

**Course Name: Labour Welfare and Industrial Relations**

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**Week – 10**

**Lecture – 02**

Hello learners welcome back to the course on labor welfare and industrial relations we move to the second lecture of module 10 where we look into the wage legalities certain authorized deductions that are permitted and miscellaneous provisions this is significant because in the previous lecture we talked about the wages what do you mean by wages what are the different elements that could qualify itself as wage what will not be included as wage And we substantiated that certain deductions cannot be made with respect to the salary or with respect to the wage. Now, what would be the technicality of these deductions if they are allowed under the AMBIT? Are they? Let's look into that in greater detail.

I'm Dr. Abraham Sirlisek. I'm an assistant professor at the School of Business, Indian Institute of Technology, Guwahati. So when you look into the wage legality specifically, let's understand this authorized deduction specifically. When you are looking into Section 7, the permissible deductions and deduction from wages of an employed person shall be made only in accordance with the provisions of this particular Act and of the following kinds. Now, specifically, we'll dig deeper into the first one, the fines.

When you look into fine, which is given in Section 7, Subclause 2. Please note, no fines shall be imposed on any employed person in respect of such acts and omissions on his part as the employer with the previous approval of the state government or the prescribed authority of the day and it may have been specified under the act. We also see when it comes to fine, a notice specifying such acts, whatever are the omissions, whatever are the omissions that have been made shall be exhibited in the prescribed manner on the

premises and In which the employment is carried on or in case of persons employed upon a particular place, be it factory, be it railway or whatever is the prescribed place. We also observe from the act that no fine shall be imposed.

on any employed person until he has been given the opportunity of showing the cost against the fine. What was the reason why the fine is supposedly given or otherwise then in accordance with such procedure as may be prescribed in the Act. We also understand the total amount of fine which may be imposed in any one wage period particularly on any employed person shall not exceed an amount equal to 3%. three percentage of the wages payable to him in respect of that particular wage period we also see from the act that certainly no fine shall be imposed on any employed person who is under the age of 15 years and no fine should be imposed on any employed person who shall be recovered from him by installments or other expiry of 60 days from the day on which it was imposed and please note Every fine shall be deemed to have been imposed on the day of the act or omission in respect of which it was imposed.

So this is particularly what the act specifies with respect to fine. When you look into the deductions that can happen under the ambit of the absence from duty, essentially section 7 sub clause 2 sub clause B is vociferous about this particular pattern of deduction. When you look into these deductions that may be made under the clause B of the subsection 2 of section 7, only on account of the absence of an employed person from the place or the places where by the terms of his particular or her particular employment he is required to work and such absence actually. being for the whole or any part of the period during which he is so required to work that would be the cardinal consideration that should be given while looking into the deduction also the amount of such deduction shall in no case bear to the wages payable to the employed person in respect of the wage period for which the deduction is made in a larger proportion than the period for which he was absent or she was absent bears to the total period.

So within such period during which by the terms of his employment, he was or she was required to work. And finally, if you look into the deductions part for absence of duty, we'll see that provided that subject to any rules made in this behalf by the state government, if 10 or more employed persons acting in concert absent themselves without

due notice, because there is some concern, there is some, you know, sink that is going on between the employees, that is to say, without giving the notice which is required under the terms of the contract of employment and without a reasonable cost, reasonable cost. This is categorically understood from the act. Such deduction from any such person may include such amount not exceeding his wages for eight days as may by any such terms be due to the employer in lieu of the due notice.

So this has been what we cover with respect to the act and the deductions for absence from duty. When we are looking into the third deduction. Third aspect actually. Deductions for damage to loss of goods expressly entrusted to the employed person for custody or loss of money for which he is required to account. Detection under the clause C or clause O of subsection 2 of this section 7 specifically.

It shall not exceed, please note, the amount of the damage or loss caused to the employer or by the neglect or the default of the employed person. So when discussed, a deduction shall not be made under the clause of, if you look into the clause C specifically, clause M specifically, and clause N and O of this particular subsection 2 of section 7. So this is vital, section 7, subsection 2, clause C, clause M, clause N, clause O of these particular subsection and section. until the employed person has been given an opportunity of showing the cause against the deduction or otherwise than in accordance with such procedure as may be prescribed for the making of such deduction so you'll see that all such deduction and all realizations therefore

shall be recorded in a register to be kept by the person responsible for the payment of wages under Section 3 in such form as it is prescribed by the Act. So you will see that the deductions for damage to loss of goods expressly entrusted to the employee person for custody or loss of money for which he is required to account will have to be recorded in a register that is to be kept by the person responsible for the payment of wages under this section 3 specifically and not section 7 section 3 in such form as is prescribed Now, when you look into other deductions, you have deductions for house accommodation supplied by the employer or by the government or any housing board that is part and parcel of your salary. Then you have other deductions like deduction for such amenities and services supplied by the employer.

Let's say we look into a deduction under again, Section 7, Subsection 2, Clause D, Clause E deductions. A deduction shall not be made from the wages of an employed person unless the house accommodation, amenity or service has been accepted by him. So this is this is very vital. Just provision of that, just providing that will not be enough. Rather, acceptance are accepted by him as a term of employment or otherwise accepted.

then only the deduction can happen and such deduction always or shall not exceed an amount equivalent to the value of the house accommodation amenity or service supplied and in case of such deduction under the set clause specifically e of subsection 2 of section 7 shall be subject to such conditions as the state government may impose so please note that These are the possibilities of deductions and fines that can or authorize deductions that the act actually entertains. When you discuss further, you will see that there are other provisions, especially deductions for recovery of advances of whatever nature. It could be including advances for traveling elements or conveyance elements, etc. Or maybe deductions.

deduction for recovery of loans made from any fund constituted for the welfare of labor in accordance with the rules approved by the state government or it could be based on let's say deductions for recovery of loans granted by house building or other purpose approved by the state government so please note In this particular case, especially the deductions for recovery of advances, we have to refer section 7 sub clause 2 sub clause F and section 12 for this matter. Deduction under the clause F of subsection 2 of section 7 shall subject to certain conditions which will include recovery of an advance of money given before employment began shall be made from the first payment of wages in respect of a complete wage period. Also, no recovery shall be made of such advances given for travelling expenses. Recovery of an advance of money given after employment began shall be subject to such conditions as the state government may actually impose.

Also, there is a provision that recovery of advances of wages not already earned shall be subject to any rules made by the state government, giving the power to the state government, regulating the extent to which such advances may be given and the installment by which it may be recovered. So when you look into the entire deductions for recovery of loans, we have deductions for recovery of loans granted under the clause,

FFF or of subsection two of section seven shall be subject to any rules, any rules made by the state government regulating the extent to which such loans may be granted and rate of interest are payable their own. When you look into other possible deductions, you have deductions for income tax payable by the employed person.

We have also possibilities of deduction required to be made by order of a court or other authority competent to make such a order. So this is something which you have to understand when you look into the deductions or the possible or authorized deductions. Now, when you have or when you are discussing deductions, Deductions. We have to also understand that deductions can be made for subscriptions to and for payment of advances from your provident fund.

Deductions for payment to cooperative societies approved by the appropriate government can be made. Deductions can be made with the written authorization of person employed for payment of any particular premium amount. On his policy, life insurance corporation or any other policy deductions made with the written authorization of the employed person for the payment of his contribution to the fund constituted by the employer for the trade union. There could be deductions for payment of insurance premium on. Certain fidelity guarantee bonds.

There could be deductions allowed for recovery of losses sustained by a railway administration on the amount of acceptance by the employed person of counterfeit or base coin or mutilated or forced currency notes. So these are also categorically given with respect to the possible deductions. Now, when you discuss deductions, we also see that recovery of losses sustained by the railway administration on account of the failure of the employed person to invoice, to bill, to collect deductions. or to account for the appropriate charges due to that administration is also part of the deduction. So this is essentially a part of the deduction.

Detections for recovery or losses sustained by a railway administration on the account of any rebates or refunds incorrectly granted by the employed person would also come under the particular aspect. We'll also see that deductions made with the written authorization of the employed person for contributions to the PM National Relief Fund or

to such other funds, whatever could be, as the central government may, by notification, bring out as part of the official gazette. Now, deductions for contributions to any particular insurance funds actually framed by the central government for the benefit of its employees is also critical. So when you look into the act, One of the significant aspect that we would like to understand here is that there are certain miscellaneous provisions given with respect to the payment of a wages act.

When we look into specifically this particular lecture, we will also look into certain miscellaneous provisions of the Payment of Wages Act. Now, these are some of the critical aspects where actually certain aspects like, you know, the details regarding the wage settlements or, you know, some delay process happens. What would be the solution for that? Or let's say some protection against unlawful deductions happen. So all these grievance redressal mechanisms happen.

will be accounted under this miscellaneous provision. So let's look into that more deeply and more clearly. The first one is clear and detailed wage statements. So when you look into the clear and detailed wage statements, particularly, you'll see that the employers provide workers with clear and detailed wage statements. along with their payments.

So the Act specifically mandates that employers should provide workers with clear and detailed wage statements. These statements actually should contain essential information, let's say, like period for which the wages are paid, the rate of wages, and the details of the deductions made. such as the wages are paid, the rate of wages, and the details of deductions that are made. When you look into the second important miscellaneous provision is the prohibition of delay in wage payments. So this Act explicitly prohibits any unauthorized deduction from wages or delay in wage payments.

Employers are required to make all the essential timely wage payments within the prescribed wage periods, ensuring that that the workers receive their wages promptly and without any unwarranted or unnecessary delays. When you look into the protection against unlawful deductions, the possibilities are that the Act specifies the types of deductions that employers are allowed to make from workers' wages and sets limit on the amount that can be actually deducted from the salary. So it certainly prohibits arbitrary or

excessive deductions and ensures workers that the workers' wages are protected from unjustifiable deductions safeguarding their actual financial well-being.

And finally, when we look into the redressal of grievance or the grievance redressal mechanism altogether, The act systematically provides a mechanism for workers to seek redressal of their grievances related to wage payment. Workers have the right to approach the appropriate authority such as labor courts or let's say tribunals to address any disputes or violations of the acts, the provisions of the act. This provision empowers workers actually to help to resolve the conflicts in a fair and just manner. So these are some of the miscellaneous provisions of the particular act.

When you look into certain other critical aspects or critical provisions, we have certain provisions regarding the penalties for noncompliance. When you're looking into the act, it includes penalties for noncompliance with its provisions. Employers actually found guilty of contravening the act. I can actually face fines or let's say imprisonment, ensuring that there are consequences for any violations and reinforcing the importance of adhering to the regulations in the first place. So there are certain penalties that are being provided for noncompliance.

Again, you have application of the act to contract and. Peace rate workers. So basically, that extends its coverage to contract and and peace rate workers, ensuring that they are also protected under its provisions. So this inclusion recognizes the diverse nature of employment and arrangements and seeks to ensure fair and just treatment for workers engaged in different types of work. You have also provisions for inspections.

The Act actually grants labor inspectors authority to conduct inspections of establishments to ensure compliance with its provisions. So inspections help to monitor and enforce the Act's regulations. It provides typically an additional layer of oversight to protect workers' rights. When you look into other major provisions, there is a non-discrimination requirement. in wage payment provision.

The Payment of Wages Act 1936 prohibits any discrimination in wage payment, be it based on gender, race, religion, caste or any other grounds for that matter. So this provision promotes equal pay for equal work, ensuring that the workers receive fair and

non-discriminatory wages. So these are some of the critical aspects when you look into the wage payment. When you look into the protection of wages, particularly you have protection of wages in case of solvency.

The Act actually has provisions to protect workers' wages in the event of actually employer solvency. That is a possible reality. Especially we see now companies filing for solvency. So such cases of insolvency would actually mean that there would be such scenario emanating and it would actually be against the interest of the workers. So in such issues or such circumstances, it ensures, the act ensures that even if the employer says,

faces financial difficulties or let's say they go bankrupt workers wages are given priority and are not compromised there are also some right of legal heirs when you're looking into the particular act the act actually recognizes the rights of legal heirs to receive any unpaid wages owed to a deceased worker so it ensures that the rightful beneficiaries of the worker wages are not deprived of their entitlement and finally prohibition of fines in certain cases there are certain provisions where the act prohibits whereby or with the help of which the act prohibits the imposition of fines on workers in certain situations so categorically it aims to prevent unfair and arbitrary fines that could actually lead to exploitation or an unjust reduction of wages So when you look into the act more closely, you'll see that there are also provisions where there are legal protections given against retaliation. Let's understand this. The act actually provides legal protection to workers.

That is a fact what we have seen against any retaliation or adverse action by the employer. Now, this has been the principal aspect why this act should be there in the first place. And this is a safeguard mechanism. for the employee for asserting their rights or filing complaints related to wage payments. So it safeguards workers from actually being victimized for seeking recourse under the Act.

So let's say tomorrow a set of employees go and take legal recourse, suggesting or seeking or invoking the provisions of the Act, and there might be some intentional targeting. So all those aspects are protected by the Act in itself. power to make rules when you look into the act it empowers certainly the appropriate government to make



rules and regulations to further implement and enforce the provisions of the act so these rules may include you know specific guidelines to actually specific guidelines or let's say procedures and forms to actually ensure effective compliance with the acts requirement and finally When you look into the provisions of the Act, there are provisions for extension of the Act to other establishments also. So the Act allows the government to extend its provisions to other establishments or industries as deemed necessary.

This flexibility enables the Act's coverage to be expanded to ensure that the workers in various sectors actually are protected by the particular Act and its provisions. So these additional aspects of the Payment of Wages Act. 1936 reinforces its objective of providing comprehensive protection and regulation of wage payments. So they address specific issues that we have seen. So this is what the takeaway should be from the lecture.

We have seen that there could be specific issues. What happens when the company is insolvent? what happens when the company goes bankrupt what happens when there are intentionally you know the workers are targeted when you are going against the employer for non-payment or for you know unwarranted deduction illegal deduction if there is some targeting happening you are being targeted because you have taken the use of you have tried to explore the possibilities under the act so all these aspects are categorically covered under this act in itself so it is a very futuristic act it not only gives the worker a certain level of let's say assurance to work because this much would be your salary or this much would be your wage and it will unequivocally undoubtedly come to you but more than that it is more futuristic what will happen if you know some unwarranted unsolicited deductions are made so what will be the scenario what will be the outcome of that so all such scenarios are also taken into consideration especially the miscellaneous provisions of the act are very relevant in this particular context so that should be the key takeaway from this class thank you for listening to me patiently we'll see with more details of this act and other welfare measures in the next class till then take care bye

Amen.