

LIVING WAGE: POLITY

NEWS: More than minimum: Why govt is mulling ‘living wage’, and what it could mean for women at work

WHAT’S IN THE NEWS?

The Ministry of Labour and Employment is considering shifting from a **minimum wage** to a **living wage** framework that covers not just survival needs but also essential social and economic well-being. This move aims to improve dignity, reduce poverty, and align with constitutional and international labour standards amid rising costs and wage dissatisfaction.

Living Wage Framework: A Shift from Minimum Wage Policy in India Context

- The **Union Ministry of Labour and Employment** is considering a major reform:
 - **Shifting from the traditional “minimum wage” system** to a more inclusive **“living wage”** framework.
- The reform aims to ensure wages cover not only basic sustenance but also **healthcare, education, housing, transportation**, and a **buffer for emergencies**.

Minimum Wage vs Living Wage – Key Differences

Feature	Minimum Wage	Living Wage
Definition	Legally mandated lowest pay by employer	Income required for a decent standard of living
Focus	Productivity, industry, and skill level	Cost of essential needs: food, rent, education, etc.
Mandate	Statutory and enforceable under labour laws	Not legally binding yet; under consideration
Coverage	Does not consider social needs like emergencies	Covers full social participation and human dignity
Target Group	All wage earners	Worker plus dependent family members

Why Is There a Need for Living Wage in India?

1. Wages Failing to Meet Basic Needs

- Survey by **Quess Corp & Udaiti Foundation**:
 - 54% of **female blue- and grey-collar workers** are **dissatisfied with their wages**.
 - 80% of them **save less than ₹2,000/month**, pointing to wage insufficiency.

2. Rising Cost of Living

- **Inflation and volatile commodity prices** have eroded **real incomes**, particularly for low-income families.

3. Social Impact

- Living wage can:
 - **Reduce poverty**
 - **Improve worker well-being**
 - **Boost domestic demand and economic growth**

4. Social Justice and Human Rights

- Ensures workers can live with **dignity**, access health, education, and **fully participate in society**.

5. Constitutional Mandate & Global Alignment

- Aligns with **Articles 39 and 43** of the Constitution and **ILO standards**.

Relevant Constitutional Provisions

- **Article 39** (Directive Principles of State Policy):
 - The State shall secure:
 - **Adequate livelihood** for all citizens.
 - **Equal pay for equal work**, regardless of gender.
- **Article 43**:
 - The State shall endeavour to provide:
 - **A living wage**
 - **Humane working conditions**
 - **Access to leisure, cultural, and social participation**

Challenges in Implementing a Living Wage

1. Outdated Cost-of-Living Data

- Existing wage models use formulas from the **1970s** poverty lines.
- Lack of **real-time, disaggregated regional data** hinders accurate calculation.

2. Regional Disparities

- **Cost of living varies** widely across:

- **Rural**
- **Peri-urban**
- **Urban/metropolitan** regions.
- A **uniform national living wage** is impractical without adjustments.

3. Informal Labour Market Dominance

- **Over 90% of India's workforce** is in the **informal sector**.
- Many workers fall **outside the coverage** of wage regulation.

4. Implementation Gap in Labour Codes

- The **Code on Wages, 2019** (providing for a **national wage floor**) remains **largely unimplemented**.
- **Delays in enforcement** reduce policy credibility and effectiveness.

Way Ahead – Recommendations for Reform

Tiered Wage System

- Introduce **area-specific wage tiers** for:
 - Urban
 - Peri-urban
 - Rural areas
- Reflect **actual living costs** and inflation dynamics.

Institutionalising the Living Wage Standard

- Include **non-food essentials** such as:
 - Healthcare
 - Childcare
 - Education
 - Housing

Gender-Responsive Labour Reforms

- Amend outdated labour laws to ensure:
 - **Gender equity in access**
 - Introduce **gender audits** in the private sector

Focus on Industrial Growth Sectors

- Promote **female workforce participation** in:
 - Electronics manufacturing
 - Auto-component and EV sectors
 - Semiconductor assembly
- Invest in **sector-specific skilling** for women, particularly in fine-motor-skilled industries.

Employer Responsibilities

- Mandate safe **transport and accommodation** for women in night shifts.
- **Incentivize SMEs** to create safe and inclusive workplaces.

Social Dialogue Mechanisms

- Promote **tripartite discussions** between:
 - **Government**
 - **Employers**
 - **Employee representatives**
- Build consensus on **wage frameworks and reforms**.

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