

**FORM V**

[See Rule 22]

**ABSTRACT OF THE PAYMENT OF WAGES ACT, 1936**

**(Central Act IV of 1936)**

**AND THE RULES MADE THEREUNDER**

**1. Whom the Act affects**

The Act applies to the payment of wages to persons in this factory/Industrial Establishment receiving less than <sup>1</sup>[Rs. 24000] a month.

**2.** No employed person can give up by contract or agreement his rights under the Act.

**3. Definition of Wages**

"Wages" means all remuneration (whether by way of salary, allowances or otherwise) expressed in terms of money or capable of being so expressed which would, if the terms of employment, express or implied, were fulfilled, be payable to a person employed in respect of his employment or of work done in such employment, and includes

- (a) any remuneration payable under any award or settlement between the parties or order of a court;
- (b) any remuneration to which the person employed is entitled in respect of overtime work or holidays or any leave period;
- (c) any additional remuneration payable under the terms of employment (whether called a bonus or by any other name);
- (d) any sum which by reason of the termination of employment of the person employed is payable under any law, contract or instrument which provides for the payment of such sum, whether with or without deductions, but does not provide for the time within which the payment is to be made;
- (e) any sum to which the person employed is entitled under any scheme framed under any law for the time being in force; but does not include
  - (1) any bonus (whether under 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 settlement between the parties or order of a court;
  - (2) the value of any house accommodation, or of the supply of light, water, medical attendance or other amenity or of any service excluded from the computation of wages by a general or special order of the State Government.
  - (3) any contribution paid by the employer to any pension or provided fund, and the interest which may have accrued thereon;
  - (4) any traveling allowances or the value of any travelling concessions;
  - (5) any sum paid to the employed person to defray special expenses entitled on him by the nature of his employment; or
  - (6) any gratuity payable on the termination of employment in cases other than those specified in sub-clause (d)

**4. Responsibility for and method of payment**

The Manager of the factory/industrial 449 establishment is responsible for the payment under the Act of wages to persons employed under him, and any contractor employing person is responsible for payment to persons he employs.

**5. Wage**

Periods shall be fixed for the payment of wages of intervals not exceeding one month.

**6.** Wages shall be paid on a working day Within 7 days of the end of the wage period (or within 10 days if 1000 or more persons are employed). The wages of a person who is discharged shall be paid not later than the second working day after his discharge.

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

**8. Fines and deductions**

No deductions shall be made from wages except those authorised under the Act (See paragraph 9, 15 below).

**9.**

- (1) Fines can be imposed only for such acts and omissions as the employer has, with previous approval of the Chief Inspector of Factories, Chief Inspector of Plantations or the Labour Commissioner as the case may be, specified by a notice displayed at or near the main entrance of the factory/industrial establishment and after giving the employed person an opportunity for explanation.
- (2) Fines

- (a) shall not exceed half an anna in the rupee;
- (b) shall not be recovered by instalments or after sixty days of the date of imposition;
- (c) shall be recorded in a register and applied to such purpose beneficial to the employed person as are approved by the Chief Inspector of Factories, Chief Inspector of Plantations or the Labour Commissioner, as the case may be;
- (d) shall not be imposed on person who are under the age of 15 years.

**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 bearing the same proportion to his wages for the wage - period, as the period of his absence bears to the total period during which he should have been at work during the wage-period.
- (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 eight days in lieu of notice, but;-
  1. No deduction for breaking a contract can be made from a person under the age of 15 years.
  2. There must be a provision in writing forming part of the contract of employment and requiring the employee to give notice of the termination of such employment, the period of such notice not exceeding
    - (i) fifteen days or the wage period whichever is less; or
    - (ii) the period of notice which the employer is required to give of the termination of that employment.
  3. The above provision must be displayed at or near the main entrance of the factory/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/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 employment person an opportunity for explanation.

**12.** Deductions can be made, equivalent to the value thereof, 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 and have in the case of amenities and services been authorised by order of the Government.

**13.** Deductions can be made for house- accommodation supplied by the employer or by Government or any housing board set up under any law for the time being in force (whether the Government or the board is the employer or not) or any other authority engaged in the business of subsidising house-accommodation which may be specified in this behalf by the State Government by notification in the Official Gazette; and

**14.**

- (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 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 month's wages without the permission of an Inspector. These advances can be recovered by instalments, spread over not more than 12 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.

**15.** Deductions can be made for subscription to and for repayment of advances from any recognised provident fund.

**16.** Deductions can be had for payments to co- operative societies approved by the Government or for payment of any premium on life insurance policy to the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, or for the purchase of the securities of the Government of India or of any State Government or for being deposited in any Post Office Savings bank in furtherance of any savings scheme of any such Government subject to any condition imposed by the Government.

**17. 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 purpose of the Act.

**18. Complaint of deduction or delays**

- (i) 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 Government for the purpose. An application delayed beyond this period may be rejected unless sufficient cause for the delay is shown.
- (ii) any legal practitioner, official of the 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.
- (iii) a single application may be presented by, or on behalf of, any number of persons belonging to the same factory/industrial establishment the payment of whose wages has been delayed.

**19. Action by the Authority**

The 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.

**20. Appeal against the Authority**

An appeal in the prescribed form against a direction made by the authority may be preferred, within thirty days 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; and
- (c) by a person directed to pay a penalty for a malicious or vexatious application.

**21. Punishments for branches of the Act**

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 the 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/industrial establishment this Abstract in English and in the language of the majority of the employed persons, or
- 4. breaks the rules 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.

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