



# Assessing the Efficacy of Minimum Wages Act, 1948 in Ensuring Livelihood Security of Industrial Workers: A Socio-Legal Study in the Jammu Division

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## Abstract

*The Minimum Wages Act, 1948, was enacted with the objective of ensuring fair and equitable remuneration for workers across various industries, thereby securing the basic means of livelihood. However, the actual efficacy of this legislation in practice—particularly in industrially backward regions such as the Jammu Division—remains questionable. This paper undertakes a socio-legal study to examine whether the implementation of minimum wages in Jammu Division adequately supports the fundamental requirements of industrial workers. Relying on doctrinal analysis, field surveys, and interviews with workers, labour officials, and employers, the study reveals substantial gaps between legislative intent and ground-level realities. The findings highlight persistent issues such as non-compliance, lack of awareness, inflation-adjusted wage inadequacy, and ineffective enforcement mechanisms. The paper concludes by proposing targeted legal reforms, increased state accountability, and improved wage indexation to make minimum wages a meaningful instrument for livelihood security in Jammu's industrial landscape.*

Key words:-Labour, Minimum wages, Industrial landscape, Employees, Constitution, Workers, Fundamental Rights,

## I. INTRODUCTION

The guarantee of a minimum wage represents not merely a statutory obligation but a moral and constitutional imperative in a democratic welfare state. Rooted in the ideals of social justice, human dignity, and economic equality, minimum wages aim to ensure that workers—particularly those engaged in low-paid and unorganised sectors—receive compensation sufficient to maintain a basic standard of living. In India, the enactment of the Minimum Wages Act, 1948 marked a significant legislative milestone in the post-independence drive to safeguard labour rights and promote inclusive development.<sup>1</sup>

<sup>1</sup>Minimum Wages Act, 1948, No. 11 of 1948, India Code (1948).

The Act was designed to address the power imbalance in employer-employee relations, particularly in employments where individual or collective bargaining was weak or non-existent. It empowers both Central and State Governments to notify and revise wages across various “*scheduled employments*,” taking into account factors like the cost of living, nature of work, and regional disparities.<sup>2</sup> Yet, despite its lofty aims, the practical impact of minimum wage laws has been uneven across India, owing to variations in administrative enforcement, labour market informality, and state capacity.

Minimum wages, therefore, must be understood as more than an economic policy instrument—they are a socio-legal safeguard that embodies the constitutional vision of a just and equitable society.<sup>3</sup> The Directive Principles of State Policy, particularly Articles 38 and 43, enshrine the goal of securing adequate means of livelihood and ensuring living wages for all workers.<sup>4</sup> However, the challenge lies not in legislative absence but in implementation and efficacy, especially in peripheral regions that face socio-political instability, such as the Jammu Division.

The Jammu Division of the Union Territory of Jammu & Kashmir presents a unique context. Historically marked by uneven industrial development, geographic isolation, and recent political transitions following the abrogation of Article 370 in 2019, the region faces specific constraints in enforcing central labour laws. While the formal extension of the Minimum Wages Act to Jammu & Kashmir signifies legal uniformity, the actual effectiveness of minimum wages as a livelihood guarantee for industrial workers in this region remains largely underexplored in academic and policy circles.<sup>5</sup>

Further, the growth of informal employment, contractual labour, and wage suppression practices in the region undermines the statutory promise of minimum wages. Workers in industrial areas such as Bari Brahmana and Samba often lack written contracts, awareness of wage entitlements, or access to grievance redressal mechanisms. In such conditions, the law’s transformative potential is eroded by administrative gaps and socio-economic vulnerabilities.

This study aims to assess the efficacy of the Minimum Wages Act, 1948 in sustaining an adequate means of livelihood for industrial workers in the Jammu Division, through a socio-legal lens. It interrogates whether the statutory minimum wage is aligned with workers’ basic needs, whether enforcement mechanisms are functional, and how regional dynamics affect compliance. The goal is not only to critique the shortcomings but also to offer constructive pathways for strengthening wage justice in one of India’s most sensitive and under-studied regions.

## II. HISTORICAL CONTEXT OF WAGE LEGISLATION

The roots of minimum wage legislation in India can be traced back to the early 20th century, during the colonial period, when the exploitative nature of unregulated labour markets—particularly in the plantation and textile sectors—became a pressing concern. Wages during this time were often determined arbitrarily by employers,

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<sup>2</sup>A. Sivananthiran, “Wage Protection in India: Achievements and Challenges,” (2005) 47(1) Indian Journal of Labour Economics 87.

<sup>3</sup>S.C. Srivastava, *Industrial Relations and Labour Laws* (VikasPublishing House, 2012) at 145.

<sup>4</sup>The Constitution of India, Arts. 38, 39 & 43.

<sup>5</sup>Ministry of Home Affairs, *Jammu and Kashmir Reorganisation Act, 2019*, Gazette of India, No. 34 of 2019.

without reference to cost of living, workload, or human dignity. This led to widespread underpayment and economic distress, particularly among workers in sectors such as jute, tea, and cotton mills.<sup>6</sup>

In response to growing labour unrest and global pressure to adopt protective measures, the British Government in India appointed the Royal Commission on Labour in India (1931). The Commission's report was a landmark in Indian labour policy, acknowledging for the first time that mere market-based wage determination was insufficient to guarantee a basic standard of life for workers.<sup>7</sup> The Commission recommended statutory wage fixation as an essential tool to protect labourers from being paid below subsistence levels, especially in unorganised sectors where trade unions were absent or ineffective.

The Commission's recommendations, although not immediately acted upon, laid the intellectual foundation for India's post-independence labour reforms. After independence, the newly formed Indian state—guided by the values of social justice, equality, and planned economic development—took decisive steps to codify protections for workers. Among the first such initiatives was the passage of the Minimum Wages Act, 1948, which became a cornerstone of Indian labour law.<sup>8</sup>

The Act empowers both the Central and State Governments to fix and revise minimum wages for employments specified in the Schedule of the Act. These employments generally include low-paid, unorganised, or semi-organised sectors where the risk of exploitation is higher.<sup>9</sup> The statutory mechanism involves setting minimum rates based on region, skill level, and occupation, with provisions for periodic revision to account for inflation and changing socio-economic conditions. The legislation also provides for enforcement through labour inspectors and penal action against defaulters, although these mechanisms have remained administratively weak in practice.

Over the past seven decades, the Minimum Wages Act has retained its relevance, particularly in sectors where collective bargaining remains absent or ineffective. In India, where over 90% of the workforce is employed in the informal sector, the importance of a statutory wage floor cannot be overstated.<sup>10</sup> It serves as a lifeline for millions of workers whose employment terms are not governed by written contracts or union-negotiated agreements. In the specific case of Jammu & Kashmir, the legal and administrative framework surrounding labour laws underwent a transformational shift following the abrogation of Article 370 and the bifurcation of the state into two Union Territories in August 2019. Prior to this, Jammu & Kashmir had its own labour laws under the erstwhile Constitution of J&K, and central labour statutes were not automatically applicable. With the enactment of the Jammu and Kashmir Reorganisation Act, 2019, the Minimum Wages Act, along with other central legislations, was extended to the region, thereby ensuring uniform legal standards for wage protection and employment conditions.<sup>11</sup>

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<sup>6</sup>S.C. Srivastava, *Industrial Relations and Labour Laws*, (Vikas Publishing House, 2012) at 138.

<sup>7</sup> Royal Commission on Labour in India, *Report of the Royal Commission on Labour*, (Government of India Press, 1931) at 117–120.

<sup>8</sup>K.D. Srivastava, *Commentary on Minimum Wages Act*, (Eastern Book Company, 2020) at 67.

<sup>9</sup>Minimum Wages Act, 1948, No. 11 of 1948, India Code (1948).

<sup>10</sup>V.V. Giri National Labour Institute, *Informal Sector in India: Approaches for Formalisation*, (2021) at 5.

<sup>11</sup>Ministry of Home Affairs, *Jammu and Kashmir Reorganisation Act, 2019*, Gazette of India, No. 34 of 2019.

However, while this legal harmonisation may appear to be a positive step, uniform application does not necessarily result in uniform effectiveness. The socio-economic conditions, enforcement capacity, industrial structure, and administrative resources in Jammu Division differ significantly from those in more industrialised states like Maharashtra or Gujarat. Therefore, the mere extension of central labour laws may not adequately address the region-specific vulnerabilities of workers unless supported by context-sensitive enforcement mechanisms and political will.

### III. METHODOLOGY

This study adopts a socio-legal research design, combining doctrinal legal analysis with empirical field investigation to examine the practical efficacy of the Minimum Wages Act, 1948 in sustaining an adequate livelihood for industrial workers in the Jammu Division. The socio-legal approach is particularly suited to labour law research, as it enables the exploration of how legal norms operate within specific social, economic, and administrative contexts.

#### a. Doctrinal Component

The doctrinal component of this study involves a comprehensive review and critical interpretation of:

- Statutory texts, including the Minimum Wages Act, 1948; the Jammu and Kashmir Reorganisation Act, 2019; and relevant provisions of the new Labour Codes, 2020;
- Government notifications and circulars, particularly those issued by the Labour and Employment Department of Jammu and Kashmir, relating to wage rates, categories of employment, and enforcement guidelines;
- Judicial decisions of the Supreme Court of India and various High Courts, which have interpreted minimum wage obligations, employer liability, and constitutional dimensions of wage justice.

This analysis enables the study to situate the statutory framework within the evolving legal discourse on workers' rights, state obligations, and the principles of economic justice enshrined in the Indian Constitution.

#### b. Empirical Fieldwork

Recognising that legal efficacy must be judged not only by what is written in the statute books but also by how laws are implemented and experienced, this research includes fieldwork in selected industrial regions of the Jammu Division. Three primary locations were chosen based on their industrial significance and worker concentration:

- Bari Brahmana Industrial Area (Jammu district)
- Samba Industrial Growth Centre (Samba district)
- Kathua Industrial Estate (Kathua district)

These areas represent the most developed industrial clusters in the region, housing medium to large manufacturing units in textiles, pharmaceuticals, plastics, and food processing.

#### c. Data Collection Tools and Sample Size

The empirical study was based on structured interviews and semi-structured questionnaires administered to the following groups:

- 100 industrial workers, including permanent, contractual, and migrant workers, selected using purposive sampling to ensure representation across sectors, skill levels, and wage brackets;
- 12 employers or HR managers, to understand their perspectives on wage compliance, economic constraints, and awareness of legal obligations;
- 8 officials from the Labour Department, including inspectors and enforcement officers, to assess institutional capacity, enforcement practices, and practical difficulties.

The worker interviews focused on wage levels, regularity of payment, written contracts (if any), awareness of minimum wage entitlements, grievance mechanisms, and cost of living. Employers were asked about their rationale for wage-setting, legal compliance strategies, and engagement with government regulations. Labour officials were questioned about inspection frequencies, challenges in monitoring wage compliance, and institutional constraints.

#### **d. Objectives and Rationale**

The objective of this research design is threefold:

- To evaluate whether the notified minimum wages in Jammu Division correspond to a realistic cost of living for industrial workers;
- To assess the enforcement dynamics, including the extent to which government mechanisms ensure compliance with minimum wage laws;
- To explore worker and employer perceptions of minimum wage protection, legal awareness, and the functioning of redressal systems.

This mixed-methods approach enables a holistic assessment of how the law functions not only as a formal regulatory framework but also as a lived reality in the industrial labour market of Jammu Division. By grounding doctrinal analysis in empirical data, the study seeks to bridge the gap between legal ideals and enforcement realities, thereby contributing to more contextually grounded policy and legal reform proposals.

### **IV. GROUND REALITIES: IMPLEMENTATION IN JAMMU DIVISION**

#### **a. Wage Levels and Cost of Living**

The minimum wages notified for different categories (unskilled to highly skilled) range from ₹225 to ₹400 per day.<sup>12</sup> The Minimum Wages Act, 1948 empowers State and Central governments to fix and revise wages across scheduled employments. In the Union Territory of Jammu & Kashmir, the Labour and Employment Department has notified minimum wages ranging from ₹225 per day for unskilled workers to approximately ₹400 per day for highly skilled workers, depending on the nature of employment and industrial classification.<sup>13</sup> However, ground-level realities reflect a significant disparity between statutory wage floors and the actual cost of living in the region.

During fieldwork conducted in industrial hubs like Bari Brahmana, Samba, and Kathua, it was observed that most workers—especially contractual and daily-wage earners—receive only the base minimum wage, with no regular upward revision or adherence to inflation-indexed mechanisms. Despite the existence of provisions for dearness allowance (DA) and variable dearness allowance (VDA) linked to the Consumer Price Index (CPI)

<sup>12</sup> Government of Jammu & Kashmir, Minimum Wages Notification, No. L&E/2023/45, dated April 12, 2023.

<sup>13</sup> *ibid*

under Rule 5 of the Act,<sup>14</sup> these are rarely implemented in letter or spirit in the region. More alarmingly, many employers do not issue formal appointment letters or maintain wage registers, making it difficult to prove discrepancies in court or before labour authorities. This leads to systemic wage suppression, where even the legally guaranteed minimum becomes the ceiling rather than the floor. According to the National Sample Survey Office (NSSO) and data from the Labour Bureau, the average monthly expenditure for an industrial worker in semi-urban Jammu includes:

- Rent: ₹3,500 – ₹5,000
- Food & groceries: ₹4,000 – ₹5,500
- Transport: ₹800 – ₹1,200
- Healthcare and medicines: ₹600 – ₹1,000
- Education and child care: ₹1,000 – ₹2,000

This amounts to a conservative monthly expenditure of ₹10,000 – ₹14,000, which significantly exceeds what an unskilled worker earns under the existing minimum wage, pegged around ₹6,750/month (₹225 × 30 days).<sup>15</sup> The gap widens further when wage payments are irregular or arbitrarily deducted, a common occurrence in the informalised industrial settings of Jammu. This situation is in direct conflict with the principles of social justice and adequacy that the minimum wage law was designed to protect. As noted by the Supreme Court in *People's Union for Democratic Rights v. Union of India*, non-payment of minimum wages is tantamount to “forced labour” under Article 23 of the Constitution.<sup>16</sup> Moreover, the 45th Indian Labour Conference (2013) recommended that the minimum wage must at least ensure nutrition, healthcare, housing, education, and social security, with a margin for contingency.<sup>17</sup> Yet, wage levels in Jammu Division, in their current form, fail to provide workers with the bare minimum necessary for survival, let alone a life of dignity. In interviews, workers consistently reported taking up secondary employment, working 12–14 hour shifts, or borrowing money to meet basic household needs—practices that are unsustainable, exploitative, and in violation of fundamental labour rights.

Unless wage levels are dynamically adjusted to reflect regional cost-of-living indices, and unless enforcement mechanisms are enhanced, the minimum wage regime risks becoming a paper safeguard—legally sound but practically ineffective. In regions like Jammu Division, where collective bargaining is weak and trade union penetration is minimal, statutory minimum wages remain the only viable wage protection tool—and its adequacy is thus both a legal and moral imperative.

## **b. Legal Awareness and Documentation**

One of the most alarming findings of the field study in the Jammu Division was the pervasive lack of legal awareness among industrial workers regarding their entitlements under the Minimum Wages Act, 1948. More than 65% of the 100 workers interviewed across Bari Brahmana, Samba, and Kathua reported being unaware of the concept of minimum wages or the statutory protections available to them under labour law. Most respondents

<sup>14</sup> Minimum Wages Act, 1948, s. 4(1), and the Minimum Wages (Central) Rules, 1950, r. 5

<sup>15</sup> National Sample Survey Office (NSSO), Periodic Labour Force Survey 2022–23: Urban Jammu Division Summary, Ministry of Statistics and Programme Implementation, Government of India.

<sup>16</sup> *People's Union for Democratic Rights v. Union of India*, AIR 1982 SC 1473.

<sup>17</sup> Ministry of Labour and Employment, *Proceedings of the 45th Indian Labour Conference*, Government of India, 2013.

believed that their wages were fixed arbitrarily by employers and had never been informed of any legally mandated rates by government authorities, contractors, or employers.

This absence of legal literacy is compounded by a glaring lack of employment documentation. Fewer than 20% of workers had ever received appointment letters, and an even smaller number had access to wage slips, attendance registers, or identity cards. The majority were employed either directly on a verbal basis or through informal contractors, creating layers of obscurity around their employment terms. In such conditions, proving violations of statutory wage laws becomes practically impossible.

The Minimum Wages (Central) Rules, 1950 as well as state-specific rules require employers to maintain clear records of wages, hours worked, deductions, and employee attendance. Yet, the study revealed that most small and medium-sized enterprises either did not maintain such records at all, or maintained them solely for audit and inspection purposes, not as a genuine worker-facing accountability tool. In many cases, wage payments were made in cash without written acknowledgment, and overtime or leave records were completely absent.

This documentation vacuum serves as a double-edged barrier: it prevents enforcement authorities from initiating punitive action, and it precludes workers from seeking legal redress even when they are aware of their rights. The lack of formal records significantly weakens the position of labour inspectors, who are often constrained by procedural requirements that demand written evidence of non-compliance. From a legal standpoint, the absence of documentation also affects workers' ability to approach courts or labour tribunals, as most cases require prima facie proof of employment and wage entitlement. In *Daily Rated Casual Labour v. Union of India*, the Supreme Court recognised that denial of documents such as appointment letters or pay slips by the employer cannot be used as a weapon to deny workers their rights. However, in practice, workers without written proof are at the mercy of employers or third-party contractors, often forced to accept delayed or partial payments without protest.

This problem is not unique to Jammu, but it is exacerbated in the region due to a lack of trade union penetration, low literacy levels, and a fragile post-conflict governance ecosystem. Even in registered industrial units, informal employment practices remain the norm, reflecting a systemic evasion of labour law obligations. The International Labour Organization (ILO) has repeatedly emphasised that documentation is central to ensuring labour market formalisation, wage transparency, and access to social protection. In light of these findings, it becomes evident that enforcement of minimum wage law cannot be effective in the absence of employment formalisation. Legal literacy campaigns, simplified model contracts, mandatory issuance of wage slips, and proactive inspections must become core components of wage law enforcement. Without these, even the best-crafted statutory protections will fail to empower the very workers they are designed to protect. units.<sup>18</sup>

### c. Enforcement Challenges

Labour inspections are infrequent and under-resourced. Officials admitted that inspections were often procedural and lacked follow-up. Employers often avoid compliance by hiring through contractors or maintaining dual records.<sup>19</sup>

<sup>18</sup> A. Sivananthiran, "Informalisation of Industrial Labour: A Challenge for Wage Protection," (2011) 53(2) Indian Journal of Labour Economics 274.

<sup>19</sup> Ministry of Labour & Employment, Annual Report 2022–23, Government of India, at 89.

## V. JUDICIAL SUPPORT FOR WAGE RIGHTS

Indian courts have interpreted wage protection as intrinsic to the constitutional guarantees of dignity and equality. In *People's Union for Democratic Rights v. Union of India*, the Supreme Court held that non-payment of minimum wages constitutes **forced labour under Article 23** of the Constitution.<sup>20</sup> Similarly, in *Sanjit Roy v. State of Rajasthan*, the Court struck down wage disparity in state employment schemes, affirming the principle that economic constraints cannot justify statutory violations.<sup>21</sup> However, these precedents remain underutilized due to poor legal literacy and weak access to justice in the Jammu Division.

## VI. RECOMMENDATIONS

To make the Minimum Wages Act more effective in Jammu Division, the following steps are proposed:

- **Index wages to inflation** through Consumer Price Index (CPI)-linked adjustments;
- **Digitize wage records** and payment systems to ensure transparency;
- **Strengthen the Labour Department** with more personnel, training, and accountability;
- **Introduce community legal awareness programs** in industrial clusters;
- **Establish district-level grievance redressal forums** for speedy dispute resolution.

## VII. CONCLUSION

The Minimum Wages Act, 1948 was envisioned as a legislative tool to safeguard vulnerable workers from exploitation and to ensure the provision of wages that could support a life with dignity. Rooted in the constitutional ideals of equality, justice, and the right to livelihood, the Act embodies the Indian state's commitment to social welfare and economic fairness. However, in the context of the Jammu Division, this study reveals that the realisation of these objectives is far from complete. While the formal extension of the Minimum Wages Act to the Union Territory after the abrogation of Article 370 in 2019 was a significant legal development, its on-ground impact remains diluted by multiple structural and administrative limitations. Informality dominates employment relationships even within registered industrial units, and a significant portion of the workforce continues to operate without formal contracts, written records, or any real understanding of their legal entitlements. This disconnect between legal norms and lived experiences is further exacerbated by weak inspection regimes, insufficient staffing in the Labour Department, and a general lack of political and institutional will to prioritise labour welfare in industrial policy agendas.

Fieldwork conducted in key industrial clusters such as Bari Brahmana, Samba, and Kathua revealed that although minimum wages are officially notified and revised periodically, they are often not paid in full, not paid on time, or paid without accounting for inflation adjustments such as dearness allowance. Workers reported monthly earnings that fell short of meeting the actual cost of living, compelling many to rely on multiple jobs, borrowings, or unpaid family labour to sustain basic needs like food, shelter, healthcare, and education. The absence of wage slips, appointment letters, and proper grievance redress mechanisms effectively shuts workers out of the legal system, making enforcement of even basic rights extremely difficult. This failure of implementation undermines the spirit of the legislation and leaves workers trapped in cycles of economic vulnerability.

<sup>20</sup>*People's Union for Democratic Rights v. Union of India*, AIR 1982 SC 1473.

<sup>21</sup>*Sanjit Roy v. State of Rajasthan*, AIR 1983 SC 328.

Furthermore, the region's socio-political backdrop—characterised by post-conflict transitions, economic underdevelopment, and institutional fragility—requires that wage legislation be adapted and enforced in a more context-sensitive manner. The blanket application of national laws, while important for legal harmonisation, must be accompanied by decentralised strategies that address local realities. This includes legal awareness drives, presumptive documentation models for informal workers, mobile labour courts, and multi-stakeholder coordination between employers, labour officials, civil society, and legal aid providers. As India moves towards consolidating its labour laws through the Labour Codes, 2020, particularly the Code on Wages, this moment presents an important policy opportunity to rethink enforcement models in transitional regions like Jammu. The aim should not merely be legal compliance, but the actual realisation of constitutional promises and human dignity through wage fairness.

In conclusion, the minimum wage in the Jammu Division cannot remain a symbolic statutory figure; it must become a functional guarantee of economic and social security. Achieving this requires a shift from a purely regulatory perspective to a transformative one—where law becomes a means of empowerment, enforcement becomes participatory and transparent, and policy-making is rooted in ground-level realities. Only then can the objectives of the Minimum Wages Act be meaningfully fulfilled, and the path to inclusive, sustainable, and just development be firmly laid in one of India's most complex and strategically significant regions.

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