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## A Study on Minimum Wage Act and Its Impact of Labor Market

\*<sup>1</sup>VR Akshara and <sup>2</sup>Dr. MD Chinnu\*<sup>1</sup>2<sup>nd</sup> Year Student of B.B.A, LLB, School of Excellence in Law, Tamil Nadu Dr. Ambedkar Law University, Chennai, Tamil Nadu, India.<sup>2</sup>Assistant Professor, Department of Economics, School of Excellence in Law, Tamil Nadu Dr. Ambedkar Law University, Chennai, Tamil Nadu, India.

### Abstract

Protect workers from exploitation. The study examines effects on employment levels and labor demand. It highlights the influence of minimum wages on low-skilled and informal worker. Rising labor costs may affect employer hiring decisions. Minimum wages can improve income distribution minimum wage policies on the labor market. Minimum wage laws aim to ensure fair wages and reduce poverty. The study also considers productivity and worker motivation. Challenges include potential job losses and growth of informal employment. Effective implementation plays a crucial role in achieving policy goals.

**Keywords:** Minimum Wage, Labor Market, Employment, Wage Policy, Labor Law, Income Inequality.

### 1. Introduction

Minimum wage legislation is one of the most important tools of labor welfare policy adopted by governments across the world. It aims to guarantee workers a minimum standard of living by fixing the lowest legally permissible wage. The concept of minimum wage is rooted in the principles of social justice, equity, and protection of labor from exploitation. In developing countries like India, where a large portion of the workforce is engaged in low-paid and informal employment, minimum wage laws play a crucial role in safeguarding workers' economic rights. These laws seek to balance the unequal bargaining power between employers and workers while promoting decent work conditions and fair remuneration <sup>[1]</sup>.

The impact of minimum wage on the labor market has been widely debated by economists, policymakers, and legal scholars. On one hand, an increase in minimum wage can raise workers' income, reduce poverty, and improve living standards. It may also enhance worker productivity, motivation, and job satisfaction. On the other hand, critics argue that higher minimum wages increase labor costs for employers, which may lead to reduced employment opportunities, especially for low-skilled and young workers. In some cases, employers may shift towards automation or informal employment to avoid compliance. Thus, the labor market response to minimum wage policies remains complex and multifaceted <sup>[2]</sup>.

In India, minimum wage regulation has undergone significant reforms with the enactment of the Code on Wages, 2019, which aims to simplify and universalize wage protection. The Code seeks to ensure timely payment of wages and extend

\*Corresponding Author: VR Akshara

minimum wage coverage to all sectors. However, the effectiveness of such legislation depends on factors like regional economic conditions, enforcement mechanisms, and employer compliance. Studying the impact of minimum wage on the labor market is therefore essential to assess whether such policies achieve their intended objectives without adversely affecting employment. This topic holds particular relevance in the context of economic growth, labor rights, and social welfare <sup>[3]</sup>.

### 2. Statement of Problem

Minimum wage legislation is intended to protect workers and promote fair wages in the labor market. However, the actual impact of minimum wage policies on employment, labor demand, and business sustainability remains uncertain. While higher minimum wages may improve workers' income and living standards, they can also increase labor costs for employers. This may lead to reduced hiring, job losses, or increased reliance on informal employment. Small and medium enterprises are particularly affected by wage regulations. Regional economic disparities further complicate uniform wage implementation. Inadequate enforcement weakens policy effectiveness. There is limited empirical evidence on long-term labor market outcomes. Conflicting views among scholars create policy confusion. Hence, a detailed study is required to evaluate the true impact of minimum wage on the labor market.

### 3. Review of Literature

George J. Stigler (1946) provided an early theoretical analysis of minimum wage legislation. He argued that fixing wages

above the market equilibrium would reduce employment opportunities for low-skilled workers. According to him, employers respond to higher labor costs by reducing hiring. His study reflected the classical economic perspective. It emphasized unemployment risks caused by wage controls. However, the study lacked empirical evidence. It did not consider labor market imperfections. Despite criticism, it laid the foundation for later debates. His views influenced early policymaking. The study remains historically significant <sup>[4]</sup>.

Card and Krueger (1994) challenged the traditional view through an empirical study of the fast-food industry. They found that minimum wage increases did not lead to job losses. In some cases, employment slightly increased. This contradicted classical economic theory. The study emphasized imperfect competition in labor markets. It introduced innovative research methods. Their findings sparked widespread debate. Several later studies tested their conclusions. The research influenced modern wage policy. It remains a landmark study <sup>[5]</sup>.

The International Labor Organization (2016) has conducted extensive research on minimum wage systems worldwide. It highlights the role of minimum wages in reducing poverty and wage inequality. The ILO supports minimum wages as a tool for social justice. It emphasizes social dialogue in wage fixation. Proper enforcement is considered crucial. The organization warns against unrealistically high wage rates. Its reports balance economic growth and worker protection. These studies guide global labor policies. The ILO promotes periodic wage revision. Its work is widely accepted <sup>[6]</sup>.

Neumark and Wascher (2008) analyzed the employment effects of minimum wages using long-term data. Their studies suggest negative employment effects, especially for youth and low-skilled workers. They argue that minimum wages reduce job opportunities for vulnerable groups. Their findings support traditional economic theories. The authors criticize studies that find no employment impact. They emphasize careful data interpretation. Their work highlights sector variations. Policymakers frequently cite their research. The studies contribute to ongoing debates. They stress evidence-based policymaking <sup>[7]</sup>.

Papola and Sahu (2012) examined wage regulation in the Indian labor market. They found that minimum wage implementation in India is weak. Regional disparities significantly affect wage enforcement. Informal employment limits the effectiveness of wage laws. The authors argue that legislation alone is insufficient. Administrative capacity plays a key role. They emphasize the need for social security measures. Their study reflects ground-level realities. It provides insight into developing economies. The research is policy-oriented <sup>[8]</sup>.

#### 4. Research Gap

Existing literature on minimum wage presents mixed and sometimes conflicting findings regarding its impact on employment. Most studies focus on developed economies, with limited attention to developing countries like India. There is inadequate empirical research on the informal sector, where a large share of workers are employed. Regional and sector-specific variations in wage implementation are often overlooked. Many studies rely on short-term data and fail to capture long-term labor market effects. The interaction between minimum wage laws and labor productivity remains underexplored. Enforcement challenges and compliance mechanisms receive limited scholarly attention. The impact on small and medium enterprises is insufficiently studied.

Gender-specific effects of minimum wage policies are rarely analyzed. Hence, there is a need for comprehensive research addressing these gaps in the labor market context.

#### 5. Objective of the study

- i) To understand the concept, needs and objective of minimum wage legislation in the labor market
- ii) To examine the impact of minimum wage policies on employment and labor demand
- iii) To analyze the role of minimum wages in improving workers income and living standards
- iv) To assess the effect of minimum wage regulations on the informal sector and vulnerable workers
- v) To evaluate the effectiveness of minimum wage laws in achieving labor welfare and social justice

#### 6. Methodology

This research is based on both doctrinal and non-doctrinal research. The source of the data is collected from various newspaper, journals, magazines, books, reports, and e-resources. The sample size of the respondent is 103. This research is based on a stratified random sample. The jurisdiction of the research is Chennai. This research uses some of the important statistical methods, such as the average method and percentage method. The duration of this search is three months.

#### 7. Significant of the Study

The study on the impact of minimum wage on the labor market is significant as it contributes to a deeper understanding of wage regulation as a tool of labor welfare. Minimum wage laws play a vital role in protecting workers from exploitation and ensuring fair remuneration. By analyzing the effects of minimum wage policies on employment, income distribution, and labor demand, the study helps in assessing their effectiveness in achieving social justice. It highlights the balance between worker protection and economic efficiency. The study also provides insight into how minimum wages influence employer behavior and labor market dynamics. This understanding is essential for policymakers, legal scholars, and labor administrators.

The research supports evidence-based decision-making in wage policy formulation. It also adds to academic discourse on labor law and economics. The study is particularly significant in the Indian context, where a large portion of the workforce is engaged in informal and low-paid employment. It sheds light on implementation challenges such as lack of enforcement, regional disparities, and employer non-compliance. By examining the effectiveness of the Code on Wages, 2019, the study evaluates recent labor law reforms and their practical implications. The findings can assist government authorities in improving enforcement mechanisms and policy design. The study also benefits workers, employers, and trade unions by promoting awareness of wage rights and obligations. Moreover, it contributes to achieving constitutional goals of social and economic justice. The research thus holds practical, legal, and social relevance.

#### 8. Hypothesis of the Study

- i) An increase in the minimum wage has a significant impact on employment levels and labor demand in the labor market, particularly affecting hiring decisions, job availability, and workforce composition among low-skilled and entry-level workers.

- ii) Minimum wage legislation positively contributes to improving the income levels, living standards, and economic security of workers, especially those belonging to low-wage, informal, and vulnerable sections of the labor force

### 9. Limitations of the Study

The present study has certain limitations that should be taken into consideration. The research is mainly based on secondary sources such as books, journals, reports, and online publications. Due to the absence of primary data, direct perspectives of workers and employers could not be collected. The study does not include field surveys, interviews, or questionnaires. Variations in findings across different studies may affect the interpretation of results. The informal sector, which constitutes a major part of the labor market, lacks reliable data. Regional, sectoral, and industry-specific differences could not be analyzed in depth. The study is confined largely to the Indian labor market, limiting broader generalization. Time constraints restricted detailed quantitative analysis. Policy changes over time may influence the relevance of data used. Enforcement practices vary across regions and are difficult to measure. Employer compliance levels are not uniformly documented. Some data sources may be outdated.

## 10. Results and Discussion

### Part-1: Doctrinal Research

The present study adopts the doctrinal method of legal research to examine the impact of minimum wage on the labor market. Doctrinal research, also known as black-letter research, is a traditional and widely accepted method in legal studies. It focuses on the systematic study of existing laws and legal principles. The method is primarily text-based and analytical. It aims to clarify what the law is on a particular subject. It relies on authoritative legal materials rather than field data. This approach is especially suitable for labor law topics. Since minimum wage regulation is statute-driven, doctrinal analysis is appropriate. It provides legal depth and conceptual clarity<sup>[9]</sup>.

Doctrinal research involves identifying, collecting, and analyzing legal rules from statutes and judicial decisions. It studies legal doctrines as developed through legislation and case law. The researcher interprets legal texts using accepted principles of statutory interpretation. The method seeks consistency and coherence in legal rules. It is concerned with normative legal analysis. It answers questions relating to legal validity and scope. It does not depend on surveys or interviews. Instead, it depends on documentary legal sources. It is therefore library-oriented research. It is foundational in legal scholarship.

**Historical Background:** The Minimum Wage Act, 1948 derives its principle from living wage, etc., for workers which provides that “The state shall endeavour to secure, by suitable legislation or economic organisation or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life, and full enjoyment of leisure and social and cultural opportunities in particular” to ensure a fair deal to the labour class.

Further, certain principles of policy to be followed by state also reinforces that “The State shall, in particular, direct its policy towards securing (a) that the citizen, men and women equally shall have the right to an adequate livelihood” India has used the Minimum Wages Act of 1948 as a lens to

operationalize the application of the previously mentioned Articles 39 and 43.

**Legal Sources Examined:** This study uses a variety of authoritative legal sources. Primary sources include wage statutes, labor codes, and rules. Judicial precedents from higher courts are closely analyzed. Case laws on minimum wage and forced labor are included. Secondary sources include textbooks and commentaries. Peer-reviewed journal articles are used for scholarly views<sup>[10]</sup>. Government committees and policy reports are examined. International labor standards are also referred to. Official databases and legal repositories are used. These sources ensure credibility.

**Use of Statutory Interpretation:** Statutory interpretation plays a key role in doctrinal research. Legal provisions on minimum wage are interpreted using accepted rules of interpretation. Literal, purposive, and harmonious construction methods are applied. Legislative intent behind wage laws is examined. Ambiguities in provisions are analyzed. Judicial interpretations are compared. Interpretative trends are identified. This process clarifies legal meaning. It strengthens legal conclusions. It ensures interpretative rigor. It connects text with purpose.

**Role of Case Law Analysis:** Judicial decisions are central to doctrinal labor research. Courts have expanded the scope of minimum wage protection. Important rulings link wage payment with fundamental rights. Case analysis shows how legal principles operate in practice. Conflicting judgments are compared. Ratio decide is extracted and studied. Judicial reasoning is evaluated. This helps understand enforcement standards. It reveals doctrinal development. It strengthens legal argumentation. Case law adds a practical dimension.

**Analytical Framework Used:** The study follows a structured analytical framework. Legal materials are grouped by themes. Wage fixation, enforcement, and rights are analyzed separately. Comparative reading is used across sources. Scholarly opinions are critically reviewed<sup>[11]</sup>. Legal principles are synthesized. Contradictions are identified and explained. Normative evaluation is applied. Legal effectiveness is assessed. Logical reasoning is emphasized. This produces coherent findings.

**Connection with Labor Market Impact:** Though doctrinal research is legal in nature, it supports labor market analysis. Legal rules influence employer and worker behaviour. Wage laws shape hiring and payment practices wage protection operates. It identifies regulatory strengths and gaps<sup>[12]</sup>. This supports Judicial enforcement affects compliance levels. The doctrinal method helps evaluate these legal labor market conclusions. It gives normative grounding influences. It connects law with economic outcomes conceptually. It shows how rights-based wage protection operates. It identifies regulatory strengths and gaps. This supports labor market conclusions. It gives normative grounding

**Advantages of Doctrinal Research:** Doctrinal research offers precision and authority. It is based on verified legal materials. It ensures conceptual clarity. It supports structured reasoning. It is cost-effective and time-efficient. It is replicable and transparent. It is ideal for statutory analysis. It helps identify legal gaps. It supports reform suggestions. It is academically reliable.

**Limitations of Doctrinal Research:** Doctrinal research has certain limits. It does not collect field data. It cannot measure behavioural impact directly. It depends on available documents. It may miss ground realities. It requires supplementation for empirical claims. Interpretations may vary. It is text-bound. It may not capture economic nuance

fully. Still, it remains essential. It is justified for legal studies. **Suitability for the Present Study:** For a study on minimum wage and labor market impact, doctrinal research is highly suitable. The subject is law-centered and policy-driven. Legal rules determine wage obligations. Courts shape enforcement standards. Therefore, doctrinal analysis is necessary. It provides the legal backbone of the study. It enables critical evaluation. It supports policy conclusions. It ensures academic rigor. It complements economic discussion. Hence, its adoption is appropriate.

**11. Case law**

**i) People’s Union for Democratic Rights v. Union of India (1982) — Supreme Court Case**

**Court: Supreme Court of India** <sup>[13]</sup>

**Facts:** A public interest litigation was filed highlighting exploitation of labor engaged in the construction of facilities for the Asian Games in Delhi. Investigations conducted by a civil rights organization showed that workers were being paid less than the statutory minimum wage and were subjected to long hours and unsafe conditions. Many workers were migrants and unaware of their legal rights. The government argued that the workers were employed by private contractors and therefore direct state liability should not arise. Evidence showed systematic underpayment and denial of statutory benefits.

**Legal Issue:** Whether non-payment of minimum wages to workers employed in government-related projects amounts to violation of constitutional rights, especially the prohibition of forced labour under Article 23

**Reasoning:** The Court observed that minimum wage is not merely a statutory benefit but a basic human entitlement. When a worker is compelled by poverty and helplessness to accept wages below the legal minimum, the labor cannot be considered voluntary. Economic necessity creates compulsion. Therefore, such labor falls within the meaning of “forced labor.” The Court also clarified that the State cannot escape responsibility by appointing contractors

**Judgment:** The Court held that payment below minimum wage is unconstitutional and amounts to forced labour. The government was directed to ensure compliance by all contractors. The ruling expanded the scope of Article 23 and made minimum wage enforcement a matter of fundamental rights protection.

**ii) Sanjit Roy v. State of Rajasthan (1983) — Supreme Court Case** <sup>[14]</sup>

**Facts:** During a period of severe drought, the Rajasthan government started famine relief works to provide employment to affected persons. Workers engaged in these projects were paid wages lower than the statutory minimum wage. The State justified the lower rate by arguing that the work was relief-oriented and not commercial employment. Workers challenged this practice through litigation. Records showed that the difference between paid wages and minimum wages was substantial.

**Legal Issue:** Whether workers employed in government famine or drought relief works are entitled to statutory minimum wages.

**Reasoning:** The Court emphasized that minimum wage laws are social justice measures and apply to all forms of employment unless specifically exempted by statute. Relief work still involves labor and productivity. The Court reasoned that paying less than minimum wage in the name of relief defeats the purpose of labour welfare legislation. Poverty-

driven acceptance of lower wages cannot be treated as free consent.

**Judgment:** The Court ruled that even in famine relief works, workers must be paid at least the minimum wage. Any payment below that level violates Article 23. The judgment reinforced that welfare schemes cannot dilute labour rights and that minimum wage is a non-negotiable legal floor across sectors.

**iii) Manganese ore (India) Ltd vs Chandi Lal Saha (1990) -High Court Case**

**Court: Calcutta High Court** <sup>[15]</sup>

**Facts:** workers in a mining company alleged that the employer was restructuring wage components by dividing pay into multiple allowances and incentive heads. This accounting method made it appear that the notified rate. Workers claimed that this was a deliberate attempt to avoid compliance with minimum wage notifications. The dispute reached the high court after labor authorities intervened.

**Legal Issue:** Whether an employer can split wage components and exclude certain allowances to show technical compliance with minimum wage requirements.

**Reasoning:** The Court examined the purpose behind minimum wage legislation — to guarantee a real and effective wage floor. It held that substance must prevail over form. Artificial classification of wage elements cannot be used to defeat statutory protection. Wage notifications must be interpreted in a worker-protective manner

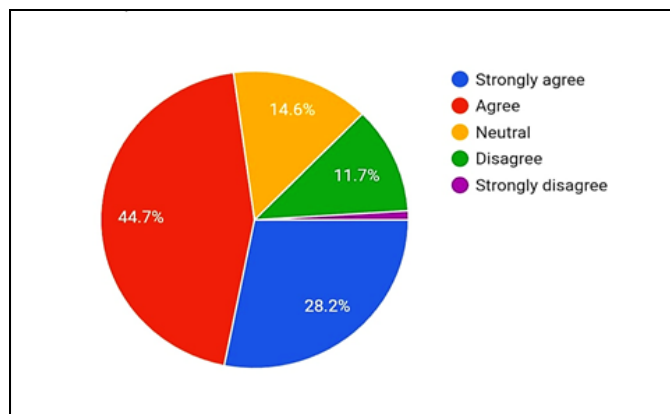
**Judgment:** The Court ruled against the employer and held that wage calculations must reflect the true statutory minimum. Manipulative structuring of pay components is illegal. Authorities were permitted to recover the shortfall from the employer. The judgment strengthened enforcement standards and discouraged evasive wage practices.

**Part-2: Non-doctrinal Research**

**Table 1:** Gender of the respondent and an increase in minimum wage enhances job satisfaction among employees

Particular	Male	Female	Transgender	Total
Strongly agree	20(40.82)	9(16.67)	0(0.00)	29(27.88)
Agree	19(38.78)	27(49.09)	0(0.00)	46(44.23)
Neutral	7(14.29)	8(14.55)	0(0.00)	15(14.42)
Disagree	3(6.12)	9(16.36)	0(0.00)	12(11.54)
Strongly disagree	0(0.00)	1(1.82)	0(0.00)	1(0.96)
Total	49(47.12)	54(52.88)	0(0.00)	104(100)

Source: Primary data



The above table reveals the gender-wise opinion regarding the

concept that an increase in minimum wage enhances job satisfaction among employees. Among the male respondents, 40.82 percentage of the respondent have strongly agreed with the statement, indicating that a significant proportion of males firmly believe that higher minimum wages contribute positively to job satisfaction. Further, 38.78 percentage of the respondent agreed, while 14.29 percentage of the respondent are remained neutral and only 6.12 percentage of the respondent disagreed. None of the male respondents strongly disagreed with the statement.

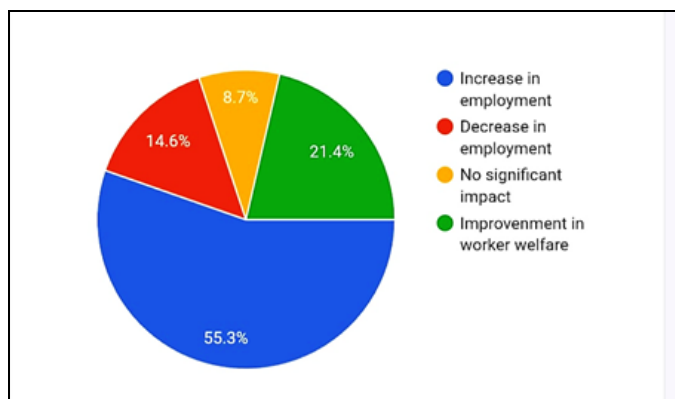
In contrast, among female respondents, 16.36 percentage of the respondent has strongly agreed that an increase in minimum wage enhances job satisfaction. A majority of 49.09 percentage of the respondent agreed with the statement, demonstrating overall positive support among females. Additionally, 14.55 percentage of the respondent has expressed a neutral opinion, 16.36 percentage of the respondent has disagreed, and a small percentage of 1.82 percentage of the respondent has strongly disagreed.

Overall, the findings indicate that both male and female respondents predominantly support the view that increasing minimum wages improves job satisfaction, though the level of strong agreement is comparatively higher among male respondents than female respondents.

**Table 2:** Gender of the respondent and the major effect that cause minimum wage in market

Particulars	Male	Female	Transgender	Total
Increase in employment	31(63.27)	26(48.15)	0(0.00)	57(55.34)
Decrease in employment	5(10.20)	10(18.52)	0(0.00)	15(14.34)
No significant impact	4(8.16)	5(9.26)	0(0.00)	9(8.74)
Improvement in worker welfare	9(18.37)	13(24.07)	0(0.00)	22(21.36)
Total	49(47.12)	54(52.88)	0(0.00)	103(100.00)

Source: Primary data



The above table shows the gender-wise opinion regarding the impact of minimum wage on employment and worker welfare. Among the male respondents, 63.27 percentage of the respondent has believed that an increase in minimum wage leads to an increase in employment. 18.37 percentage of the respondent has felt that it results in improvement in worker welfare, while 10.20 percentage of the respondent has believed it causes a decrease in employment. A smaller proportion of 8.16 percentage of the respondent has stated that minimum wage has no significant impact.

Among the female respondents, 48.15 percentage of the

respondent has believed that an increase in minimum wage leads to an increase in employment. 24.07 percentage of the respondent opined that it improves worker welfare. However, 18.52 percent believed that it leads to a decrease in employment, and 9.26 percentage of the respondent stated that it has no significant impact.

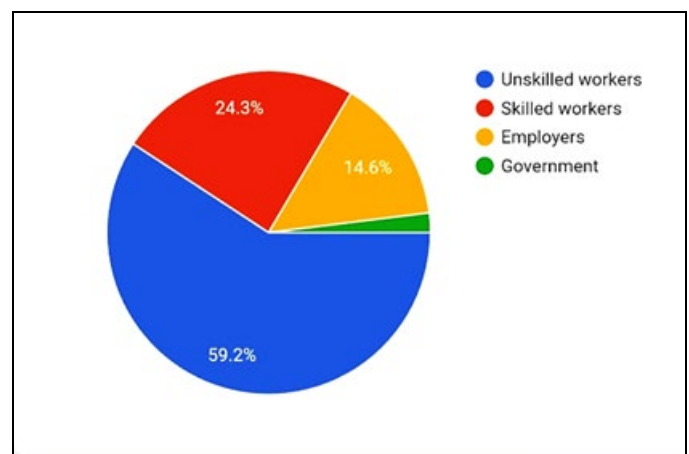
Overall, 55.34 percentage of the total respondents supported the view that minimum wage increases employment. 21.36 percentage believed it improves worker welfare, whereas 14.56 percent of the respondent has perceived it as causing a decrease in employment. Only 8.74 percentage of the respondent believed it has no significant impact.

This indicates that the majority of respondents view minimum wage policy as having a positive impact on employment and worker welfare.

**Table 3:** Gender of the respondent and the group which benefits from minimum wage.

Particulars	Male	female	transgender	total
Employees	2(4.08)	13(24.07)	0(0.00)	15(14.56)
Government	0(0.00)	2(3.70)	0(0.00)	2(1.97)
Skilled labor	14(28.57)	11(20.37)	0(0.00)	25(24.27)
Unskilled labor	33(67.35)	28(51.85)	0(0.00)	61(59.22)
Total	49(47.12)	54(52.88)	0(0.00)	103(100)

Source: Primary data



The above table presents the gender-wise occupational classification of the respondents. Among the male respondents, a majority of 67.35 percentage of the respondent are engaged in unskilled work, indicating that most male participants belong to the unorganized or low-skilled employment sector. 28.57 percentage of the respondent of males are employed as skilled laborers, while only 4.08 percentage of the respondent are categorized as employees. None of the male respondents are working in the government sector.

Among the female respondents, 51.85 percentage of the respondent are engaged in unskilled work, which also constitutes the largest occupational group among females. 24.07 percentage of the respondent are employees, 20.37 percentage of the respondent are skilled laborers, and 3.70 percentage of the respondent are employed in the government sector.

Overall, 59.22 percentage of the respondent of the total respondents are involved in unskilled occupations, making it the dominant employment category. 24.27 percentage of the respondent are skilled laborers, 14.56 percentage of the respondent are employees, and only 1.94 percentage of the

respondent are employed in the government sector. This indicates that the majority of respondents belong to the unskilled workforce, which may significantly influence their perception regarding wage policies and employment conditions.

## 12. Testing of Hypothesis

**H<sub>1</sub>: An increase in minimum wage has a significant impact on employment levels and labor demand in the labor market:** This hypothesis is tested through doctrinal and secondary-data based analysis. Relevant wage statutes, wage revision notifications, and labor codes are examined to understand the legal framework governing minimum wage increases. Judicial decisions interpreting wage fixation and employer obligations are analyzed to see how courts view the relationship between wage floors and employment practices. Further, reports of the International Labor Organization and policy papers of the World Bank are reviewed to compare findings on employment elasticity after wage hikes. Academic labor-market studies are also evaluated to see whether employment decline, neutrality, or formalization effects are reported. Where multiple credible studies show measurable change in hiring patterns, labor demand structure, or sector adjustment after wage increases, the hypothesis is treated as supported with qualifications. Where evidence shows mixed or marginal effects, the hypothesis is partially supported rather than absolutely confirmed

**H<sub>2</sub>: Minimum wage legislation contributes to improved income levels and living standards of workers, particularly low-wage and vulnerable groups:** This hypothesis is tested by examining statutory objectives, welfare provisions, and enforcement mechanisms under minimum wage laws and labor welfare codes. Case law from the Supreme Court of India is analyzed to confirm that minimum wage is treated as a social justice measure linked with dignity and livelihood. Government committee reports and wage board recommendations are studied to identify intended income-protection outcomes. Empirical findings published by the International Labor Organization and national labor institutes are compared to assess changes in worker earnings and poverty reduction after implementation or revision of minimum wages. Indicators such as real wage growth, reduction in wage exploitation, and improved baseline earnings among informal and vulnerable workers are used as evaluation criteria. Where consistent documentary and research evidence shows upward income correction and better subsistence standards, the hypothesis is accepted as substantially supported

## 13. Conclusion

The study on the impact of minimum wage on the labor market shows that minimum wage legislation functions as a vital instrument of social and economic justice. Through doctrinal analysis of statutes, judicial decisions, and institutional reports, it is clear that minimum wage is not merely a pay standard but a rights-based legal guarantee intended to protect workers from exploitation. Courts, especially the Supreme Court of India, have repeatedly treated payment of minimum wages as linked with dignity of labor and protection against forced labor. This strengthens the legal foundation of wage regulation in the labor market framework. The hypothesis testing indicates that increases in minimum wage do influence employment patterns and labor demand, but not always negatively. The impact varies across sectors, skill levels, and enforcement conditions. Several policy and

research assessments, including those of the International Labor Organization, suggest that moderate and well-designed minimum wage policies tend to raise earnings of low-paid workers without causing large-scale job losses. Instead, they often lead to wage correction, reduced extreme exploitation, and gradual formalization.

The study also supports the conclusion that minimum wage laws significantly improve income security and basic living standards of vulnerable and low-wage groups when effectively implemented. However, the real labor market benefit depends on proper fixation, periodic revision, and strict enforcement. Weak compliance mechanisms can dilute intended outcomes. Therefore, alongside statutory wage fixation, stronger monitoring, awareness, and enforcement System are essential. Overall minimum wage policy wage policy remains a necessary and justified regulatory tool for balancing labor welfare with market efficiency

## 14. Suggestions

- i) Minimum wages should be revised periodically based on inflation and cost of living.
- ii) Stronger inspection and enforcement mechanisms must be implemented to prevent wage violations.
- iii) Digital wage payment systems should be made mandatory to ensure transparency and accountability.
- iv) Awareness programs should be conducted to educate workers about their wage rights.
- v) Sector-specific wage fixation should balance worker welfare with economic sustainability.
- vi) Tripartite consultation between government, employers, and workers should guide wage policy decisions.
- vii) Minimum wage policy should be linked with social security schemes for comprehensive protection.
- viii) Reliable labor market data collection should be strengthened to support evidence-based policymaking.

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