

**New Labour Codes of India**  
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**Lecture 23**  
**Payment of Wages, Deductions and Recovery, Fines**

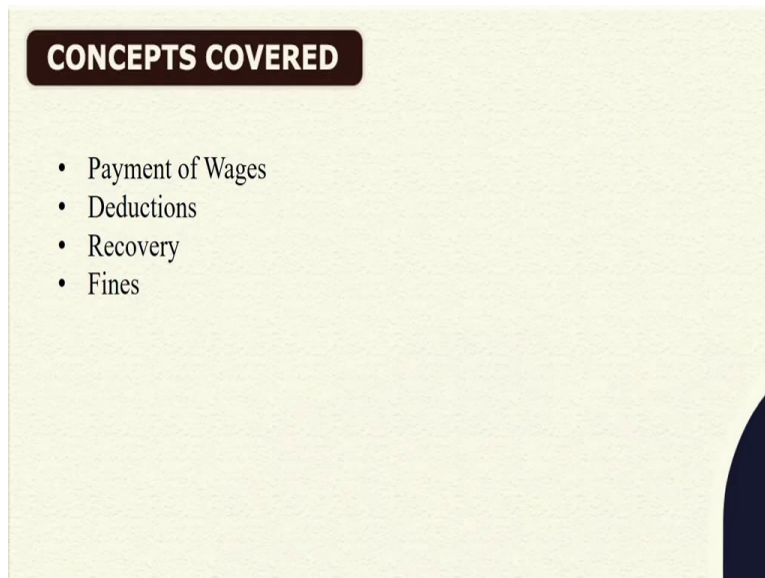
Dear students, last class we were talking about the minimum wages, the concept of minimum wages and how the minimum wage is calculated.

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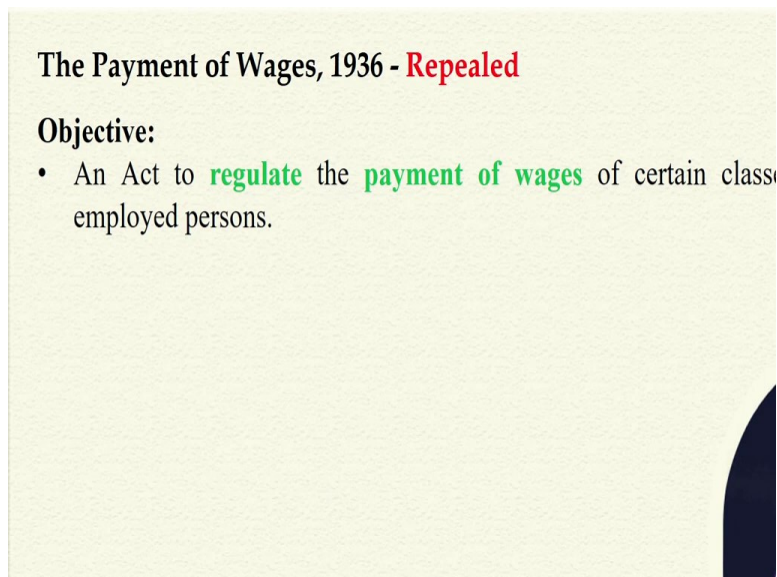
And this class we are going to see the payment of wages, and how the payment of wages is to be made. And whether the employer can deduct some amount from the wages or legally deduct or what are the other categories which the employer can deduct from the salary, whether the employee can ask for any other kinds of deductions not to be made from his salary, what is with regard to the statutory deductions. And also, we will see that in which are the circumstances under which the employer can impose certain fines on the employees that can be deducted from the wages.

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And here we can see these, we already talked about the recovery of fines by the employer.

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So, the objective of this Act is the Payment of Wages Act 1936 is one of the British time's Acts which says that this Act regulates the payment of wages to certain classes to be employed persons. So, this sub-British time Act, is now going to be completely eliminated and repealed by the new code.

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### The Code on Wages, 2019

#### Objective:

- An Act to **amend** and **consolidate the laws** relating to **wages** bonus and matters connected therewith or incidental thereto.

So, the new code also says the same objective, the provisions which say, those wages consolidated the law relating to wages.

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### The Payment of Wages, 1936 - Overview

3. Responsibility for payment of wages
4. Fixation of wage-periods
5. Time of Payment of wages
6. Wages to be paid in current coin or currency notes or by cheque or crediting in bank account
7. Deduction which may be made from wages
8. Fines
9. Deduction for absence from duty
10. Deduction for damage or loss
11. Deductions for services rendered
12. Deductions for recovery of advances
- 12A. Deductions for recovery of loans
13. Deductions for payments to co-operative societies and insurance

So, the Payment of Wages Act has detailed provisions with regard to the responsibility of the employer to the payment of wages, fixation of wage periods, and time of payment of wages. And also, whether the at that point of time, the payment, what is the mode of payment, whether it is in the currency notes and cheques or other crediting in the bank account and now, the digital formats are come up and which is included in the code.

And then comes to the deductions, what deductions can be made, fines, deductions in the case of absence from duty, deductions for damage or loss to the employer, deductions for services rendered to the employees, and also the advances whether he can deduct, deductions for recovery of loans, and deductions in payment to the cooperative societies, insurance schemes, and deductions to the subscription to trade unions, etc are dealt.

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## The Code on Wages, 2019 - Overview

### Chapter III – Payment of Wages

15. Mode of payment of wages
16. Fixation of wage period
17. Time limit for payment of wages
18. Deduction which may be made from wages
19. Fines
20. Deduction for Absence from duty
21. Deductions for damage or loss
22. Deductions for services rendered
23. Deductions for recovery of advances
24. Deductions for recovery of loans
25. Chapter not to apply to Government establishments

So, you can find similar headings in the new code on wages as well. So, exactly the similar provisions which you can find in the wages code as well with regard to the payment of wages.

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### The Payment of Wages Act, 1936 - Repealed

- 2(vi) “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, be **payable** to a person employed in respect of his employment or of work done in such employment
- If the terms of employment, **express** or **implied**, were fulfilled and includes-
  - (a) any remuneration under award or settlement or order of a Court;
  - (b) any entitled remuneration such as overtime work or holidays or any leave period;
  - (c) any additional remuneration payable (whether called a bonus or other name);
  - (d) any sum which by reason of the termination of employment
  - (e) any other sum to which the person employed is entitled
- **But does not include -**

So, in the payment of wages here you can see that, it also the Payment of Wages Act which is defined last class, which we saw the definition of wages.

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### The Payment of Wages Act, 1936 - Repealed

- **But does not include –**
  1. Any **bonus**
  2. The **value** of any **house-accommodation**, or of the supply of **light, water, medical attendance** or other **amenity** or of any **service** excluded
  3. Any contribution paid to **pension** or **provident** fund, and the **interest** thereon;
  4. Any **travelling allowance** or **travelling concession**;
  5. Any sum to **defray special expenses**
  6. Any **gratuity**

So, the wages are defined in the code as well and which does not include bonuses, house rent allowances, travel allowances and other special expenditures, gratuity extra is excluded.

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### The Code on Wages, 2019 - Definitions

- ❑ 2(y) "wages" means **all remuneration**
- ❑ Whether by way of **salaries, allowances or otherwise**,
- ❑ Expressed in terms of money or capable of being so expressed,
- ❑ If the terms of employment, express or implied, were fulfilled,
- ❑ Which would be **payable** to a person employed in respect of his employment or of work done in such employment, and **includes**—
  - i. Basic pay;
  - ii. Dearness allowance; and
  - iii. Retaining allowance, if any
- But **does not** include-

### The Code on Wages, 2019 - Definitions

- ❑ **but does not include**—
  - a) Any **bonus** payable under any law for the time being in force, **which does not form part of the remuneration** payable under the terms of employment;
  - b) 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 appropriate Government;
  - c) Any **contribution paid by the employer to any pension or provident fund**, and the **interest** which may have accrued thereon;
  - d) Any **conveyance allowance** or the value of any travelling concession;
  - e) Any **sum paid to the employed person to defray special expenses** entailed on him by the nature of his employment;

## The Code on Wages, 2019 - Definitions

### ❑ but does not include—

- f) House rent allowance;
- g) Remuneration payable under any award or settlement between the parties or order of a court or Tribunal;
- h) Any overtime allowance;
- i) Any commission payable to the employee;
- j) Any gratuity payable on the termination of employment;
- k) Any retrenchment compensation or other retirement benefit payable to the employee or any ex gratia payment made to him on the termination of employment:

So, we already had a detailed discussion about this, the definition of wages and the exclusions of wages.

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## Applicability of the provisions of this Chapter(Payment of W

- The provisions of this Chapter shall not apply to the Government establishments unless the appropriate Government, by notification, applies such provisions to the Government establishments specified in the notification.

And now, it comes to the payment of wages. So, it says that the provisions of this chapter shall not apply to the government establishments unless the appropriate government by notification applies such provisions to the government establishment specified in the notification. So, it means that if the state government or the central government is excluding any, they can exclude any area from the purview of the implementation of this Act. So, any establishment or any class

of establishment can be deleted or can be excluded by the state governments or central government.

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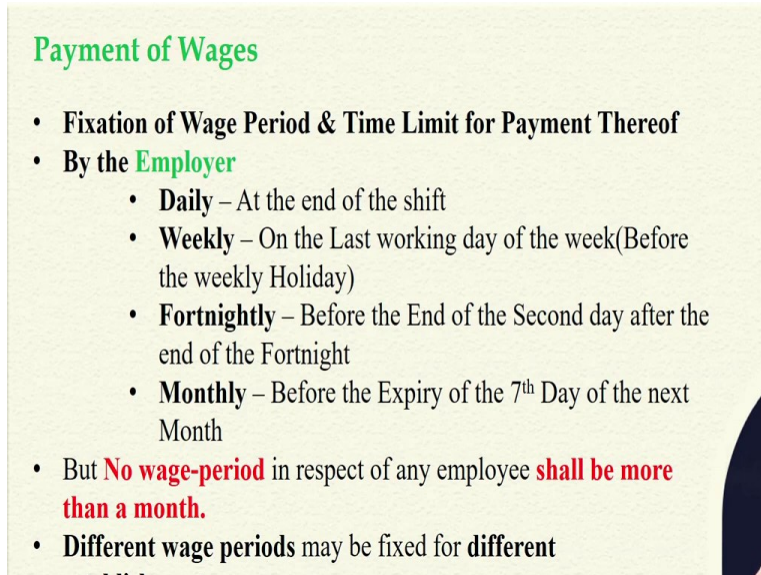
### Payment of Wages

- **Mode of Payment** of Wages:
- Shall be in **current coin** or **currency notes** or by **cheque** or by **crediting** bank account of the employee or by the **electronic mode** (such as NEFT, RTGS, IMPS, UPI)

So, the mode of payment, I have already mentioned. So, it included the same provision from the old Act says that by coin or currency notes or by cheque by crediting in the bank account or it is included by electronic modes, such as the NEFT, RTGS, IMPS, UPI, etcetera, etcetera, which is an electronic mode. So, the provision is amended in accordance with the need of the time. So, the electronic modes, and transfer of wages are also included in the provisions.



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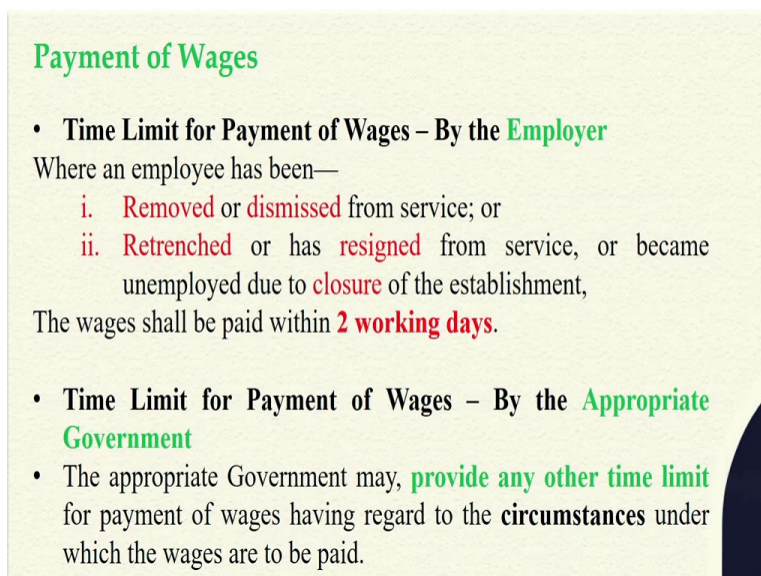


**Payment of Wages**

- **Fixation of Wage Period & Time Limit for Payment Thereof**
- **By the Employer**
  - **Daily** – At the end of the shift
  - **Weekly** – On the Last working day of the week (Before the weekly Holiday)
  - **Fortnightly** – Before the End of the Second day after the end of the Fortnight
  - **Monthly** – Before the Expiry of the 7<sup>th</sup> Day of the next Month
- But **No wage-period** in respect of any employee **shall be more than a month.**
- **Different wage periods** may be fixed for **different**

And the fixation of wages and some specific provisions which you can see that. So, the daily, if it is at the end of the shift, and weekly, at the end of the last working day of the leave that means, just before the weekly holiday, fortnightly and monthly and but no wage period in respect of the employee shall be more than a month, that means, everybody should be paid their salary at least monthly, there cannot be 3 months salary or 6 months salary together. So, different wage periods can be fixed for different establishments, but it is not maximum period shall be a one-month type.

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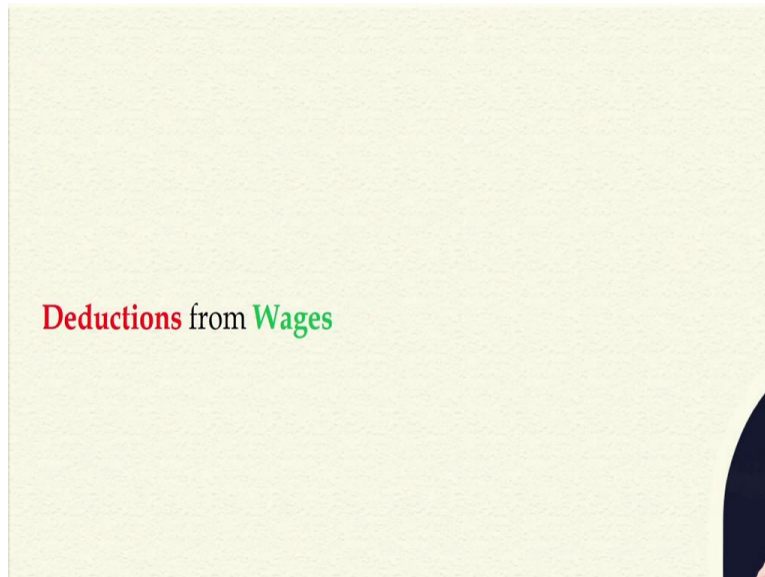
**Payment of Wages**

- **Time Limit for Payment of Wages – By the Employer**  
Where an employee has been—
  - i. **Removed** or **dismissed** from service; or
  - ii. **Retrenched** or has **resigned** from service, or became unemployed due to **closure** of the establishment,The wages shall be paid within **2 working days.**
- **Time Limit for Payment of Wages – By the Appropriate Government**
- The appropriate Government may, **provide any other time limit** for payment of wages having regard to the **circumstances** under which the wages are to be paid.

And what is the time limit for payment of wages? So, if somebody is the employer, the employee has been removed or dismissed from service so their limitations can be put, if somebody is retrenched or somebody resigned from service and become unemployed due to the closure of the establishment, then the provisions which we already saw in case of retrenchment, in case of closure, in case of a lockout, and in case of a layoff, the provisions of that law will be applicable in case of payment of wages.

And also, the appropriate governments can limit the payment of wages. So, in certain establishments in special cases, the state government can exclude the application of this particular Act from the purview of the application of these particular provisions.

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And the most important part is deductions from wages. So, what the deductions can be made by the employer?

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### Deductions from Wages

- There **shall be no deductions** from the wages of the employee, **except those authorised under this Code.**
  - a) **Fines** imposed on him;
  - b) Deductions for his **absence from duty**;
  - c) Deductions for **damage** to or **loss** of **goods** expressly **entrusted** to the employee for custody; or for **loss** of **money** for which he is required to account, where such damage or loss is **directly attributable** to his **neglect** or **default**;
  - d) **Deductions for house-accommodation** supplied by the employer
  - e) **Deductions for such amenities and services** supplied by the employer

So, there shall not be any deductions except those that are authorized under the code. For example, fines imposed on him, deductions for absence from duty, deductions for damage or loss of goods expressly entrusted to the particular employee for custody, loss of money for which he is accountable, any damage directly attributable to him or his neglect or default, so if money is lost from him, definitely it can be recovered from his wages by the employer.

Then deductions for house accommodation and most of the employees in government service and other private employment provide house accommodation, then house rent allowances can be recovered, then deductions for such other amenities, for example, water, electricity, and other amenities the employee has to pay it is not free of cost. So, these are the eligible deductions under the code. These are the legal deductions under the code.

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**Deductions from Wages**

- There **shall be no deductions** from the wages of the employee, **except those authorised under this Code.**
  - f) **Deductions for recovery** of—
    1. **Advances of whatever nature** (including advances for **travelling allowance** or **conveyance allowance**), and the **interest** due in respect thereof, or for **adjustment of overpayment of wages**;
    2. **Loans** and the **interest** due;
  - g) Deductions for recovery of **loans granted for house-building or other purposes approved** by the appropriate Government and the **interest** due;
  - h) Deductions of **income-tax** or any other **statutory levy** levied

And also, you can see that the deductions are no deductions from the wages of the employee except those authorized under this particular code, this continuously says authorized under this particular code. And also, the recovery of advances. So, usually, the employees get advances for travelling allowances, conveyancing allowances and also even LTCs leave travel allowances, they get advances.

So, there if the adjustments are not made in time, in accordance with the rules or regulations of the government or in accordance with the standing orders then there will be an interest, and the employees are liable to pay interest as well. So, if the adjustment, the adjustment is not made, in time, the employees have to pay interest as well. And if there is any loan taken and their EMI has to be can be deducted by the employer from the loans, authorized loans.

And also, you can see that the deductions for recovery of loans granted for house building or other purposes are approved by the appropriate governments and also their interest is also due. And other deductions include income tax deductions, and any statutory levies like professional tax, some state governments levy professional tax, that also it is the duty of the employer to levy and deposit with the government. So, TDS, professional taxes, statutory. These are legal deductions from the salary.

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### Deductions from Wages

- There **shall be no deductions** from the wages of the employee, **except those authorised under this Code.**
  - i) Deductions for **subscription** to, and for **repayment of advances** from **any social security fund or scheme** including **provident fund or pension fund or health insurance scheme or fund**;
  - j) Deductions for **payment of co-operative society subject to such conditions** as the appropriate Government may impose;
  - k) Deductions made, **with the written authorisation of the employee**, for payment of the **fees and contribution payable** by him for the **membership of any Trade Union**

And also, you can see that legal deductions include contributions to the provident fund, contributions to ESI, contributions, we already said, contributions to different cooperative societies, and contributions to the subscriptions to different authorized trade unions or trade union councils. And also, you can see the subscriptions which I already talked about, repayment of advances, social security schemes like the Provident Fund, health insurance, and, payment to cooperative societies.

And so, you can see that, but the deductions other deductions are made only with the written authorizations of the employee. So, what about sometimes excess payments made to the employees? In that case, also, the employer is eligible to deduct excess payments made to the employee in a period of time. So, again the question, is whether they can charge interest for these excess payments, yes, if the excess payments you received, it will be in accordance with the state government and central government rules.

So, even if you are not adjusting your advances within a period of time, the government can recover interest also. I already said that the membership subscriptions to the trade unions can also be recovered by the employer these are legal deductions. Then what are the other deductions from wages? And for example, deductions of recovery of losses sustained by the railway administration.

And for example, acceptance of counterfeited coins, counterfeited notes, mutilated notes, and forged currency notes, definitely these are the additional burden on the employee. Because in certain cases, employees may not be able to identify whether this is a forged currency note. If the technologies are not available to them, it will be very difficult for them and it is going to be an additional burden on the employees.

But the rules are very clear, it is their duty to see that it is free from, so the notes are free from forged notes. And also, in the case of the railway administration, failure of the employee to invoice a particular bill or he is forgotten to collect a particular bill and appropriate charges. So, if anything is related to fares, freight, demurrage, and wharfage, then craneage or in respect of the sale of food in catering establishments or other commodities in grain shops and otherwise, so the employees are liable.

So, I would say that in the case of financial accountability, it is absolutely on the employees. So, the employer can very well deduct that particular amount from the salaries, these are legal deductions.

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### **Deductions** from **Wages**

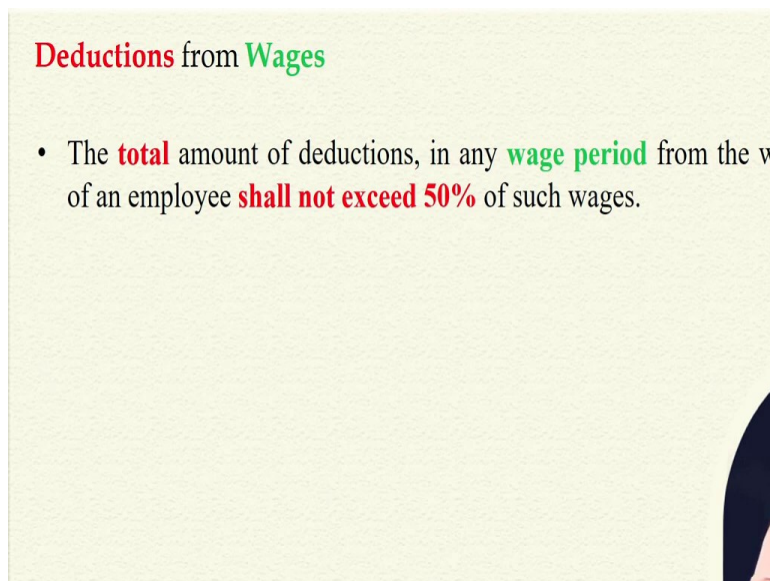
- There **shall be no deductions** from the wages of the employee, **except those authorised under this Code.**
  - n) Deductions for recovery of **losses** sustained by the **railway administration** on account of any **rebates or refunds incorrectly granted** by the employee where such loss is **directly attributable to his neglect or default**
  - o) Deductions, made with the **written authorisation** of the employee, for contribution to the **Prime Minister's National Relief Fund** or to such other fund as the Central Government may, specify.

And also, we can see that the railway administration on rebates or refunds incorrectly granted by the employee. So, this is very important in the case of online transfers. So, if mistakenly transferred to some other's account and the money is lost, then the employees or the employer can deduct this particular money from the wages of the particular employees.

So, it means that the loss is directly attributable due to the neglect or default of the employee then it can be recovered directly recovered from the employee themselves. And also, all other deductions can be done only by written authorizations of the employee. For example, permission is required for the Prime Minister's National Relief Fund.

So, the Prime Minister's funds if any contribution to the Prime Minister's funds, the employer requires written permission from the employee for these kinds of contributions. So, otherwise, the employer is not eligible to deduct anything from the wages.

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**Deductions** from **Wages**

- The **total** amount of deductions, in any **wage period** from the w of an employee **shall not exceed 50%** of such wages.

So, we can see that the total amount of deductions from the wage of an employee at no point of time, should not exceed 50 percent of such wages. So, this is the statutory limitation, which is put on the total deductions. At no point of time, it shall not increase more than 50 percent of the salary of the employee.

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### **Deductions** for **Absence from Duty**

- Deductions under section 18(2)(b) may be made
  - **Only on account of the absence of an employee**
  - From the place or places where he is required to work.
- If **10 or more** employed persons **acting in concert** absent themselves **without due notice** and **without reasonable cause**, such deduction from any such person **may include such amount not exceeding his wages for 8 days in lieu of due notice.**
- An employee shall **be deemed to be absent** from the place where he is required to work if, although present in such place, **he refuses**, in pursuance of a **stay-in strike** or for **any other cause** which is not reasonable in the circumstances, **to carry out his work.**

And, at the same time, you can see that very well the employer can deduct for absence from duty. The absence from duty very clearly says that he is supposed to work for a particular place or at a particular time. If he is absent from duty, the employer can very well deduct the salary. In case of concerted efforts concerted by the employees together, 10 or more employees acting in concert absent themselves.

So, we talked about this in the case of lockouts, in case of a strike. So, then, without notice, illegal strike, so without reasonable cause, that the employer is eligible to deduct such amounts from his wages. So, if the employees are withdrawn with an illegal strike in lieu of a notice period, the employer can deduct wages to the extent of the notice period can be deducted.

So, the employee can be considered as deemed to be absent in the place where he is supposed to work. If he refuses to work and joins in the strike for any other reasons, if he is absent from work or he is meant to carry out his work, then the employer is eligible to deduct for the absence of duty, is eligible to deduct such salaries from the absence of duty.



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Bank of India and Ors. vs. T.S. Kelawala and Ors. (04.05.1990 - SC)

- Whether BoI has the right to deduct wages unilaterally and **without holding inquiry** for a period Respondent go on **strike**?
- It was Held, Respondent had not worked for the **full 8 hours on any day in the month** concerned and that Respondent was working **intermittently** only for some time and were **sitting idle during the rest of the time**
- Pro-rata deduction of wages made by BoI for that month did not amount to an act of unfair labor practice within the meaning of the Act

So, we can see the Bank of India verses T.S. Kelawala under this 1990 Supreme Court. Here, the question was whether the Bank of India has the right to deduct wages unilaterally and without holding inquiry for a period this respondent went on strike. So, the court said that the respondent had not worked for the full eight hours on the day in that particular month. And, but at the same time, the respondent was working intermittently only for some time, and was sitting idle for the rest of the time.

So, these are very interesting facts, when the employees went on strike. So here, the court said that the pro-rata reduction of wages by the Bank of India for that particular month did not amount to an act of unfair labour practice within the meaning of the Act. So, if somebody comes to work for one hour, then he takes rest for another two hours, and again, works for one hour, the employer is not liable to pay the full salary.

So, the pro-rata basis is very clear. He will get, if he is worked only four hours in a day, he is eligible to get a pro-rata basis four hours work and another four hours reduction. So, four hours deduction can be made from the salary and he will get only four hours' salary. So, the Supreme Court from the very beginning is very clear that if somebody is not working, so, the employer need not pay the salary.

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- Goodlass Nerolac Paints Limited vs. Paints Employees Union, Mu (01.10.2001 - BOMHC)
- Absence of workman from duty or not performing allotted work
- Held: " deductions from the wages of an individual workman can be made for absence from duty **only after holding an inquiry or at least some kind of investigation.**
- Once the workman disputes his absence or the reasons for not performing the allotted work, the dispute has to be investigated by holding an inquiry into the matter.
- **No deduction** on this basis can be made by any management **without establishing the guilt on the part of the employee concerned.**
- The observation of the Apex Court in Kelawala's case that **mere presence on duty is not sufficient and the worker must work for his wages.**

So, in a very recent incident of 2022, the Kerala High court ordered to deduct the salary of the government employees, which they did not is national wide strike, so called by one political party at the end of March. So, otherwise, the High court has ordered the employees to immediately join duties. So, the Supreme Court is also clear and the High Courts are also clear, the judgments, the judicial jurisprudence is very clear that if somebody is not working, they are not eligible to get wages for that particular period.

In Goodlass Nerolac Paints Limited versus Paints Employees Union Mumbai, the 2001 case. So here, again, the absence of workmen from duty, and they are not performing the allotted work. So, definitely, if the employees are going on strike, the question is, we saw that if it is an illegal strike the employer to pay wages. So, the question is illegal strikes.

Here the court said, a deduction from the wages of individual workmen can be made for absence from duty only after holding an inquiry, at least some kind of investigation has to be taken place before deducting the salaries of the workmen. So, if once the workmen dispute his absence or reasons for not performing the allotted work, the dispute has to be investigated by holding an inquiry.

So, an inquiry to be conducted that why he has not done his particular duty, and inquiry to be conducted, then only the salary can be deducted. So otherwise, no deductions without establishing his guilt on the part of the employee concerned, so the guilt can be established only

through an investigation only through an inquiry. So, in this case, very clearly the court said that mere presence on duty is not sufficient and the worker must come to work for his wages.

So, it means if some employee comes and sits in his chair, and refuses to work, then there can be definitely a deduction of salary. So, the Supreme Court is very clear on this particular point, somebody comes and sits in his chair without working, so he is only eligible to get the salary on a pro-rata basis. So, if he is working, he will get eligible to get a salary, otherwise, the salary can be deducted by the employer.

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### **Deductions** for **Damage** or **Loss**

- A deduction under section 18(2)(c) or 18(2)(n), for **damage** or **loss**
- **Shall not exceed** the **amount of the damage or loss caused** to the employer by negligence or default of the employee.
- **No deduction** until the employee has been given **an opportunity of showing cause against the deduction**
- All such deductions and all realizations **shall be recorded** in a register

In the case of deductions or damages or loss to the employer, that case also the employer is eligible to deduct the salary, but to the extent of it shall not exceed the number of damages or loss cost. So, no penalty can be imposed very simply. So, damage or loss, he can impose only to the extent of damage or loss to the employer due to the negligence or the fault of the employee.

So, in that case, an opportunity of showing cause or show cause against the deduction is to be given to the employee. So, that means the principles of natural justice will be applicable in such cases. So, an opportunity of being heard is to be given to the employee before deducting such salaries. And all deductions to be recorded in the payment register or deductions to be recorded in the payment register later on the employee may question the legality of such deductions.

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### **Deductions** for **Services Rendered**

- A deduction under section 18(2)(d) or 18(2)(e)
- **Shall not be made from the wages of an employee,**
- **Unless** the house-accommodation amenity or service has been **accepted by him as a term of employment or otherwise** and
- Such deduction **shall not exceed** the **value** of the house-accommodation amenity or service supplied

And deductions for service rendered if some kinds of services are rendered by the employer to the employee. So, the deductions here mentioning shall not be paid from the wages of an employee. That means, for example, house accommodation. So, it is part of the terms of employment and any kind of such deduction shall not exceed the value of the house accommodation, liabilities amenity, services or whatever it is supplied to him.

So, the employer can deduct even the water charges and electricity charges, but not in accordance with the employer, but to the value of such kind of services, the water services or whether it is electricity supplied to the employee.

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### Deductions for Recovery of Advances

- Deductions under section 18(2)(f) for recovery of advances
- Given to an **employee**
- Shall be **subject to the following conditions:**
  - a) Recovery of advance of money **given to an employee before the employment began** shall be made **from the 1<sup>st</sup> payment of wages to him** in respect of a complete wage-period **but no recovery shall be made of advances given for travelling expenses;**
  - b) Recovery of advance of money **given to an employee after the employment began** shall be **subject to** such conditions as may be prescribed
  - c) Recovery of advances of wages **to an employee not already earned** shall be subject to such conditions as prescribed.

So, and recovery for advances. If the employer has given an advance to the employee, then there also he is eligible to deduct subject to certain conditions. So, here in the recovery of advances recovery of money, so before the employment began, that may be from the first payment of wages to him. But no recovery shall be made advances in given for travelling expenses.

So, in this case, recovery of advance money to an employee after the employment began shall be subject to such conditions prescribed by the standing orders or prescribed by the state government service rules or centre government service rules. So, this recovery of advances must be paid by the employer and it must be in accordance with the rules and regulations of state governments or central government or in accordance with the standing audits of companies or establishments.

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### Deductions for Recovery of Loans

1. Deductions under section 18(2)(g) for recovery of loans,
2. The extent to which such loans may be granted and
3. The rate of interest payable thereon
  - Granted to an **employee**
  - Shall be such as may be **prescribed**.

So, loan deductions can be very well deducted at that they can be extended only to the extent of loan plus interest. And the rate of interest must be mentioned to the employee in advance. And also, in accordance with the rules and regulations of the government from time to time. So, recovery of loans also can be deducted.

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### Fines

- No fine shall be imposed on any **employee**
  - **Other than** in respect of those **acts and omissions on his part**
  - As the employer, with the previous approval of the appropriate Government or of such authority, **may have specified by notice**.
- Such notice specifying such **acts and omissions shall be exhibited on the premises in which the employment is carried on**.
- **No fine** – Without an **opportunity of showing cause against the fine**.

And with regard to fines, so, the question is whether the employer is eligible to impose fines on the employee. So, no fine shall be imposed, the employer can very well fine the employee only for his omissions and his act, omission from his part. So, directly attributable to the employee.

So, and also these deductions can be made only after an inquiry. So, that means, a show cause notice is given to the employee and an opportunity of being heard is to be given to the employee a chance is to be given to the employee and then only they can deduct money in other cases.

So, such a notice very clearly mentioning about the acts and omissions shall be exhibited on the premises which the employment he is carrying out. And no deductions can be made without giving you an opportunity of being heard. So, it means that the employer has to issue a show cause notice of fining the employee and the opportunity of being heard. And then only the employer can impose fines on such employees.

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### Fines

- The total amount of fine which may be imposed **shall not exceed 3% of the wages** payable to an employee in that wage-period.
- **No fine** shall be imposed on any employee who is **under the age of 15 years**.
- **No fine** imposed on any employee **shall be recovered** from him by **instalments** or **after the expiry of 90 days** from the day of imposition.

And also, there is a limitation, statutory limitation on such kinds of fines, and says that such kinds of fines shall not exceed 3 percent of the wages in a particular wage period. And also, no fine can be imposed on the employee who is under the age of 15. Again, the question raises a provision which says that you should not impose any fine on a person below the age of 15. So, the question arises is whether a person of 14 years of age is eligible to work in India.

And also, so, no fine can be imposed, which employee shall be recovered from him by instalments or after the expiry of 90 days from the day of such imposition. So, certain limitations on the recovery of or imposing fines. So, these are the conditions or we can say that limitations put on the recovery of or imposing fines on the employee.

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## CONCLUSIONS

- The code is comprehensive with regard to the mode of wage payment, fixation of wage period and time limit for payment of wages, deductions that are allowed under the code, and fines that may be imposed.

So, in conclusion, we can see that the Payment of Wages Act is repealed by the new provisions. And the payment period has been specified, that is a daily basis or it is hourly basis or monthly basis it is clearly mentioned. And also, the wage fixation periods are mentioned and what are the limitations and what are the legal deductions that can be made by the employer. And also, what are the fines, with regard to fines, what the fines can be imposed on employees are also clearly mentioned under the provisions under the Payments of Wages Act. So, it is clear that these provisions are going to enable clear payment on time by the employees.

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## REFERENCES

- The Code on Wages, 2019
- The Code on Wages (Central Advisory Board) Rules, 2021
- The Code on Wages (Central) Rules, 2020 (**Draft**)



So, the draft rules are going to be implemented very soon and this will clarify many areas of payment of wages. Thank you.