

PAYMENT OF

WAGES ACT, 1936

LAW CAPSULE

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Guidelines to be followed by the Employer regarding the payment of wages to its employees as per the Payment of Wages Act, 1936:

The Payment of wages Act regulates the payment of wages to certain classes of persons employed in industry. The Act guarantees payment of wages on time and without any deduction except those authorized under the Act. The Act also provides that the worker cannot contract out of any rights conferred upon him under the Act.

As per section 2(6) of the Act “ Wages means all the 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.

1. The following is the applicability of the Act:-

(a) Every Person employed in any factory, upon a railway or through sub contractor in a railway and any person employed in an industrial or other establishment.

(b) The Appropriate Government may be notification extend the provision to

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any class of person employed in any establishment or class of establishment.

2. Following are the eligibility for the employees to be covered under the benefits of the Act :

a) Every person who in any of the above-mentioned establishments and who is drawing less than Rs. 6500 per month.

3. Following are the rules provided by the Act:-

(a) Employers cannot withhold the wages earned by the workers nor they make any unauthorized deductions from the wages;

(b) Regular and timely payment of wages on or before the expiry of 7th day of every month in case of establishment employing less than 1000 employees and on or before the expiry of 10th day of every month in cases of other establishment.

(c) Fines can be imposed for only those acts of omission which have been approved by the appropriate government. These must not be more than an amount equal to paisa in a rupee of the wage payable.

(d) If the payment of wages is delayed or wrongful deduction are made, the workers or their trade unions can file a claim.

(e) The payment of overtime should be made as per the provisions of the Act;

(f) Wages are required to be paid in current coin or currency notes or in both but not in kind.

(g) The total deduction cannot exceed 75% of wage for payment to cooperative societies and 50% in other cases.

4. Following are the penalties prescribed under the Act for the non-compliance of its provisions:-

a) if an employer makes contravention of any of the provisions dealing with the following-

- Time of payment of wages.
- Deductions which may be made from wages
- Deductions for absence from duty
- Deductions for services rendered
- Deductions for payments to cooperative societies and insuranceschemes; then

the employer is punishable with the fine of Rs 1500 which may extend to 7500

b) In case of repeated offences then punishable with imprisonment for 1-6 months along with fine from 3750 – 22500

c) Delay wages payment attracts penalty of Rs. 750 per day of delay.

For any further details, please contact:

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