

PAYMENT OF WAGES ACT-1936

[BA] TAXMANN'S
BARE ACT

2016

Payment of Wages Act 1936

With

- Payment of Wages (Procedure) Rules 1937
- Payment of Wages (Procedure) Application to Scheduled Employments Rules 1962
- Payment of Wages (Manner of Recovery of Excess Deductions) Rules 1966
- Rules regarding imposition of penalties
- Payment of Wages (Air Transport Services) Rules 1968
- Payment of Wages (Mines) Rules 1956
- Payment of Wages (Railways) Rules 1938
- Payment of Undisbursed Wages (Air Transport Services) Rules 1968
- Payment of Undisbursed Wages (Mines) Rules 1969
- Payment of Wages (Deductions for National Defence Fund and Defence Savings Scheme) Rules 1972
- Payment of Wages (Nomination) Rules 2009

With State Amendments

Introduction

- The Payment of Wages Act 1936 was come in to the force on 23rd April 1936.
- This Act was passed to regulate the payment of wages for certain classes of persons employed in industry.
- It ensures payment of wages in a particular form and at regular intervals without unauthorized deductions.
- The Act extends to whole of India sec. 1(2). It was extended to Jammu and Kashmir by the Central Labour Law (Extension to Jammu and Kashmir) Act 1970.

Aim and Applicability

- Aims at securing prompt and regular payment of wages without any arbitrary deductions
 - to certain class of persons employed in Industrial employment including Railway either directly or through a sub-contractor, by a person
 - fulfilling agreement with Railway & employing or having employed twenty or more persons on any day of the preceding 12 months.
- **The Government has *vide* notification dated August 28, 2017 revised the salary threshold for the applicability of this Act from Rs. 18,000 per month to Rs. 24,000 per month.**

Wages [Section 2 (vi)]

- Wages means all remuneration (whether by way of salary, allowances, or otherwise) expressed in terms of money or capable of being so expressed which would, if the terms of employment, express or implied, were fulfilled, be payable to a person employed in respect of his employment or of work done in such employment.

What is included in Wages ?

(Section-6)

- Any remuneration payable under any award or settlement between the parties or order of a court.
- Any remuneration to which the person employed is entitled in respect of overtime work or holidays or any leave period.
- Any additional remuneration payable under the terms of the employment (whether called a bonus or by any other name).
- Any sum which by reason of the termination of employment of the person employed is payable under any law, contract or instrument which provides for the payment of such sum, whether with or without deductions, but does not provide for the time within which the payment is to be made.
- Any sum to which the person employed is entitled under any scheme framed under any law for the time being in force.

Responsibility

a) In Factory –

- Manager of the Factory

b) In Industrial or other Establishment

- A person responsible to the employer for Supervision and control of the Industrial or other Establishment.

c) In Railway –

A person nominated by Railway Administration for particular local area

d) In case of Contractor –

- A person appointed by contractor who is directly under his charge

e) In other Cases-

- A person appointed by employer

What is NOT included in Wages ?

- Any bonus (whether under a scheme of profit-sharing or otherwise) which does not form part of the remuneration payable under the terms of the employment or which is not payable under any award or settlement between the parties or order of a court.
- The value of any house-accommodation, or of the supply of light, water, medical attendance or other amenity or of any service excluded from the computation of wages by a general or special order of the State Government.
- Any contribution paid by the employer to any pension or provident fund, and the interest which may have accrued on it.
- Any travelling allowance or the value of any travelling concession.
- Any sum paid to the employed person to pay special expenses entailed on him by the nature of his employment, or
- Any gratuity payable on the termination of employment in cases other than those specified in sub-clause (d) (Section 2 (vi)).

Important Provisions

- According to Sec 4 of the Act - Wage Period must not exceed one month; Wages shall be paid on working day.
- According to sec 6 of the Act all wages must be paid –
 - In currency coin or currency notes or both OR After written authorization of employed person pay him wages either by cheque or by crediting the wage in his bank account
- Wages shall be paid within 7 and 10 days of the expiry of wages period where less than 1000 more than 1000 or 1000 persons are working respectively.; When the employment is terminated, wages shall be paid before the expiry of the 2nd day after termination.

Authorised Deductions (SECTION 7)

No Unauthorized deductions shall be made. The following are the authorized deductions which can be made from wages of the employee are:

- Fines for acts and omissions as notified, after a show cause.
- Deduction on account of absence from duty.
- For damage to or loss of goods expressly entrusted to the employed person for custody or for loss of cash through or default.
- Deduction for amenities or services supplied by employer.
- Deduction for housing accommodation provided.
- Deduction for recovery of advances and adjustment of over payment of wages.
- Deductions of income tax.
- Deduction required by the order of court.

Deductions (cont..)

- Subscription for PF & repayment of PF advance.
- Payment of co-operative stores and credit societies.
- Recovery in respect of theft or loss of cash for which the employee is responsible.
- Contribution to LIC and Insurance scheme framed by Government.
- Contributions to National Defense Fund, Prime Minister's Relief Fund, etc.
- Incorrect rebates or refunds.
- Use of Railway clubs, institutes-supply of water, electricity, conservancy, Hospital diet charges etc.
- Land licensing fee for grow more food.
- Any welfare fund set up by the employer.
- Any other deduction with the written authority of the employee.

Extent of Deduction

- The deductions shall not exceed 75% of wages where payment towards co-operative societies is to be made and shall not exceed 50% of wages in other cases.

Maintenance of records

- Employer required to maintain register in the following matter :
 - a) Details of person employed
 - b) Nature of work performed by them
 - c) Wages paid to them
 - d) Deductions made from their wages
 - e) Receipts given by them and
 - f) Such other particulars which may be prescribed
- - Register and records must be preserve for 3 years and it must be available at the time of inspection.

References

- Indian Codes

https://indiacode.nic.in/handle/123456789/1530?view_type=browse&sam_handle=123456789/1362

- Chief Labour Commissioner (Central)

<https://clc.gov.in/clc/acts-rules/acts-and-rules-0>

- Labour.Telangana

<https://labour.telangana.gov.in/ActServices.do>



Thank You