

# PAYMENT OF WAGES ACT, 1936

# Flow of Presentation

- Applicability of the Act
- Definitions
- Responsibility for the Payment of Wages
- Fixation of wage-period
- Time of Payment of Wages
- Method of Payment of Wages
- Deductions
- Authority under Payment of Wages
- Appeal

# Objective of the Act

- To avoid unnecessary delay in the payment of wages
- To prevent unauthorized deductions from wages



# Sec 1: Application of the Act

The Payment of Wages Act, 1936 extends to whole of India

Persons employed in any factory

by railway administration or, either directly or through a sub-contractor

in an industrial or other establishments.

Act applies to employed persons drawing average wages not exceeding **Rs. 10,000/- Per Month.**



# DEFINITIONS

## SECTION 2



# DEFINITION

In this Act, unless there is anything repugnant in the subject or context,

“EMPLOYED PERSON” include the legal representative of a deceased employed person;

“EMPLOYER” includes the legal representatives of a deceased employer



# Wages [sec 2 (6)]

“Wages” means all remunerations capable of being expressed in terms of money, which would if the terms of the contract of employment, expressed or implied, were full filled, be payable to person employed irrespective of his employment or of work done in such employment and includes house rent allowances

# Responsibility for payment of wages

## [sec 3]

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Every employer shall be responsible for the payment to persons employed by him of wages required to be paid under this Act: Provided that in case of persons employed (otherwise than by a contractor)—

a) in factories, if a person has been named as the manager of the factory under section 7 of the Factories Act,

b) in industrial or other establishments, if there is a person responsible to the employer for the supervision and control of the industrial or the industrial or other establishment

# Contd..

- (C) upon railways (otherwise than in factories), if the railway administration and the railway administration has nominated a person in this behalf for the local area concerned;

the person so named, the person so responsible to the employer, or the person so nominated, as the case may be, [shall also be responsible ] for such payment

# Fixation of wage-periods [sec 4]:

- Fixation of wage-periods.-
  - (1) Every person responsible for the payment of wages under section 3 shall fix periods (in this Act referred to as wage-periods) in respect of which such wages shall be payable
  - (2) No wage-period shall exceed one month
- Fixation of wage-periods [sec 4]

# Time of payment of wages [sec 5]:

Time of payment of wages.- The wages of every person employed upon or in—

- (a) any railway, factory or [industrial or other establishment] upon or in which less than one thousand persons are employed, shall be paid before the expiry of the seventh day,
- (b) any other railway, factory or [industrial or other establishment], shall be paid before the expiry of the tenth day, after the last day of the wage-period in respect of which the wages are payable. Time of payment of wages [sec 5]

# Sec 6: Method of Payment of Wages

- Wages must be paid in current coin or currency notes or in both and not in kind.
- Wages can be paid by cheque or by crediting them in the bank account **if so authorized in writing by an employed person.**



# Deduction [sec 7 to 13]:

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Sec 7(1) says that every payment made by the employed person to the employer or his agent shall, for the purposes of this Act, be deemed to be deduction from wages.

# Sec 7: Authorized Deductions from Wages

- General Rule - The wages of an employed person shall be paid to him without deductions of any kind except those authorized by or under this Act.
- Fines
- Deductions for absence from duty
- Deductions for damage to or loss of goods of employed person
- Deductions for house-accommodation supplied by the employer

# Sec 9: Deductions for absence from duty

1. Such absence being for the whole or any part of the period during which he is so required to work.
2. If 10 or more employed persons remains absent then such deduction may not exceed his wages for 8 days.



# Sec10: Deductions for damage or loss

- Such deduction shall not exceed the amount of the damage or loss caused to the employer.
- Employee is given an opportunity of showing cause.
- All such deduction shall be recorded in a register.

- Sec 11. Deduction for services rendered

# Sec 12: Deductions for Recovery of Advances

1. Recovery of advance given before employment began shall be made from the first payment.
2. Recovery of an advance given after employment began shall be subject to such conditions as the Appropriate Government may impose.



- Sec 13. Deductions for payment to Co-op Societies

# Fines [sec 8]:



- (1) No fine shall be imposed on any employed person save in respect of such acts and omissions on his part as the employer, with the previous approval of the State Government or of the prescribed authority, may have specified by notice under sub-section
- (2) A notice specifying such acts and omissions shall be exhibited in the prescribed manner on the premises in which the employment is carried on or in the case of person employed upon a railway (otherwise than in a factory), at the prescribed place or places .

# Cont.....:

- No fine shall be imposed on any employed person until he has been given an opportunity of showing cause against the fine, or otherwise than in accordance with such procedure as may be prescribed for the imposition of fines
- The total amount of fine which may be imposed in any one wage-period on any employed person shall not exceed an amount equal to [three per cent.] of the wages payable to him in respect of that wage-period. (5) No fine shall be imposed on any employed person who is under the age of fifteen years

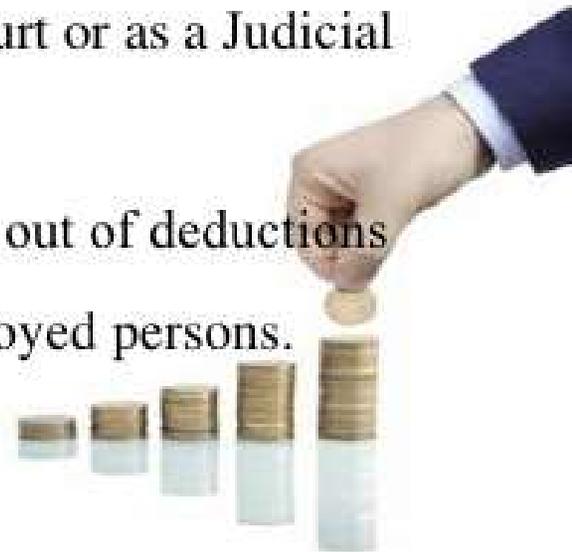
# Sec 15: Authority under the POW Act - 1936

## (1) Appointment :

The Appropriate Government may, by notification in the Official Gazette, appoint :

- a) Presiding officer of any Labour Court
- b) Presiding officer of any Industrial Tribunal
- c) Any Commissioner for Workmen's Compensation
- d) Any other officer with experience as a Judge of a Civil Court or as a Judicial Magistrate

to be the 'Authority' to hear and decide the claims arising out of deductions from the wages, or delay in payment of the wages of employed persons.



# Sec 15: Authority under the POW Act - 1936

## (2) Application :

Where payment of wages have been delayed or any deduction has been made from wages, the application can be made to the Authority by :

- a) The Person himself or
- b) Any legal practitioner or
- c) Any official of a registered trade union, duly authorized in writing. or
- d) Any Inspector under this Act or
- e) Any other person acting with the permission of the 'Authority'.



# Sec 15: Authority under the POW Act - 1936

## (3) Process :

- Authority shall hear the applicant and the employer or other person responsible for the payment of wages.
- The Authority may direct the refund to the employed person of the amount deducted, or the payment of the delayed wages, together with the payment of such compensation.
- The compensation shall not exceed 10 times the amount deducted in the former case and not exceeding 3000 rupees but not less than 1500 rupees.



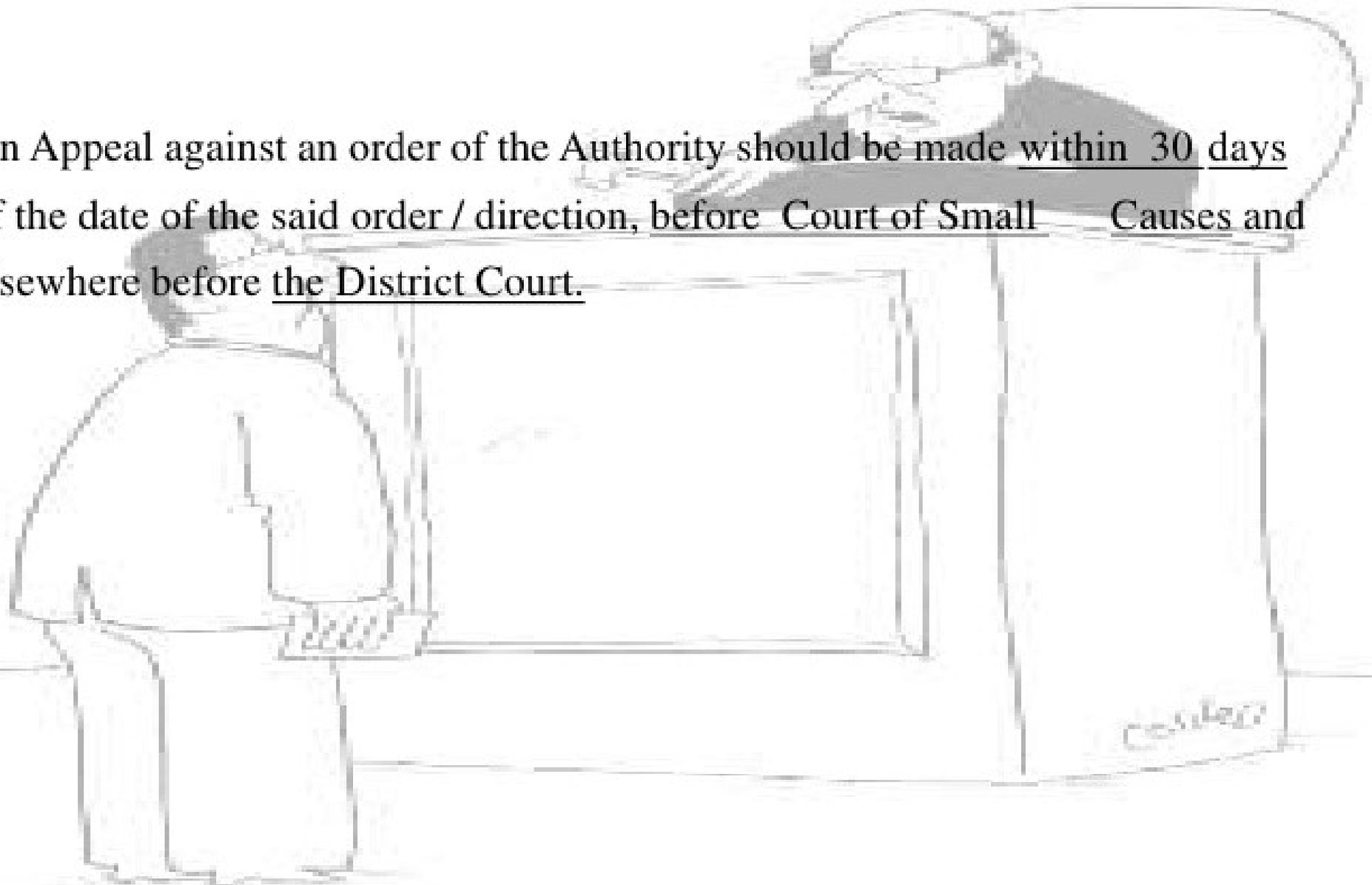
# Sec 15: Authority under the POW Act - 1936

- No compensation shall be made in the case of delayed wages, if the Authority is satisfied that :
  - 1) The delay was due to bona fide error / dispute as to the amount payable to the employed person.
  - 2) The person responsible was unable to make payment due to exceptional circumstances, even though exercised due diligence.
  - 3) The delay was due to the failure of the employed person to apply for or accept payment .



# Sec 17: Appeal

An Appeal against an order of the Authority should be made within 30 days of the date of the said order / direction, before Court of Small Causes and elsewhere before the District Court.



Thank you!

