A SUMMARY OF ECONOMIC SURVEY 2018-19

The Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman tabled the Economic Survey 2018-19 in the Parliament today. This Survey is the first for the new Government, which came to power with an overwhelming mandate. Imbued by the power of the opportunity that beckons, the Economic Survey 2018-19 has been guided by "blue sky thinking."

The Survey departs from traditional thinking by viewing the economy as being either in a virtuous or a vicious cycle, and thus never in equilibrium. Rather than viewing the national priorities of fostering economic growth, demand, exports and job creation as separate problems, the Survey views these macroeconomic phenomena as complementary to each other.

The Economic Survey 2018-19 has focused on the following aspects of Indian Economic development:

### 1. Shifting Gears: Private Investment as the Key Driver of Growth, Jobs, Exports and Demand:

- The Survey departs from traditional Anglo-Saxon thinking by advocating a growth model for India that views the economy as being either in a virtuous or a vicious cycle, and thus never in equilibrium. This model, in turn, stems from two key departures from the traditional view. First, the survey departs from the concept of equilibrium as a key tenet, which is being challenged increasingly following the Global Financial Crisis. Second, the traditional view often attempts to solve job creation, demand, exports, and economic growth as separate problems. As these macro-economic phenomena exhibit significant complementarities, the Survey postulates the centrality of the triggering macro-economic variable that catalyses the economy into a virtuous cycle. The Survey says private investment is the key driver for boosting demand, increasing labour productivity, creating jobs and capacity. Towards this, an aggressive export strategy should also be the focus.

- During the last five years, India’s economy has performed well. By opening up several pathways for trickle-down, the government has ensured that the benefits of growth and macroeconomic stability reach the bottom of the pyramid.

- Sustained real GDP growth rate of 8% needed for a $5 trillion economy by 2024-25.

- “Virtuous Cycle” of savings, investment and exports catalyzed and supported by a favorable demographic phase required for sustainable growth.

- Private investment- key driver for demand, capacity, labor productivity, new technology, creative destruction and job creation.

- Survey departs from traditional Anglo-Saxon thinking by viewing the economy as being either in a virtuous or a vicious cycle, and thus never in equilibrium.

- Key ingredients for a self-sustaining virtuous cycle:
  - Presenting data as a public good.
  - Emphasizing legal reforms.
  - Ensuring policy consistency.
  - Encouraging behavior change using principles of behavioral economics.
  - Nourishing MSMEs to create more jobs and become more productive.
  - Reducing the cost of capital.
  - Rationalizing the risk-return trade-off for investments.

### Tracking the Earlier Growth Pattern:

- The Indian economy made giant strides forward during 2014-2018, becoming the 6th largest economy in the world by growing at a higher rate than China, while during the same time the global economy witnessed just 3.6 per cent growth.
- It also cited to manageable CAD levels and all-time high forex reserves to drive the point home. It hailed the successful focus on
  - Last-mile delivery of basic services to the poor
  - Basic safety-nets
  - Creating pathways for the benefits of growth to reach the bottom of the socioeconomic ladder.
Shifting gears:

- There are only a few things that can make such kind of growth possible. Such a growth surge can only be sustained by a virtuous cycle, of savings, investment and exports, catalyzed and supported by a favorable demographic phase.
- With the micro-economic and macroeconomic foundations laid over the last five years, the Indian economy is ready to shift gears so that economic growth, jobs and exports can be pushed up to the next level.
- For that shift to happen, investment, especially private investment, is the most important factor. It is the key factor that drives demand, creates capacity, increases labour productivity, introduces new technology, allows creative destruction, and generates jobs.
- Exports must form an integral part of the growth model because higher savings preclude domestic consumption as the driver of final demand.

2. Policy for Homo Sapiens, Not 02 Homo Economicus: Leveraging the Behavioural Economics of “Nudge”:

The Survey gives star billing to behavioural economics and the importance of policy ‘nudges’, asking for a ‘Nudge Unit’ to be set up in Niti Aayog. Uniquely perhaps even in the recent tradition of presenting big ideas in surveys.

- This component of the Survey lists needs for behavioural change on issues such as gender equality, savings, tax compliance and credit quality. Drawing on the psychology of human behaviour, behavioural economics provides insights to ‘nudge’ people towards desirable behaviour.
- The social, cultural and religious norms are of vital importance in producing “desirable” behavioural changes and therefore “desirable” macro outcomes.
- The survey points to a number of mythological and traditional motifs, discusses in detail Mahatma Gandhi’s concept of “seven social sins”, and gives examples of “moral” behaviour from Hindu, Islamic and Christian traditions.
- The key principles of behavioural economics are:
  - Emphasising the beneficial social norm
  - Changing the default option
  - Repeated reinforcements

- Arguing that insights from behavioural economics can help nudge individual behaviour, on savings, on buying health insurance, on using right inputs in farming, towards better outcomes, the survey calls for institutionalizing this way of thinking. It recommends a “behavioural economics” audit for every government programme before implementation.
- Insights from behavioural economics can be strategically utilised to create an aspirational agenda for social change:
  - From BBBP to BADLAV (Beti Aapki Dhan Lakshmi Aur Vijay Lakshmi)
  - From Swachh Bharat to Sundar Bharat
  - From “Give It Up” for the LPG subsidy to “Think about the Subsidy”
  - From tax evasion to tax compliance

The Survey lays out an ambitious agenda for behavioural change by applying the principles of behavioural economics to several issues including gender equality, a healthy and beautiful India, savings, tax compliance and credit quality.

3. Nourishing Dwarfs to become Giants: Reorienting policies for MSME Growth:

For reorienting policies for growth in the MSME sector, the Economic Survey states that MSMEs that grow not only to create greater profits for their promoters but also contribute to job creation and productivity in the economy.

- The survey focused on the MSME sector and how to make it grow so as to boost profit creation, job creation, and enhance productivity. It stresses that the government must formulate policies, which focuses on enabling MSMEs to grow by unshackling them.
- Job creation in India, however, suffers from policies that foster dwarfs, i.e., small firms that never grow, instead of infant firms that have the potential to grow and become giants rapidly. The ‘dwarf’ firms (with less than 100 workers), accounted for more than 50 percent of all organized firms in manufacturing by number. Despite this, their contribution to employment was just 14 percent and to productivity a mere 8 percent.
- Large firms are just 15 percent in numbers but still they account for 75 percent employment and close to 90 percent of productivity.
- Given the above facts, there is a need to unshackle MSMEs and enable them to grow into larger firms.
Way forward- Incentivizing MSMEs:

- **Need to shift from dwarfs to Infants:** With the appropriate grandfathering of existing incentives, they need to be shifted away from dwarfs to infants. When such incentives are provided to firms irrespective of their age, the incentives create "perverse" incentives for firms to stay small.

- **Credit flow:** New policies and guidelines need to be formulated to enhance direct credit flow to sectors that can create the most jobs in the economy. As per extant policy, certain targets have been prescribed for banks for lending to the Micro, Small and Medium (MSME) sector that exacerbates perverse incentives to firms to remain small.
  - As per PSL guidelines, 7.5 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher is applicable to microenterprises.
  - Under MSME's PSL targets, it is necessary to prioritize 'startups' and 'infants' in high employment elastic sectors.

- **Developing key Tourist Centers:** Developing key tourist centers will have ripple effects on job creation in areas such as tour and safari guides, hotels, catering, and housekeeping staff, shops at tourist spots, etc.
  - It is possible to identify 10 tourism spots in each of the larger 20 states and 5 spots in the 9 smaller states and build road and air connectivity in these tourist attractions.
  - This would boost economic activity along the entire route and would also reduce the migration of the rural labour force who form a major proportion of the total labour force.

4. **Data “Of the People, By the People, 04 For the People”**

Data can serve as the stones that enable one to cross the river. Concurrent with the data explosion of recent years, the marginal cost of data has declined exponentially while its marginal benefit to society has increased manifold. Therefore, society’s optimal consumption of data is higher than ever. Thus, the Government needs to view data as a "public good" and make necessary investments.

- India is one of the largest consumers of data. The cost of data in the country has come down in the last couple of years, and its 1.3 billion population is one of the key markets for technology giants such as Google and Facebook, whose revenue hinges on people’s data.
- India, through unique identification programme ‘Aadhaar’, has been at the forefront of data and technology revolution which is unfolding.
- It emphasized that the data and information highway must be viewed as equally important infrastructure as the physical highways.
- Since data for social welfare may not be generated by the private sector in optimal quantity, the government needs to view data as a public good and make the necessary investments.
- Governments already hold a rich repository of administrative, survey, institutional and transactions data about citizens, but these data are scattered across numerous government bodies. Merging these distinct datasets would generate multiple benefits with the applications being limitless.
- Given that sophisticated technologies already exist to protect and share confidential information, data can be created as a public good within the legal framework of data privacy. In thinking about data as a public good, care must also be taken to not impose the elite’s preference of privacy on the poor, who care for a better quality of living the most.
- As data of societal interest is generated by the people, it should be “of the people, by the people, for the people.”

5. **Ramping Up Capacity In The Lower Judiciary:**

The relationship between economic governance and the Rule of Law (Dandaniti) has been emphasized by Indian thinkers since ancient times. It is seen as the key to prosperity, and a bulwark against Matsyanyaya (i.e. law of the fish/jungle). The single biggest constraint to ease of doing business in India is now the ability to enforce contracts and resolve disputes. Much of the problem is concentrated in the district and subordinate courts. Thus, among a host of announcements, the Survey mentioned ways to ramp up capacity in the lower judiciary.

- India has around 3.5 crore cases pending in its courts. Out of which around 87.5 percent of pending cases are piled up in the District and Subordinate Courts.
- The study found that 100 per cent clearance rate can be achieved by merely filling out the vacancies in the lower courts and in the High Courts (even without the productivity gains)
• By increasing productivity by 25 percent in lower courts, 4 percent in high courts and 18 percent in the Supreme Court, the backlog can be cleared in the Indian judiciary.
• If a mere 2,279 vacancies are filled in the lower courts and 93 in the high courts, India would see all of its pending cases cleared. Out of all the states, Uttar Pradesh, Bihar, Odisha and West Bengal require special attention.
• Simulations of efficiency gains and additional judges needed to clear the backlog in five years suggest that the numbers are large but achievable. The states of Uttar Pradesh, Bihar, Odisha and West Bengal need special attention.

Measures Suggested by the Survey:

• Increasing number of working days
• Establishment of Indian courts and tribunal services for better administration and faster trials
• Deployment technology like e-Courts, creation of National Judicial Data Grid etc.

6. How does Policy Uncertainty affect Investment?

Economic policy uncertainty also correlates strongly with the macroeconomic environment, business conditions and other economic variables that affect investment. Surges in economic policy uncertainty increase the systematic risk, and thereby the cost of capital in the economy. As a result, higher economic policy uncertainty lowers investment, especially because of the irreversibility of investment. Thus, the Survey has stressed the need for reducing economic policy uncertainty to promote investment and has recommended the predictability of policies, quarterly monitoring of Economic Policy Uncertainty (EPU) index and quality certification.

• The Survey has strongly emphasized the need to reduce the economic policy uncertainty in the country in order to foster a favourable investment climate. This factor has been termed especially important in the context of the Survey's recommendations for shifting gears to an investment-driven growth model for the country.
• The higher economic policy uncertainty discourages investment while predictability of policy action and broad consistency in actual policy attract investment.
• Forward guidance, consistency of actual policy with forward guidance, and quality assurance certification of processes in Government departments can help to reduce economic policy uncertainty.

Major Recommendations:

While noting the reduction in economic policy uncertainty in India over the past decade, the Survey has given a set of recommendations to ensure that it stays at low levels in the coming years to ensure growth in investments.

• Firstly, the policymakers must make their actions:
  o Predictable: To ensure predictability, the horizon over which policies will not be changed must be mandatorily specified so that investor can be provided the assurance about future policy certainty.
  o Provide forward guidance on the stance of policy
  o Reduce ambiguity/arbitrariness in policy implementation and maintain broad consistency in actual policy

The Government could also use labels such as "Standstill" versus "Ratchet up" to categorize various categories of policies according to the level of commitment about future certainty that it can provide.

• Second to measure development, Economic Policy Uncertainty index must be tracked at the highest level on a quarterly basis. The government must also encourage construction of Economic Policy Uncertainty sub-indices to capture uncertainty stemming from fiscal policy, tax policy, monetary policy, trade policy, and banking policy.
• And finally, quality assurance of processes in policy making must be implemented in Government through international quality certifications.

7. India's Demography at 2040: Planning Public Good Provision for the 21st Century:

India is set to witness a sharp slowdown in population growth in the next two decades. Although the country as a whole will enjoy the "demographic dividend" phase, some states will start transitioning to an ageing society by the 2030s. Population in the 0-19 age bracket has already peaked due to sharp declines in total fertility rates (TFR) across the country. Meanwhile, the proportion of elementary school-going children, i.e. 5-14 age group, will witness significant declines. Thus, this report of the Economic Survey 2019 is dedicated to the new economic paradigm that will come into being as India transitions into an ageing society.
• The southern states, Himachal Pradesh, Punjab, West Bengal and Maharashtra now have fertility rates (TFR) well below the replacement rate. TFR in Bihar, Uttar Pradesh, Jharkhand, Chhattisgarh, Rajasthan and Madhya Pradesh are above the replacement rate but are also experiencing significant declines. As a result, the national TFR is expected to be below replacement level by 2021.
• The report estimates the country’s proportion of elementary school-going children (i.e. 5-14 years age group) will witness significant declines and working-age population growth for the next two decades will be 9.7 million per year for 2021-31 and 4.2 million per year in 2031-41.
• Given the fact, the report underlined the importance of modifying the country’s educational and health infrastructure in accordance with the population growth pattern. Many states need to pay greater attention to consolidating/merging schools to make them viable rather than building new ones.
• At the other end of the age scale, policymakers need to prepare for ageing. This will need investments in health care as well as a plan for increasing the retirement age in a phased manner.

8. From Swachh Bharat to Sundar Bharat via Swasth Bharat: An Analysis of the Swachh Bharat Mission:

Aligning with the ideals of Mahatma Gandhi, the Swachh Bharat Mission (SBM) was initiated in 2014 to achieve universal sanitation coverage by 2 October 2019. This flagship programme is, perhaps, the largest cleanliness drive as well as an attempt to effect behavioural change in the world ever. The Survey declares Swachh Bharat Mission (SBM) a ‘complete success’, producing significant health benefits, and the focus now moves towards Swasth, Sundar Bharat, with health outcomes coming in due to this programme.

• Even 67 years after India’s independence, in 2014, around 10 crore rural and about 1 crore urban households in India were without a sanitary toilet; over 56.4 crore, i.e. close to half the population, still practiced open defecation. Through SBM, 99.2 per cent of the rural India has been covered. Since October 2, 2014 over 9.5 crore toilets have been built all over the country and 564,658 villages have been declared ODF.
• Becoming ODF has reduced deaths due to diarrhoea, malaria especially in under-five children, still births and new-borns with weight less than 2.5 kg and thereby improved child health and nutrition. This effect is particularly pronounced in districts where IHHL coverage was lower.
• A recent UNICEF study stated that there was considerable impact on combating contamination of water, soil and food post-SBM in the states of Odisha, Bihar and West Bengal.
• When the benefits of lives saved are included, the benefits exceed costs by 4.7 times. If the government contribution to the toilet cost is included, reflecting a broader societal perspective, the benefits exceed costs by 4.3 times.
• Financial savings from a household toilet exceed the financial costs to the household by 1.7 times, on average and 2.4 times for poorest households.
• Going forward, SBM needs to incorporate environmental and water management issues for sustainable improvements in the long-term.

National Health Registry:

• For Swachh Bharat to transform into Swasth Bharat and eventually Sundar Bharat, citizens’ health is paramount. A national health register that maintains health records of citizens with all the necessary privacy safeguards can go a long way in enabling health analytics for predictive and prescriptive purposes.
• Such a national health register would be identified using a citizen’s Aadhar. As a doctor can access the medical history of a patient from this national health register, this facility would be especially useful in emergency/trauma cases and can potentially save several lives.
• The various components of this register can include databases for (i) hospitals and public health centres, (ii) surveillance of syndromes, (iii) immunization information systems, (iv) electronic laboratory reporting, and (v) sub-registries for key diseases requiring intervention such as diabetes, hypertension, cancer, AIDS, etc. Anonymized data from the register can be sold to private parties for analytics, which would then enhance prevention by offering predictive and prescriptive knowledge.

9. Enabling Inclusive Growth through Affordable, Reliable and Sustainable Energy:

Energy is vital for development and prosperity of any economy. India, however, lags behind significantly in energy usage: despite accounting for 18 per cent of world’s population, India uses only around 6 per cent of the world’s primary energy. Energy poverty has been more pervasive in India than income poverty: 53 per cent of our population could not access clean cooking in 2017 when compared to 30 per cent for China, four per cent for Brazil and less than one per cent for Malaysia. Thus, by enabling inclusive growth through affordable, reliable and sustainable energy is another step to make India a $5-trillion economy.
Energy efficiency programmes in India have generated cost savings worth more than 50,000 crores and a reduction in about 11 crore tonnes of CO2 emission.

India with a per-capita energy consumption of about one-third of the global average will have to increase its per capita energy consumption at least 2.5 times to increase its real per capita GDP by $5000 per capita, in 2010 prices, to enter the upper-middle income group.

Additionally, if India has to reach the HDI level of 0.8, which corresponds to high human development, it has to quadruple its per capita energy consumption.

The share of renewables in total electricity generation has increased from 6 percent in 2014-15 to 10 percent in 2018-19 but thermal power still plays a dominant role at 60 percent share. Globally India stands 4th in wind power, 5th in solar power and 5th in renewable power installed capacity. India has set ambitious targets for renewable energy and has been undertaking one of the world’s largest renewable energy expansion programmes in the world.

The market share of electric vehicles is only 0.06 percent in India when compared to 2 percent in China and 39 percent in Norway. Lack of charging points is a major factor of concern in this respect. Thus, access to fast charging facilities must be fostered to increase the market share of electric vehicles. With the right policies, it’s possible that one of India’s cities could become the ‘Detroit of electric vehicles.

Recent initiatives were undertaken in India:

- **NEMMP**: India has a National Electric Mobility Mission Plan 2020 (NEMMP) in place to achieve sales of 60-70 lakh units of electric vehicles (that includes buses, two-wheelers and cars) by 2020.

- **FAME Scheme**: In 2015, the Faster Adoption and Manufacturing of Electric vehicles (FAME) scheme was launched to fast-track the goals of NEMMP with an outlay of Rs 795 crore. FAME India Phase II, with an emphasis on electrification of public transport, was also launched from April 1, 2019, with a total outlay of Rs 10,000 crore over the next three years.
  - Several states, including Karnataka, Kerala, Telangana, Maharashtra, Andhra Pradesh, Uttar Pradesh and Uttarakhand, had drafted EV policies. Globally, the sales of electric cars have grown from just over 2,000 units sold in 2008 to over 10 lakh in 2017.
  - More than half of the sales were in China. The market share of electric cars is around 2 percent in China while it is around 39 percent in Norway.
  - Electrification of two-wheelers and buses has also picked up. Global sales of electric buses were about one lakh and sales of two-wheelers were estimated at three crores, according to the chapter note.

10. Effective Use of Technology for Welfare Schemes – Case of MGNREGS

Refuting criticism of Aadhaar-linked payments and the direct benefit transfer (DBT) system, the Economic Survey 2018-19 has used the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) as a case study to show the benefits of the use of technology in improving targeting and efficiency in welfare schemes, especially for the most vulnerable groups.

Reviewing the Pattern:

- In the first decade of its existence, MGNREGS had been saddled with several inefficiencies, including widespread corruption, political interference, leakage, and significant delay in wage payments.
- In 2015, the programme was reviewed and the government initiated major reforms using technology and emphasised on bringing in more transparency and accountability, robust planning and creation of durable productive assets.
- Now, with the help of the National Electronic Fund Management System (NeFMS), which is implemented in 24 States and 1 Union Territory, payment of wages is being credited directly to the bank/ post office accounts of MGNREGS workers by the Central Government.
- This initiated the implementation of the DBT in the Scheme.
- The scheme was also integrated with the Aadhaar Linked Payments (ALP) system, which leveraged the Jan Dhan, Aadhaar and Mobile (JAM) Trinity to provide Direct Benefit Transfers (DBT) to the beneficiary accounts.
- As a result, the wage payment system underlying MGNREGS was streamlined, thereby reducing the scope for delays in payment.

Benefits of using Technology:

- Technology has several benefits with regards to various welfare schemes which are as follows:
Improving end to end governance
Creating a robust evidence-based implementation framework in partnership with the states
Streamlining the processes,
Timely transfer of funds to implementing agencies and beneficiaries
Plugging of leakages
Optimum utilization of public funds and improving overall performance (outputs/outcomes) of the programmes.

Moreover, it also significantly improves transparency and accountability and above all, ensuring that the right benefits reach the right beneficiary at the right time.

Suggestive Measures:

- **Regular Analyses and Amendment**: To further increase the effectiveness of the Scheme, the definition of ‘works’ under the Scheme should be regularly reviewed and amended in the light of the requirements.

- **More Skill to Labour**: Similarly, to enhance livelihoods for households can be reinforced by enabling them to acquire suitable skills, which in turn will help them increase incomes and provide horizontal and vertical mobility to them.

- **Strengthening the System**: The convergence of MGNREGS with Deen Dayal Upadhyaya Grameen Kaushalya Yojna (DDU-GKY) and involvement with women Self- Help Groups needs to be strengthened so that supply for skilled wage labours increases.

- **Diversification of Livelihood**: The focus needs to be on the diversification of the livelihoods with multiple sources of income for them to come out of poverty.

11. **Redesigning a Minimum Wage System in India for Inclusive Growth**:

Despite India’s outstanding growth in the last two decades, low pay and wage inequality remain serious obstacles towards achieving inclusive growth. An effective minimum wage policy that targets the vulnerable bottom rung of wage earners can help in driving up aggregate demand and building and strengthening the middle class, and thus spur a phase of sustainable and inclusive growth. Thus, the Economic Survey 2018-19 calls for a simple, coherent and enforceable Minimum Wage System.

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<tr>
<th>Box 1: Timeline of adoption of National Minimum Wage</th>
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<tr>
<td><strong>1969</strong></td>
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<td>First National Commission on Labour.</td>
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<td>Recommendation: National Minimum Wage is neither ‘feasible nor desirable’.</td>
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<td><strong>1978</strong></td>
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<td>Bhoopathingam Committee</td>
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<tr>
<td>Argued for adoption of National Floor Level Minimum Wage to ensure a uniform wage for all workers and enhance protection of the most vulnerable workers and eliminate arbitrariness in the determination of level of minimum wages for different States and occupations. Recommendations were mainly for the organized sector.</td>
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<tr>
<td>Unorganized sector and agriculture were left out.</td>
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<td><strong>1991</strong></td>
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<td>National Commission on Rural Labour.</td>
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<tr>
<td>Recommended for a National Floor Level Minimum Wage as wide disparities were prevalent in minimum wages across States.</td>
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<tr>
<td><strong>1996</strong></td>
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<tr>
<td>Central Government adopted non-statutory National Floor Level Minimum (NFLMW)- ₹ 35 per day was notified.</td>
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<tr>
<td>This NFLMW is updated regularly as per CPI.</td>
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<td>NFLMW is ₹176 per day w.e.f. 01.06.2017</td>
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The Economic Survey of 2018-19 points out that presently there are around 429 scheduled employments and 1,915 scheduled jobs categories for unskilled workers. These variations in definition of minimum wages reflect different levels of economic development in different states. While the current system of determining minimum wages needs simplification, India needs higher compliance too.

The country needs to design a simple, coherent and enforceable Minimum Wage System with the aid of technology as minimum wages push wages up and reduce wage inequality without significantly affecting employment. The survey gave five ways to redesign a Minimum Wage System in India for inclusive growth:

(i) **Simplification and Rationalization:**

- The rationalization of minimum wages as proposed under the Code on Wages Bill needs to be supported.
- This code amalgamates the Minimum Wages Act, 1948, the Payment of Wages Act, 1936, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976 into a single piece of legislation.
- The definition of wage in the new legislation should subsume the present situation of 12 different definitions of wages in different Labour Acts.

(ii) **Setting a National Floor Level Minimum Wage:**

- The Central Government should notify a national floor minimum wage that can vary across five geographical regions.
- Thereafter, states can fix minimum wages, which shall not be less than the ‘floor wage’.

**Criteria for setting minimum wage:**

- The Code on Wages Bill should consider fixing minimum wages based on either of two factors:
  - The skill category i.e. Unskilled, semi-skilled, skilled and highly skilled
  - The geographical region, or else both.
- This key change would substantially reduce the number of minimum wages in the country.

(iii) **Regular Adjustment:**

- The minimum salary needs to be adjusted regularly to keep pace with inflation.
- A mechanism should be developed to adjust minimum wages regularly and more frequently, similar to countries like Montenegro, Nicaragua, Netherlands, Uruguay, and Costa Rica, where the minimum wage adjustment takes place every six months.

(iv) **Role of Technology:**

- A mix of online, mobile phone and networking technologies could facilitate the collection and analysis of labour statistics, assist with the dissemination of information about labour laws and policies, reduce costs and improve transparency.
- A national level dashboard can be created at the Centre with access to state governments whereby states can regularly update notifications regarding minimum wages.

(v) **Grievance Redressal:**

- There should be an easy to remember toll-free number for anybody to register his grievance on non-payments of the statutory minimum wages.
- Swift action should be taken against the offenders and this action should be flashed on the dashboard without going into specific details.

**Significances of the Changes in Minimum Wages:**

- **Sustainable Economic Growth:** An effective minimum wage policy is a potential tool not only for the protection of low paid workers but is also an inclusive mechanism for more resilient and sustainable economic development.

- **More Investment:** This would bring some uniformity in the minimum wages across the country and would make all states almost equally attractive from the point of view of labour cost for investment.

- **Reduced Distress Migration:** Uniformity in minimum wages would also encourage industries to move towards interior areas and thereby reduce labour migration.