A Study of the Impact of Wage Code Implementation on Budgetary Allocation a Case of Teachers in Higher Education in Mumbai

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ABSTRACT

This study examines the impact of the wage code implementation on how college teachers in mumbai allocate their budgets. Despite immense popularity and universal adoption, very little is known about what the possible impact of wage code on budgetary allocation amongst teachers will be. While the wage code aims to improve compensation, its influence on spending habits remains unclear. This study aims to examine the correlation between wage code and its influence on spending habits. A survey assessed changes in budgetary allocation following a reduction in net salary. These findings highlight the potential financial strain of the wage code on some teachers. Policymakers can leverage this information to evaluate the wage code's effectiveness and explore solutions that minimize unintended financial hardships for educators. Ultimately, this study aims to contribute to a more sustainable and supportive environment for teachers in mumbai's colleges and universities.

Keywords: Wage Code, Spending Habits, Budgetary Allocation.

INTRODUCTION

We all know that income affects how people spend money. This is especially true for college teachers, whose salaries can significantly impact their well-being and how they manage their finances. In the past, India's lack of consistent teacher pay structures might have made it difficult for them to feel financially secure and likely affected their spending habits.

The government recently introduced wage codes to address these inconsistencies and ensure fairer pay across different professions. While the main goal is to improve teacher well-being, it's also worth considering how these changes might affect their spending habits.

This study specifically looks at how the wage code implementation has impacted the spending habits of college teachers in Mumbai. We're interested in seeing how their spending patterns have changed compared to before the wage code, focusing on areas like discretionary spending and managing debt. We also want to understand if the wage code has led to greater financial security and potentially changed how they save and invest. Ultimately, we want to see if these spending changes influence teachers' morale and their overall financial well-being.

By analyzing data and surveying teachers' experiences in Mumbai's higher education sector, this research aims to understand the impact of the wage code on their financial lives. This information can be valuable for policymakers who are evaluating the effectiveness of the wage code. Ideally, the code would not only improve teacher compensation but also lead to positive changes in their spending habits. This could result in a more financially secure and motivated teaching force in Mumbai's colleges and universities.

RATIONAL OF THE RESEARCH

The implementation of the Wage Code in India has raised concerns about its potential impact on the financial well-being of college teachers. This study aims to investigate how the Wage Code has affected the budgetary allocation of teachers in Mumbai, exploring the relationship between changes in net salary and spending patterns. Policymakers can evaluate the code's effectiveness and address potential financial burdens on educators, promoting a sustainable higher education environment

LITERATURE REVIEW

Rajrishi Ramaswamy and Dr. Anuradha Binnuri (2023) examines the effect of India's Labour Codes on its organized and unorganized sectors" Suggested that the new Labour Codes in India aim to simplify labor laws

but fail to address existing shortcomings, leading to ineffectiveness. The Codes lack clear definitions for employee and worker categories and exclude the IT sector from important labor protections. The paper proposes modifications to the Codes, including better definitions, IT sector inclusion, and simplified procedures.

Shweta Mohan (2019) in their research paper titled "ECONOMIC ANALYSIS OF CODE ON LABOR WAGES" identifies that India's labor reforms should prioritize job creation in the unorganized sector. It emphasizes fair wages, considering both minimum wage regulations and a living wage concept. The author suggests policy changes based on ILO principles and a focus on inclusive economic growth.

Catharina Hänsel (2019) in their research paper titled "The Three Dimensions of the

Indian Wage Code: Shifting Economic, Socio-political and Legal Values? Examines that the impact of the new Wage Code in India, highlighting its slow rollout and the pandemic's effect on worker livelihoods. The author argues that the Code may worsen existing tensions between wages and subsistence standards, calling for a new approach to worker rights and the value of work.

Arvind Panagariya Mudit Kapoor, Rana Hasan, Rahul Ahluwalia (2019) in their research paper titled "The Impact of Labor Regulations on Jobs and Wages in India: Evidence from a Natural Experiment" Examines why India's economic growth differed from its neighbors, focusing on the role of labor regulations in hindering formal manufacturing job creation. The authors argue that inflexible labor laws restricted growth in this sector compared to services, despite relaxed international trade policies. Their analysis suggests that states with more flexible regulations saw greater employment and wage gains in the apparel industry.

Mani Mohan, Mathew Babu, Sony Pellissery and Kavya Bharadkar (2021) in their research paper titled "Ushering thin welfare regimes at the cost of thick labour jurisprudence: A tale of new labour codes in India" This research paper analyzes a budget implemented during a pandemic. It highlights the budget's attempt to stimulate economic growth despite fiscal limitations. The author expresses concerns about rising deficits and debt while acknowledging the reforms proposed and the importance of their effective implementation.

Carneiro (2021) in their research paper titled "THE IMPACTS OF THE MINIMUM WAGE ON

THE LABOR MARKET, POVERTY AND FISCAL BUDGET IN BRAZIL" This research examines the economic impact of Brazil's minimum wage from the 1980s to 2000s. It analyzes effects on labor markets, poverty, and government finances. The minimum wage is low compared to its historical peak and has risen only with inflation since 1994. Minimum wage earners tend to be young, less educated, and more likely to be family heads outside of the Southeast region. The study finds a negative long-term impact of minimum wage increases on formal sector employment.

Anoop Satpathy, Xavier Estupiñan and Bikash K. Malick (2020) in their research paper titled "Wage code and rules – Will they improve the effectiveness of minimum wage policy in India? This paper examines the reforms introduced by India's wage code and wage rules, highlighting their potential to strengthen the minimum wage system. The author argues that while these reforms are positive steps, their effectiveness hinges on addressing remaining ambiguities and limitations. Specifically, the paper calls for a broader definition of employee coverage, more scientific criteria for wage setting, and a more robust enforcement framework.

Chakradhar Jha (2019) in their research paper titled "The Code on Wages" This paper examines the benefits of India's new Wage Code, including streamlining compliance for employers, extending protections to informal sector workers, and introducing a national minimum wage. The author acknowledges a potential downside of capping performance-based bonuses but highlights other positive aspects like web-based inspections and extended claim filing periods.

Bhoomija Pandey & Jigyasa Kumar (2022) in their research paper titled "UNRAVELING THE MULTI DIMENSIONAL ASPECTS OF 2019 WAGE CODE" This paper critiques India's Wage Code for its confusing dual wage system, lack of clarity on appeal authority qualifications, and potential weakening of worker protections. The author argues for a single minimum wage, proper judicial oversight, and stronger penalties for violations, emphasizing the need for holistic worker well-being.

Paul Wolfson (2019) in their research paper titled "A review of the consequences of the Indian minimum wage on Indian wages and employment" This paper examines the potential benefits of India's Wage Code reforms, including wider minimum wage coverage and stronger enforcement. However, the author identifies limitations in the Code's current form, such as ambiguities in coverage definitions and weak enforcement mechanisms. The paper proposes improvements to the Wage Rules to address these shortcomings and maximize the Code's redistributive impact on low-wage workers.

RESEARCH METHODOLOGY:

The research is Exploratory in nature, with the goal of acquiring more information about Impact of wage code

Implementation, determining its causes, impact and solution. A survey was conducted to collect primary data for this research. The sampling method used is Convenience Sampling. The questionnaire was circulated with the goal of determining if teachers working in Higher education Institution were aware about the implementation of wage code and its impact on budgetary allocation. Responses were received from 100 respondents. Questions were asked to comprehend the mindset of respondents to measure their level of awareness, preparedness and inform them about budgetary allocation and its restructuring in the future.

RESEARCH OBJECTIVES

1. To Investigate the Socio-economic Background of Teachers in Higher Education in Mumbai.

2. To Assess Teachers' Level of Awareness and Preparedness for Implementing the Wage Code.

3. To Examine the Correlation Between the Wage Code and Its Influence on Budgetary Allocation.

Hypothesis Testing

H0: Reduction in Net salary will not have significant impact on Budgetary Allocation.

H1: Reduction in Net salary will have significant impact on Budgetary Allocation.

Data Set Used

From your Net salary How do you allocate your budget for the following Monthly activities?

Reduction in net salary by 10% would result in reduction in the following Monthly expenses.

Reduction in net salary by 20% would result in reduction in the following Monthly expenses.

H0: There is no significant impact of gender on Budgetary Allocation.

H1: There is a significant impact of gender on Budgetary Allocation.

Data Set Used:

Gender

From your Net salary how do you allocate your budget for the following Monthly activities?

Reduction in net salary by 10% would result in reduction in the following Monthly expenses.

Reduction in net salary by 20% would result in reduction in the following Monthly expenses.

H0: Qualification has no significant impact on Knowledge of wage code

H1: Qualification has a significant impact on Knowledge of wage code.

Data Set Used:

Qualification

What is the primary objective of the Wage Code 2019 in India?

What is the penalty for non-compliance with the Wage Code 2019 by an employer?

Data Analysis and Interpretation:

H$_0$: Reduction in Net salary will not have a significant impact on Budgetary Allocation. H$_1$: Reduction in Net salary will have a significant impact on Budgetary Allocation.

	Reduction in Net Salary	*Budgetary Allocation*
Reduction in Net Salary	1	
Budgetary Allocation	0.796153476	1

A Pearson correlation analysis was conducted to explore the relationship between the reduction in net salary and budgetary allocation. The results indicated a strong positive correlation between the two variables, r (12) =.80, $p<.01$. This strong positive correlation suggests that as the reduction in net salary increases, the budgetary allocation also tends to increase.

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	5.378688899	5.378688899	18.20987167	0.001643978
Residual	10	2.953721474	0.295372147		
Total	11	8.332410373			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-4.9034260	1.942303115	-2.5245421	0.030151678	-9.23114710	-0.5757050	-9.2311471	-0.5757050
Budgetary Allocation	2.182523864	0.511452797	4.267302623	0.001643978	1.042936015	3.322111713	1.042936015	3.322111713

Following the correlation analysis, a simple linear regression was performed to further investigate the impact of budgetary allocation on the reduction in net salary. The regression analysis revealed significant findings. The overall regression model was statistically significant, , indicating that the model provides a good fit to the data.

The regression statistics showed that the model explained a significant portion of the variance in the reduction in net salary, with. This implies that 64.55% of the variability in the reduction in net salary can be explained by the budgetary allocation.

The coefficient for the budgetary allocation was. This result indicates that for every one-unit increase in budgetary allocation, the reduction in net salary increases by approximately 2.18 units. The intercept was also significant, suggesting that when the budgetary allocation is zero, the reduction in net salary is expected to be approximately -4.90 units.

The regression model's 95% confidence interval for the budgetary allocation coefficient ranged from 1.04 to 3.32, which does not include zero, reinforcing the significance of this predictor.

In summary, both the correlation and regression analyses support the conclusion that there is a significant positive relationship between the reduction in net salary and budgetary allocation. The correlation analysis shows a strong positive association, while the regression analysis confirms that budgetary allocation significantly predicts the reduction in net salary, explaining a substantial portion of its variance. Based on these findings, we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1), concluding that a reduction in net salary has a significant impact on budgetary allocation.

H_0: There is no significant impact of demography on Budgetary Allocation.

H_1: There is a significant impact of demography on Budgetary Allocation.

AGE GROUP
A one-way ANOVA was conducted to compare the effect of age group on budgetary allocation. There was a significant effect of age group on budgetary allocation. This indicates that age group has a significant impact on budgetary allocation.

SUMMARY

Groups	Count	Sum	Average	Variance
Budgetary Allocation	100	45.42252285	3.785210237	0.102651604
AGE GROUP	100	16	1.333333333	0.424242424

Marital status:
A one-way ANOVA was conducted to compare the effect of marital status on budgetary allocation. There was a significant effect of marital status on budgetary allocation, . This indicates that marital status has a significant impact on budgetary allocation.

SUMMARY

Groups	Count	Sum	Average	Variance
Budgetary Allocation	100	45.42252285	3.785210237	0.102651604
Marital status	100	22	1.833333333	0.333333333

ANOVA

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	22.85894069	1	22.85894069	104.8611489	7.82461E-10	4.300949502

Within Groups	4.795834307	22	0.217992468				
Total	27.654775	23					

Qualification

A one-way ANOVA was conducted to compare the effect of qualification on budgetary allocation. There was a significant effect of qualification on budgetary allocation, . This indicates that qualification has a significant impact on budgetary allocation.

Groups	*Count*	*Sum*	*Average*	*Variance*
Budgetary Allocation	100	45.42252285	3.785210237	0.102651604
Qualification	100	23	1.916666667	0.265151515

ANOVA						
Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	20.94873045	1	20.94873045	113.9127396	3.64329E-10	4.300949502
Within Groups	4.045834307	22	0.183901559			
Total	24.99456476	23				

MONTHLY INCOME

A one-way ANOVA was conducted to compare the effect of monthly income on budgetary allocation. There was a significant effect of monthly income on budgetary allocation, . This indicates that monthly income has a significant impact on budgetary allocation.

SUMMARY:

Groups	*Count*	*Sum*	*Average*	*Variance*
Budgetary Allocation	100	45.42252285	3.785210237	0.102651604
MONTHLY INCOME	100	33	2.75	0.386363636

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	6.429961412	1	6.429961412	26.2975911	3.86529E-05	4.300949502
Within Groups	5.37916764	22	0.24450762			
Total	11.80912905	23				

Gender

A one-way ANOVA was conducted to compare the effect of gender on budgetary allocation. There was a significant effect of gender on budgetary allocation, . This indicates that gender has a significant impact on budgetary allocation.

In summary, the results of the ANOVA analyses indicate that all demographic factors (AGE GROUP, Marital status, Qualification, MONTHLY INCOME, and Gender) have a significant impact on budgetary allocation. Therefore, we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1) for each demographic factor.

H_0: Qualification has no significant impact on knowledge of the wage code.

H_1: Qualification has a significant impact on knowledge of the wage code.

A chi-square test for independence was conducted to examine the relationship between qualification and knowledge of the wage code. The observed frequencies were compared to the expected frequencies to determine if there is a significant association between these variables.

The chi-square statistic was calculated as follows
The chi-square value is 0.36 with a p-value of 0.83. Since the p-value is greater than the standard significance level of 0.05, we fail to reject the null hypothesis (H_0). This indicates that there is no significant association between qualification and knowledge of the wage code. In other words, the data do not provide sufficient evidence to suggest that the level of qualification has a significant impact on the knowledge of the wage code among the respondents.

Based on the results of the chi-square test, we conclude that qualification does not have a significant impact on knowledge of the wage code. This finding supports the null hypothesis (H_0) that there is no significant relationship between qualification and knowledge of the wage code.

RECOMMENDATION
This financial strain can significantly impact their well-being and ability to manage their finances. Inconsistent teacher salaries have long been a concern, and the recent implementation of the Wage Code aimed to address this issue. While its primary goal is to improve teacher compensation, it's also crucial to understand how these changes might affect their spending habits. This study aims to bridge that gap by examining how the Wage Code implementation has influenced the spending habits of college teachers in Mumbai. We're particularly interested in how their discretionary spending and debt management have changed. Ultimately, this research seeks to understand if these spending changes influence teacher morale and overall financial well-being.

By analyzing data and surveying teachers' experiences, we hope to provide valuable insights for policymakers who are evaluating the effectiveness of the Wage Code. Ideally, the code would not only improve teacher compensation but also lead to positive changes in their spending habits and overall financial security, ultimately creating a more motivated teaching force in Mumbai's colleges and universities.

CONCLUSION
This study investigated the impact of the wage code implementation on budgetary allocation for higher education teachers in Mumbai. The findings reveal a significant positive correlation between a reduction in net salary and increased budgetary adjustments.

KEY FINDINGS
- A decrease in net salary due to the wage code implementation led teachers to adjust their budgets.

- Teachers with lower income, specific marital statuses, and age groups exhibited a stronger budgetary impact.

- Gender also played a role in budgetary adjustments. Qualification, however, did not significantly influence how teachers allocated their budgets.

IMPLICATIONS:
These results highlight the financial strain the wage code can place on some teachers. Policymakers should consider these findings when evaluating the effectiveness of the wage code and explore potential solutions to mitigate any unintended financial hardships for educators.

SCOPE OF THE STUDY
Future studies could explore:

- How the wage code affects teachers' spending habits beyond budgetary allocation.

- Long-term effects of the wage code on teacher morale and job satisfaction.

- Strategies to improve teacher awareness of the wage code and its implications.

By understanding the financial realities of educators, policymakers can create a more sustainable and supportive environment for teachers in higher education.

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