

## **The Payment of Wages Act 1936**

### **Introduction**

The Payment of Wages Act 1936 is a significant law in India that guarantees the prompt and complete payment of wages to employees. This legislation governs the payment of wages to workers across different industries, aiming to ensure that employees are paid fairly and on time.

Here are some key points about the Act:

1. **Aim:** The main goal of the legislation is to oversee the payment of wages to specific categories of workers.
2. **Scope:** The law is applicable to individuals working in factories, those employed by railway administrations, and those working in establishments designated by the government.
3. **Wage Disbursement:** As per the labour law, wages must be disbursed in legal tender, which is the official currency of the country, and should not be given in kind unless authorized by the government.
4. **Payment Schedule:** The legislation outlines the timeframe within which wages must be paid. Typically, wages should be disbursed before the 7th day following the end of the wage period.
5. **Salary Deductions under payment of wages act:** The law also governs deductions that can be taken from wages. It prohibits unauthorized deductions and limits the total deductions to 75% of the employee's total earnings.
6. **Penalties:** Employers are not allowed to levy fines on employees except in specific situations outlined in the legislation.
7. **Oversight:** The law establishes the role of Inspectors who are tasked with ensuring that employers adhere to the regulations and enforcing compliance.
8. **Sanctions:** Failure to comply with the law's provisions may lead to penalties for employers, which could include fines and imprisonment.

### **Historical Context of Payment of Wages Act 1936**

The Payment of Wages Act, 1936, was enacted during a period of significant social and economic changes in India.

Here's a brief historical context:

- **Scope:** The legislation is applicable to various establishments where employees are engaged, such as factories, mines, railways, plantations, shops, and other establishments designated by the government. It encompasses both the organized and unorganized sectors.

- **Inclusivity:** The law extends its coverage to all types of workers, whether they are permanent, temporary, casual, or daily wage workers, who perform any form of work, whether manual or clerical, skilled or unskilled.
- **Salary Inclusion:** The legislation encompasses all forms of remuneration, including basic wages, dearness allowance, and any other supplementary payments that the employer is obligated to provide to the worker.
- **Geographic Reach:** The law is applicable throughout India, encompassing all states and union territories.
- **Exceptions:** The legislation includes provisions for specific exemptions for certain categories of workers or establishments. For instance, it may exempt certain groups of employees who fall under other specialized Indian labour laws.

### **Objectives of payment of wages act 1936**

The Protection of Workers' Interests and Ensuring Fair and Timely Payment of Wages were the primary goals of the 1936 Payment of Wages Act.

The following are the primary goals:

1. **Timely Payment:** The primary goal of the Act is to guarantee that employees are paid their wages promptly. It sets a deadline for wage payment, typically before the 7th day after the end of the wage period.
2. **Full Payment:** The Act strives to ensure that employees receive their full wages without any unauthorized deductions under payment of wages act. It governs permissible deductions from wages and prohibits employers from making deductions beyond what is allowed by the Act.
3. **Payment in Legal Tender:** The Act requires that wages be paid in legal tender, which is the official currency of the country. It prohibits the payment of wages in kind unless authorized by the government.
4. **Protection against Unfair Practices:** Another aim of the Act is to shield employees from unfair practices by employers, such as arbitrary fines or unlawful wage deductions. It establishes procedures for employees to address grievances related to wage payments.
5. **Promotion of Social Justice:** The Act aims to advance social justice by preventing the exploitation of workers and ensuring they receive fair compensation for their work. Through regulating wage payments and deductions, it aims to foster a more balanced relationship between employers and employees.

6. Facilitation of Inspections: The Act includes provisions for the appointment of Inspectors who are tasked with enforcing its regulations and ensuring compliance.

### **Provisions in Payment of Wages Act - 1936 India**

A number of provisions in the Payment of Wages Act, 1936, are designed to control how wages are paid to employees and safeguard their rights.

#### **The following are some of the Inspections and Compliance under Payment of Wages Act:**

- **Scope and Coverage:** The Act is applicable to all individuals employed in any factory, individuals employed (excluding those in a factory) by a railway administration on any railway, or individuals employed in an industrial or other establishment as specified by the government.
- **Time of Payment:** The Act stipulates the timeframe within which wages must be paid. Generally, wages should be paid prior to the expiration of the 7th day following the last day of the wage period.
- **Mode of Payment:** Wages must be paid in legal tender, which refers to the currency of the country. Payment of wages in any form other than currency is generally prohibited, unless authorized by the government.
- **Deduction under payment of wages act:** The Act governs the deductions that can be made from wages. It prohibits unauthorized deductions and restricts the total deductions to a maximum of 75% of the employee's total earned wages.
- **Fines:** Employers are not allowed to impose fines on workers, except in specific circumstances outlined in the Act. The total amount of fines imposed during a wage period cannot exceed 3% of the worker's wages for that period.
- **Maintenance of Records:** Employers are obligated to maintain specific records pertaining to wage payments, deductions, and other relevant details. These records should be easily accessible for inspection by authorities.
- **Appointment of Inspectors:** The Act establishes the appointment of Inspectors who are responsible for enforcing the Act's provisions and ensuring employers' compliance. Inspectors possess the authority to enter and inspect any premises covered by the Act, as well as examine records related to wage payments.

- Penalties: Failure to comply with the Act's provisions can lead to penalties for employers, including fines and imprisonment. The Act outlines penalties for various offenses, such as non-payment or delayed payment of wages, unauthorized deductions, and other violations.

### **What is the scope of the Payment of Wages Act?**

The Payment of Wages Act has a broad scope and applies to a wide range of establishments and industries in India. Here is the scope of the act:

- Payment of wages act applicability: The act applies to all establishments where workers are employed, including factories, mines, railways, plantations, shops, and other establishments specified by the government. It covers both the organized and unorganized sectors.
- Employee Coverage: The act covers all categories of workers, including permanent, temporary, casual, and daily wage workers, who are engaged in any kind of work, manual or clerical, skilled or unskilled.
- Wage Coverage: The act covers all types of wages, including basic wages, dearness allowance, and any other additional payments that are payable to the worker by the employer.
- Geographical Coverage: The act applies to the whole of India, including all states and union territories.
- Exemptions: The act provides for certain exemptions for specific categories of workers or establishments. For example, it may exempt certain categories of employees who are covered under other specific labour laws in India.
- It's vital to remember that those in managerial or supervisory roles who make more money than a certain threshold are exempt from the Payment of Wages India Act. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, does not apply to employees, either.

The Payment of salaries Act is designed to guarantee that employees in different sectors of the economy, irrespective of their employment status or type of work, receive their salaries in a timely and equitable way.

### **Conclusion**

Under the Payment of Wages Act, 1936, inspections and compliance procedures are essential in guaranteeing that companies meet their responsibilities to employees and that workers can assert their entitlement to prompt and complete payment of minimum wages act as per labour laws.