7) Rather than three siloed digital systems (wage registration, social security registration, and a future transparency portal), integrate them so that a single registration event triggers wage-floor compliance, social security coverage, and transparency reporting which turns the formalization into a one-step process rather than three separate administrative burdens for employers of informal and gig workers.

[12]https://www.pib.gov.in/newsite/PrintRelease.aspx?relid=188610&reg=48&lang=2#:~:text=national%20level%20balanced%20food%20basket

Conclusion:

India's labour code consolidation does not fully resolve the structural weaknesses in wage and social-security protection. Firstly, the Code on Wages, 2019 retains decentralised wage fixation, allowing regional and occupational variations without an automatic mechanism linking minimum wages to inflation or living costs. The floor-wage framework therefore does not guarantee a uniformly enforceable and dynamically updated national wage floor.

Secondly, the Code on Wages and Code on Social Security, 2020 remain insufficiently integrated. Although the latter recognises informal, unorganised, gig and platform workers, registration or recognition does not automatically translate into portable and enforceable social-security benefits. The gap between wage protection, worker identification and actual entitlement therefore persists.

Thirdly, both Codes largely miss the opportunity to establish modern pay-transparency and disclosure mechanisms. Without systematic wage, gender-disaggregated and platform-payment data, workers and regulators may struggle to detect wage discrimination, underpayment and social-security non-compliance.

Thus, formal legal rights do not always translate into effective economic security for workers. India therefore needs stronger coordination between wage regulation, social security and worker identification. Ultimately, labour-law reform must move beyond legal consolidation towards substantive, accessible and continuously enforceable worker protection. Various relevant examples and analysis of various policies of different countries have been explained in this. Practical recommendations have also been suggested along with International perspective of various conventions and laws.

This study provides a non exhaustive overview of minimum wages and remains subject to future statutory updates or legal amendments.

APPENDIX I

Code of Wages 2019

Section	Provision	Relevancy to pay transparency
Sections 3–4	Prohibit gender discrimination in wages and provide for determination of work of the same or similar nature.	Establish equal-pay protection but do not require disclosure of salary structures, pay-setting criteria or comparative remuneration, potentially making discrimination difficult to

ISSN: 2582-6433

		prove.
Sections 5–9	Deal with minimum wages, including fixation, revision and the floor wage.	Establish minimum standards but do not enable workers to compare actual wages across establishments, occupations, regions or categories.
Section 18	Regulates permissible deductions and generally limits deductions to 50% of wages in a wage period.	Protects workers against unlawful deductions but does not require a comprehensive, independently verifiable record explaining the calculation and destination of each deduction.
Section 45	Provides a mechanism for claiming amounts due under the Code.	Provides a remedy, but effective access to the remedy may still depend on the worker obtaining relevant wage and deduction records.
Section 50(1)	Requires employers to maintain registers containing employment and wage-related information.	Establishes an important record-keeping obligation, but does not expressly provide workers with a general right to inspect or obtain workplace-wide wage data.
Section 50(2)	Requires display of wage rates, wage period, payment date and related information.	Provides basic notice of applicable wage rates but not actual remuneration, pay-setting criteria or comparative pay information.
Section 50(3)	Requires employers to issue wage slips.	Gives workers individual information about their wages, but does not provide broader information enabling comparison with similarly situated workers.
Section 51	Provides powers to Inspectors-cum-Facilitators.	Emphasises state inspection and administrative enforcement rather than independent worker access to employment and pay data.
Section 59	Places the burden of proof in specified proceedings on the employer/person charged, subject to the statutory conditions.	May reduce information asymmetry but does not necessarily solve the worker's initial difficulty in obtaining relevant records.

Code on Social Security, 2020

Sections	Provisions	How is it relevant?
Sections 2(2), 2(35), 2(36)	Define aggregators, gig workers and home-based workers.	Recognise emerging forms of work but do not expressly require comprehensive disclosure of payment calculations or relevant platform data.
Sections 2(19)–(20)	Define contract labour and contractors.	Recognise layered employment relationships but do not create a unified obligation to provide workers with consolidated wage and contribution information.
Sections 109–112	Deal with welfare schemes, records, helplines and facilitation for unorganised, gig and platform workers.	Provide administrative support and record mechanisms without expressly creating a broad worker right to access complete earnings, deductions or contribution records.
Section 111	Provides for record keeping concerning unorganised, gig and platform workers.	Demonstrates that the Code requires creation of records, but does not clearly establish corresponding rights of portability, auditability or comparison.
Section 113	Provides for registration of unorganised, gig and platform workers.	Facilitates identification and administration but does not by itself disclose how benefits or contributions are calculated.
Section 114	Provides schemes for gig and platform workers and permits aggregator contributions linked to annual turnover, subject to statutory limits.	Creates a funding mechanism but does not expressly require disclosure to individual workers of the calculation, contribution history or data underlying their entitlements.
Section 123	Requires maintenance of records, registers and returns for social-security purposes.	Supports the distinction between statutory record-keeping and actual worker access to complete and comprehensible records.
Sections 122 & 125	Provide for inspection and assessment/determination of	Depend on official enforcement rather than providing workers with direct access to

ISSN: 2582-6433

	dues.	underlying employer or aggregator data.
Section 141	Establishes the Social Security Fund.	Creates an institutional funding structure but not necessarily an individualised mechanism for workers to track contributions and benefits.
Section 150	Authorises the making of schemes.	Leaves several operational matters to schemes and administrative implementation, potentially affecting transparency regarding eligibility, contributions and benefit calculation.

Primary References

1) Code on Wages,2019 (Bare Act)
2) Code on Social Security, 2020 (Bare Act)