

FORM VII
(See Rule 24)

Abstract of the Payment of Wages Act, 1936 and the Rules made thereunder

Whom the Act affects

- 1 **1.** The Act applies to the payment of wages to persons in this factory or industrial establishment receiving less than 1[Rs. 24000] a month.
- 2 **2.** No employed person can give up by contract, or agreement, his rights under the Act.

Definition of Wages

- 1 **3.** "Wages" means all remuneration payable to an employed person on the fulfilment of his contract of employment.

It includes bonus and any sum payable for want of a proper notice of discharge.

It excludes

- (a) the value of house accommodation, supply of light, water, medical attendance or other amenity or of any service excluded by the Central Government or the State Government ;
- (b) the employer's contribution to a pension to provident fund ;
- (c) travelling allowance, or concession or other special expenses entitled by the employment ;
- (d) any gratuity payable on discharge.

Responsibility for and method of payment

- 1 **4.** The manager of the factory or industrial establishment is responsible for the payment under the Act of Wages to persons employed under him, and any contractor employing persons is responsible for payment to the persons he employs.
- 2 **5.** Wage-periods shall be fixed for the payment of wages at intervals not exceeding one month.
- 3 **6.** Wages shall be paid on a working days within seven days of the end of the wage-period (or within ten days if 1,000 or more persons are employed).

The wages of a person discharged shall be paid not later than the second working day after his discharge.

- 1 **7. Payments in kind are prohibited.**

Fines and Deductions

- 1 **8.** No deductions shall be made from wages except those authorised under the Act, (See paragraphs 9 to 15 below).

1 **9.** (1) Fines can be imposed only for such acts and omission as the employer may, with the previous approval of the Chief Inspectors of Factories, or the Labour Commissioner, as the case may be, specify by a notice displayed at or near the main entrance of the factory or industrial establishment and after giving the employed person an opportunity for explanation.

- (2) Fines (a) shall not exceed three naye paise in the rupee ;
- (b) shall not be recovered by instalments, or later than sixty days of the date of imposition ;
- (c) shall be recorded in a register and applied to such purposes beneficial to the employed persons as are approved by the Chief Inspector of Factories or the Labour Commissioner, as the case may be ;
- (d) shall not be imposed on a child.

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 deductions 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 not without due notice the deduction for absence may include wages for eight days in lieu of notice, but

(1) No deduction for breaking a contract can be made from a person under 15 or a woman,

(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 fifteen 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 to the factory or industrial establishment.

(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 or industrial establishment.

(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. Deductions 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 persons an Opportunity for explanation.

1 **12.** Deduction can be made, equivalent to the value thereof, for house accommodation supplied by the employer, or by Government or any housing board set up under any law and for amenities or services (other than tools and raw materials) supplied by the employer. Provided these are accepted by the employed person as a part of the terms of his employment person have in the case of amenities and, services been authorised by order of Government.

13. (a) Deductions can be made for the recovery of advances, or for adjustment of overpayment 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 advance given for travelling 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 and Inspector.

These advances can be recovered by instalments ordinarily spread over not more than twelve months and the instalments must not exceed one-third or if the wages are not more than Rs. 20, one-fourth of the wages for any wage period.

1 **14.** Deductions can be made for subscription to and for repayment of advances from any recognised Provided Fund.

2 **15.** Deductions can be made for payments to co-operative societies approved by the State Government or for payment of insurance premium subject to any condition imposed by the State Government.

3 **16.** Deductions can be made with the written authorisation of the person employed, for payment of premium on the life insurance policy to the Life Insurance Corporation of India or for purchase of securities of the Central Government or the State Government or for being deposited in Post Office Savings Bank.

Inspections

1 **17.** 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.

Complaints of Deductions or Delays

18. (a) 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 six months to the Authority appointed by the State Government for the purpose. An application delayed beyond this period may be rejected unless sufficient cause for the delay is shown.

- (b) 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.
- (c) A single application may be presented by, or on behalf of, any number of persons belonging the same factory or industrial establishment the payment of whose wages has been delayed.

Action by the Authority

1 **19.** The Authority may award compensation to the employed person in addition to ordering the payment of delayed wages or the refused 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.

Appeal against the Authority

¹ Substituted vide S.O. 2806(E), published in Govt. of India Gazette dated 29-08-2017.

20. An appeal in the prescribed form against an order or a direction made by the Authority may be preferred, within thirty days (in Calcutta to the Court of Small Causes) to the District Court (a) by the paymaster if the total amount directed to be paid exceeds Rs. 300 ;

(b) by an employed person, if the total amount of wages withheld from him or his co-workers, exceeds Rs.50 ;

(c) by a person directed to pay a penalty for a malicious or vexatious application.

Punishments for breaches of the Act

1 **21.** Any one delaying the payment of wages beyond the due date, or making any unauthorised deduction from wages is liable to a fine up to Rs. 500, but only if prosecuted with sanction of the Authority or the Appellate Court.

22. 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 or industrial establishment this abstract in English and in the language of the majority of the employed persons, or

(4) breaks certain rule made under the Act, is liable to a fine not exceeding Rs. 200.

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