



LEGISLATION ANALYTICS OF PAYMENT OF WAGES ACT, 1936

AUTHOR – PRATHANA.G.S. STUDENT AT SATHYABAMA INSTITUTE OF SCIENCE AND TECHNOLOGY

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ABSTRACT

Labour law is generally a set of Rules and Regulations that are formed for the peaceful functioning of relationship between the employer and employee. It was implemented to reduce and solve the issues that arise between the employer and the employee. It also plays a vital role in order to avoid child labour, to check the proper functioning of Employers and employee and for various other function regulations. Payment of Wages Act was regulated to ensure and protect the rights of the workers whether the Timely payment was given to the workers and to provide Social and Economic security to the workers especially Equal Payment to both Men and Women in case of same level of skills and work is done by both to the Company. This Legislation deals with Employment and non-employment of members, their wages, industrial relations, working conditions, social security of persons who are employed in the Industries. The Objectives of the Act are to regulate payment of wages, impose fines and to impose set of rules on when deductions can be made from wages of the employees, and helps in eliminating all malpractices by laying down wage periods. The Act, therefore, makes sure of payment of wages in a particular form at regular intervals.⁵⁶

KEYWORDS – Wages, Deductions, Remunerations, Employees, Penalties

GRASP - EDUCATE - EVOLVE

⁵⁶ <https://www.py.gov.in/sites/default/files/labour-wages.pdf>, last visited June 15, 2023

LEGISLATION TITLE – The Payment of Wages Act, 1936

LEGISLATION NUMBER – 4 of 1936

INTRODUCTION AND BACKGROUND OF THE LEGISLATION:-

The process of deduction in wages and the regulations of payment of wages were not properly uniformed and was not paid much attention also, labors were being the oppressed class until, the introduction of Private Bill in the Legislative Assembly was made in the year 1925 by the name of Weekly Payment Bill which addressed the issues of the Organization, but at that period, the government declined the Bill by citing that, the issue is already under consideration.

In 1926, the Government of India was in touch with the state or provincial governments and requested them to collect information, materials regarding the said issues and investigate them. The report given by the Royal Commission on Labour in the year of 1929 covered a several range of problems tackled by workers in many manufacturing organizations, including textiles, leather goods, underground mining, steam engines, as well as employees engaged in public service departments. Accompanying to the Constitution of India, in 1948, the Indian Government in the year 1948, after the independence, introduced legislation in the name of The Minimum Wages Act of 1948. The important Characteristic of the Legislation is to ensure that workers in the informal sector receive at least a minimum level of remuneration for the work they do to avoid exploitation of workers. However, before this Act, "the Payment of Wages Act of 1936" was come into existence. This Legislation made efforts so that informal sector workers can be linked with mainstream by providing minimum amount of wages, which can be used to increase the standard of living of the workers and benefits the social development schemes.

DEDUCTIONS:-

Deductions mean the amount of money which is reduced or decreased from the Remuneration or Wages given to the workers. Deductions can be made only for certain reasons and unreasonable deductions may lead to inspection of Employer.

According to Section 7 (1), Following are which will not come under deductions,

- I. Stopping Increment to Employees
- II. Stopping their Promotions
- III. Stopping their Incentives
- IV. Suspensions

Also According to Section 7(2), Following will come under Deductions,

I. Fines:

Employers shall impose fine on workers of the Organization only after the approval of the state government or from any other authorized institutions. The fine shall not be more than 3% of the Salary of its Employees. Any Employee below the Age of 15 is not necessary to pay the Fine if imposed.

II. Absence of Duty:

If the Employee is absent for work for a single day or for any duration of days, it may result in deductions from remuneration by the employer. The amount which is deducted for the absence of duty of an employee during their working hours must not be greater than the total amount of their Remuneration.

III. Deduction for the Services Provided:

If a worker is provided house-convenience service or any other administrative structure, then the employer has the Obligation to deduct the service cost from the employee or worker's pay. The deduction amount should not be more than the value estimated for the house-convenience services or any other administrative structure provided.

Therefore, many other reasons may lead to Deductions such as Home Accommodations, Recovery of Loans and Advances, Income Tax, Order of Court, Subscriptions, Insurance Policies and Insurance premium etc.

INSPECTORS:

An Inspector of an Industry or Factory is appointed to take care of and inspect the premises for peace and harmony of Employers and Employees. The state government may appoint an inspector to monitor over the factories. Every Inspector is considered as a public servant as per the Indian Penal Code, 1860. The powers of the Inspector are mentioned below:-

I. Inspector has the rights to enquire and examine the employers whether they are properly obeying the rules as per the mentioned rules in the Act.

II. Inspector with assistance may inspect, search and enter any premises of any factory, railway industrial or any other type of establishment at any time for the purpose of carrying out the objects of the Act.

III. Inspector has the power to supervise the payment of wages to persons employed upon any railway or in any factory or industrial or other establishment.

IV. Inspector has the vital powers to seize or take copies of any registers or documents or portions in order to check or inspect any records as he has the rights to resolve the payment disputed between the Employer and the Employee.⁵⁷

PENALTIES:

Penalty for any offences committed under this act comes under Section 20 of the Act.

Reasons for penalty imposed on the employer are for the below reasons:

I. Delay in providing the payment of Wages

II. Unreasonable deductions made by the Employer on the Employee's Wages

III. When excess deduction for absence of duty is deducted by the Employer

IV. When Excess deduction for damage or loss is deducted

V. When excess level of amount is deducted for house-accommodation, amenity or services

Punishable with fine which shall not be less than 1000/- rupees but which may extend to 7500/- rupees.

I. If Wage period exceed one month.

II. Failure of providing payments of wages for an employee who worked on a working day.

III. When Wages are not given in the form of coins or currency notes or in both.

IV. If there is a failure to maintain proper record for collected fines from employee.

V. No proper usage of fine collected from employees by the Employers.

VI. Failure of an employee to display the notice containing abstracts of the Act and of the rules made.

Punishable with fine which may extend 3000/- rupees:

I. When a person obstructs an Inspector in the discharge of his duties under this Payment of Wages act, 1936.

II. When a person willfully refuses to produce the requested records or any proofs on the demand of an Inspector of any register or document.

III. When a person refuses or neglects to afford an Inspector any reasonable facility for making any inspection, entry, supervision, examination or inquiry authorized by or under this Act Punishable with fine which shall not be less than 1000/- rupees but which may extend to 7500/- rupees

⁵⁷ <https://www.whatishumanresource.com/the-payment-of-wages-act-1936>

I. When a person repeats the same offence which he/she has already committed before.

II. Imprisonment for a term which is not been less than 1 month and may extend to 6 months and fine which cannot be less than 3750/- rupees and which may extend up to 20500/-rupees.

CONCLUSION:-

No Statute can be passed in vacuum; a statute's need arises in response to the social, economic, cultural circumstances which already exists in a state, so in order to inform these situations, the state has requested to remedy the mischief which is caused. Thereby, none of the statute can be read in a vacuum, without reference or appreciation in the background in which it was passed. Only then it could be read more comprehensively and can be interpreted properly.

The Payment of Wages Act, 1936 was formerly passed by the Legislative Assembly on the recommendation of Royal Commission on Labour, when India was under colonial period, most of the industries and factories were held by the English Capitalist who usually operated for prosperity of their own In spite of Considering the Indian Labour Welfare and the labour movement was not properly strong enough to bargain with the employer.

This actually led to the trouble of arbitrary deductions from the remuneration by the employer to the employees and also led to the delay in payment of wages which led to the major problem of labors not able to afford to their families and they are forced to live within the poor conditions and with poor standard of living. Thereby making it essential for the Indian Government to pass the law which could remedy the mentioned two problems and contribute to the welfare of labour.

Thereby, this Payment of Wages Act was formerly passed to make sure that the deductions from the remunerations/wages are

proper and reasonably made for the valid reasons made to the worker in advance, that also only that much, which is directly proportional and prompt as well regular payment of wages to the worker, the same is also evident from the Preamble given under the Payment of the Wages Act, 1936.

REFERENCE:-

1. <https://www.py.gov.in/sites/default/files/labour-wages.pdf>
2. <https://www.whatishumanresource.com/the-payment-of-wages-act-1936>
3. Payment of Wages act, 1936, No.4, Acts of Parliament, 1949.

CASE LAWS:-

1. Ludhiana Hands Tools Association v. Union of India,
2. Twin City Industrial Employers Association v. Union of India,
3. State Of Punjab v. Jaswinder Singh.
4. D.P. Wires Pvt. Ltd. v. Anil Vyas
5. Mohd. Arif v. M/S Mirza Glass Works and Others