

**ABSTRACT OF THE PAYMENT OF WAGES ACT, 1936  
(NO. 4 OF 1936) AND RULES MADE THEREUNDER**

1. **Whom the Act effects :-** The Act applies to the payment of wages to persons in a establishment or factory or upon any Railway by a Railway Administration either directly or through a Sub-contractor or by a person fulfilling a contract with a Railway Administration (Railway factories expected) receiving less than Rs. 1600\* a month
2. No, employed person can give up by contract, or agreement, his right under the Act.
3. **Definition of wages :-** "Wages" means all remuneration payable to an employed person on the fulfillment of his contract of employment.

It includes any remuneration payable, under any award, or settlement or order of a court, remuneration in respect of overtime, or holidays or leave period, additional remuneration payable under the terms of employment whether called bonus or by any other name.

It excludes :-

- (a) Any Bonus whether under a scheme of profit sharing, or otherwise, which does not form part of the remuneration payable under the terms of employment or which is not payable under any Award or order of court;
  - (b) The value of house-accommodation, supply of light, water, medical attendance, or other amenity or of any service excluded by general or special order of the State Government;
  - (c) The employers' contribution to a pension or provident fund, and the Interest which might have accrued thereon;
  - (d) Travelling allowance or value of any traveling concession or any other sum paid to defray special expenses entailed by the employment;
  - (e) In case of persons employed upon Railway (otherwise than Railway factories) by the person nominated in this behalf, for any local area by the Railway Administration;
  - (f) Any gratuity payable on discharge.
4. **Responsibility for and method of payment :-** The manager of the factory is responsible for the payment under the Act of wages to persons employed by or under him, and any contractor employing persons is responsible for the payment to the persons he employs.
  5. Wage-periods shall be fixed for the payment of wages at intervals not exceeding one month.
  6. Wages shall be paid on a working day within 7 days of the end of wage period (or within 10 days if, 1000 or more persons are employed). The wages of a person discharged shall be paid not later than the second working day after his discharge.
  7. All wages shall be paid in current coins or currency Notes & Payments in kind are prohibited.
  8. **Fines and deductions :-** No deductions shall be made from wages except those authorized under Act (see paragraphs 9-15 below).
  9. (1) Fines can be imposed only for such acts and omissions as the employer may, with the previous approval of the State Government or the prescribed authority, specify by a notice displayed at or near the main entrance of the factory and after giving the employed person an opportunity for explanation.
- (2) **Fines :-**
- (a) Shall not exceed an amount equal to [three percent] of the wages payable to him in respect of that wage-period;
  - (b) Shall not be recovered by installments, or later than sixty days of the date of imposition;
  - (c) Shall be recorded in a register for land applied to such purpose beneficial to the employed persons as are approved by the chief Inspector of Factories;

- (d) Shall not be imposed on a child employee (under 15 years of age).
10. (a) Deductions for absence from duty can be made only on account of the absence of the employed person at times when he should be working, and such deduction must not exceed an amount which is in the same proportion to his wages for the wage period, as the time he was absent in that period is to the total time he should have been at work.
- (b) If ten or more employed persons, acting in concert, absent themselves without reasonable cause and without due notice, the deduction for absence can include wages for 8 days in lieu of notice, but :-
- (1) No deduction for breaking a contract can be made from a person under 15 or women.
  - (2) There must be a provision in writing which forms part of the contract of employment, requiring that a specific period of notice of intention to cease work not exceeding 15 days or the period of notice which the employer has to give to discharge a worker, must be given to the employer and that wages may be deducted in lieu of such notice.
  - (3) The above provision must be displayed at or near the main entrance of the factory.
  - (4) No deduction of this nature can be made until a notice that this deduction is to be made has been posted at or near the main entrance of the factory.
  - (5) No deduction must exceed the wages of the employed person for the period by which the notice he gives of leaving employment is less than the notice he should give under his contract.
11. Deduction can be made for damage to or loss of goods expressly entrusted to an employed person or for loss of money for which he is required to account, where such damage or loss is due to his neglect or default.
- Such deduction cannot exceed the amount of the damage or loss caused and can be made only after giving the employed person an opportunity for explanation.
12. Deductions can be made, equivalent to the value thereof, for house accommodation, amenities, or services (Other than tools and raw material) supplied by the employer, provided these are accepted by the employed person as a part of the terms of his employment and have in the case of amenities and services been authorized by order of Government.
13. (a) Deduction can be made for the recovery of advances or for adjustment of over payment of wages.
- (b) Advances made before the employment began can only be recovered from the first payment of wages for a complete wage period but no recovery can be made of advances given for traveling expenses before employment began.
- (c) Advances of unearned wages can be made at the paymaster's discretion during employment but must not exceed the amount of two months wages without the permission of an Inspector.
- The advances can be recovered by installments, spread over not more than 12 months and the installments must not exceed 1/3rd, or if the wages are not more than 20\*, 1/4th of the wages for any wage period.
14. Deductions can be made for subscription to and for re-payment of advances from any recognized provident fund.
15. Deductions can be made for payments to Co-operative Societies approved by the local Government or to the postal insurance, subject to any conditions imposed by the local Government. Deductions can be made with the written authorization of the person employed for payment of Life Insurance under the Life Insurance Corporation Act. 1956, purchase of Government securities of the Govt. of India or of any State Government.
16. **Inspections :-** An Inspector can enter on any premises, and can exercise powers of inspection (including examination of documents and taking of evidence as he may deem necessary for carrying out the purposes of the Act.
17. **Complaints of deductions or delays :-** (1) Where irregular deductions are made from wages, or delays in payment take place, an employed person can make an application in the prescribed form within twelve months to the Authority appointed by the local Government for the purpose. An application delayed beyond this period may be rejected unless sufficient cause for the delay is shown.

- (2) Any legal practitioner, official of a registered trade Union, Inspector under the Act, or other person acting with the permission of the Authority can make the complaint on behalf of an employed person.
- (3) A single application may be presented by, or on behalf of any number of persons belonging to the same factory, payment of whose wages has been delayed.

18. **Action by the Authority :-** Authority may award compensation to the employed person in addition to ordering the payment of delayed wages or the refund of illegal deductions.

If a malicious or vexatious complaint is made, the Authority may impose a penalty not exceeding Rs. 50\* on the applicant and order that it be paid to the employer.

19. **Appeal against the Authority :-** An appeal in the prescribed form against a direction made by the Authority may be preferred within 30 days to the District Court :-

- (a) By the paymaster if the total amount directed to be paid exceeds Rs. 300\*; or if it imposes on him a liability of Rs. 1000\*;
- (b) By an employed person, if the total amount of wages withheld from him exceed Rs. 20\*, or from the group of his co-workers, exceeds Rs. 50;
- (c) By a person directed to pay a penalty for a malicious or vexatious application;
- (d) No, appeal shall lie unless accompanied with a certificate from authority that the appellant has deposited the amount payable under the direction or order appealed against.
- (e) Payment of the amount deposited of the opposite party can be stayed till the decision of the appeal.

20. **Punishments for breaches of the Act :-** Any one delaying the payment of wages beyond the due date, or making any unauthorized deduction from wages is liable to a fine which shall not be less than Rs.200\* but which may extend to Rs.1000\*, but only if prosecuted with the sanction of the Authority or the appellate Court.

**21. The paymaster who :-**

- (1) does not fix a wage-period, or
- (2) makes payment in kind, or
- (3) fails to display at or near the main entrance of the factory this abstract in English and in the language of the majority of the employed persons, or
- (4) breaks certain rules made under the Act, is liable to a fine which shall not be less than Rs.200\* but which may extend to Rs.1000\*.

A complaint to this effect can be made only by the Inspector, or with his sanction.

**\*Note :** For current rate, please contact Labour Department of the State.