

Statutory provisions for reward system law employment essay

Law



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INTRODUCTION

Wages are among the major factors in the economic and social life of any community. It has ethical, social, economic, political, psychological, and legal ramifications in organisational life. The International Labour Organisation (ILO) has adopted various conventions and recommendations laying down the principles and methods of wage payment and fixation. The Constitution of India enshrines the concept of social justice as one of the objectives of the State, which it seeks to achieve, among other things, through labour legislation. The legal framework on wages in our country includes: (i) the Payment of Wages Act, 1936; (ii) the Minimum Wages Act, 1948; (iii) the Payment of Bonus Act, 1965; and the rules framed there under by the Government. Under different social security enactments, the employers are also required to provide various benefits to the employees in cash and kind.

THE PAYMENT OF WAGES ACT, 1936

The Royal Commission on Labour in its report (1931) recommended, among other things, that legislation on timely payment of wages, deductions from wages and fines, was necessary and desirable. In the light of its recommendations, the Government of India introduced a bill in 1936, and the Act came into force from 28th March, 1937. The Payment of Wages Act is in three parts. Part I deals with the regulation and payment of wages by the employer. Part II specifies the heads under which deductions can be made from wages. Part III provides machinery for enforcing specific claims arising out of delayed payments, deduction from wages, appeals, etc. It is a self-

contained Act and provides its own machinery for the disposal of the claims. The Act contains 26 Sections.

Object of the Act

The object of the Act is to regulate the payment of wages to certain classes of persons employed in industry in a particular form and at regular intervals; and to prevent unauthorised deductions from the wages. The Act is concerned merely with the fixation of wage periods and not with the fixation of wages.

Applicability

The Act is applicable to persons employed in any factory, railway, and to such other establishments to which the State Government may, by notification, extend the provisions of the Act after giving three months' notice to that effect. In the case of industrial establishments owned by the Central Government, the notification can be issued with the concurrence of the Central Government. Employees whose average wage is less than rupees 1, 600 a month are covered under the Act. The Payment of Wages (Amendment) Bill, 2002 provides for the enhancement of the wage ceiling to rupees 6, 500 per month.

Definitions

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

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award or settlement between the parties or order of a court; ii) Any remuneration to which the person employed is entitled in respect of overtime work or holidays or any leave period; iii) Any sum which by reason of the termination of employment of the person employed is capable under any law, contract or instrument which provides for the payment of such sum, whether with or without deduction but does not provide for the time within which the payment is to be made. iv) Any sum to which the person employed is entitled under any scheme framed under any law for the time being in force. However, it does not include: i) Any bonus (whether under a 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; ii) 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; iii) Any contribution paid by the employer to any pension or provident fund and the interest which may have accrued thereon; iv) Any travelling concession; v) Any sum paid to the employed person to defray special expenses entailed on him by the nature of his employment; or vi) Any gratuity payable on the termination of employment

The term " establishment" includes: a) Tramway service or motor transport engaged in carrying passengers and goods or both by road for hire or reward; b) air transport service other than such service belonging to, or exclusively employed in the military, naval or airforce of the Union, or the Civil Aviation Department of the Govt. of India; c) dock, wharf, or jetty; d) inland vessel

mechanically propelled; e) mine, quarry or oil field; f) plantation; g) workshop, or other establishments in which articles are produced, adapted, or manufactured, with a view to their use, transport or sale; h) establishment in which any work relating to the construction, development or maintenance of building, roads, bridges or canals or relating to transmission, or distribution of electricity, or any other form of power is being carried on; i) any other establishment, or class of establishments, which the Central or a State Government may notify in the Official Gazette.

Wage Payment

The responsibility for the payment of wages under the Act is that of the employer or his representative. In the absence of the employer, a person who employs the labourers and with whom they enter into a contract of employment will be regarded as the employer. No wage period shall exceed one month in any case. The main purpose of this provision is to ensure that inordinate delay is not caused in the payment of wages and that a long time does not elapse before wages are paid for the period for which an employee has worked. Wages may be payable daily, weekly, and fortnightly and monthly. But the payment thereof must not extend over a period longer than one month (month means a solar month; a period of four weeks or 30 days). Where less than 1, 000 persons are employed, wages shall be paid before the expiry of the 7th day and in other cases before the expiry of the 10th day, after the last day of the wage period. If for instance, the wage period fixed is the first day of January to the thirty-first day of January an employed person working in any railway, factory or industrial establishment in which less than one thousand persons are employed would be entitled to receive

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his wages before the seventh day of February and in other cases on the tenth day of February in respect of the wage period of January. In case the employer terminates the services of an employee, the employee is entitled to receive the wage earned by him before the expiry of the 2nd working day from the day on which his employment has been terminated. The weekly or other recognised holiday is to be excluded in computing the second working day. All wages shall be paid in current coin or currency notes or in both. The employer may, after obtaining the written authorisation of the employed person, pay the wages either by cheque or by crediting the wages into his bank account.

Deductions from Wages

Wages shall be paid to an employed person without deductions of any kind except those authorised by or under the Act. Withholding of increment or promotion (including the stoppage of increment at an efficiency bar); reduction to a lower post or time scale or to a lower stage in a time scale and suspension are not deemed to be deductions from wages. The term 'deduction from wages' has not been defined in the Act. However, the Act specifies the heads from which deductions from wages may be made.

Deductions may be made by an employer, with the written authorisation of the employed person, from the wages payable to such an employed person, for payment of contribution to any welfare fund constituted by the employer for the welfare of employed persons and the members of their families, and also for the payment of the fees payable by the employed person for membership of any registered trade union. There are also certain deductions peculiar to railways, such as deductions for recovery of losses sustained by

railway administration on account of certain omissions and commissions on the part of the employees. The total amount of deduction which may be made in any wage period from the wages of an employed person shall not exceed 75 per cent of such wages in cases where such deductions were wholly or partly made for payment to co-operative societies; and in any other case, 50 per cent of such wages. There are certain conditions and limits subject to which fines may be imposed. These are: i) A fine can be imposed only for such acts or omissions as are specified by the employer and previously approved by the State Government; ii) A notice specifying such acts or omissions must be exhibited on the premises in which employment is carried on; iii) A person involved must be informed in writing the reasons for imposing fine; iv) No fine shall be imposed on an employed person who is under the age of 15 years. v) No fine shall be recovered from an employed person by instalments after the expiry of 60 days from the day on which it was imposed; vi) The total amount of fine in one wage period shall not exceed an amount equal to 3 per cent for that wage period; vii) All realisations by way of fine have to be recorded in a register and must be applied only for such purpose as are beneficial to the persons employed in the factory or establishment as are approved by the prescribed authority. The Act authorises deductions for actual absence from duty. However, if 10 or more employed persons acting in concert absent themselves without due notice and without reasonable cause, such deductions may be made for a maximum period of 8 days. Deductions from wages for damage or loss caused to the employer by the neglect or default of the employed person have been laid down under the Act. Such deductions can be made only after

giving the person concerned an opportunity of showing cause against the deductions. All such deductions and realisations are to be recorded in a register.

List of Authorised or Permissible Deductions

1) Deductions for fines. 2) Deductions for absence from duty. 3) Deductions for damage or loss. 4) Deductions for house accommodation. 5) Deductions for amenities and services. 6) Deductions for recovery of advances or for adjustment of over payment of wages. 7) Deductions for recovery of loans made for the welfare of labour. 8) Deductions for recovery of loans granted for house building. 9) Deductions for payment to co-operative societies and insurance schemes. 10) Deductions of income tax. 11) Deductions made under orders of court. 12) Deductions for contributions to provident fund. 13) Deductions for the welfare of the employed persons. 14) Deductions in respect of fees payable for the membership of trade union. 15) Deductions for payment of insurance premia on fidelity guarantee bonds. 16) Deductions for recovery of losses sustained by railway administration. 17) Deductions for contribution to the Prime Minister's National Relief Fund. 18) Deductions for contributions to any insurance scheme.

Authorities

The Act makes provision for the appointment of inspectors. The Inspector of Factories is also the Inspector under this Act. The Act also provides for the appointment of a person to be the authority to hear and decide, for any specified area, claims arising out of deductions from wages or delay in payment of wages. The authority under the Act can only adjudicate upon

claims regarding deductions and delay in payment of wages and not upon any dispute in respect of wages. An appeal lies against the decision of the authority to a Court of Small Causes in a metropolitan town and before the District Court elsewhere within a period of one month. The Act prescribes penalties for offences committed under the Act. Any contract or agreement whereby an employed person relinquishes any right conferred by this Act shall be null and void.

Obligations of Employers

1) To fix the wage-period not exceeding one month. 2) To pay wages in cash or by cheque after taking written authorisation of the employed person. 3) To pay wages on any working day. 4) To make deductions permissible from the wages of the employed person. 5) To ensure that deductions do not exceed 75% where payment to a cooperative society is to be made, and in other cases, deductions do not exceed 50%. 6) To seek, before imposing fines approval of list of acts and omissions from the prescribed authority. 7) Not to impose fines exceeding 3% of the wages on the employee. 8) To give show-cause notice to the employed person before imposing fines. 9) To recover fines within 60 days of the date of offence. 10) To afford facilities to Inspectors for entry, inspection, supervision, examination or inquiry under the Act. 11) To display abstract of the Act and the Rules in English and in a language understood by the majority of workmen. 12) To maintain following register in the prescribed forms: i) Register of wages; ii) Register of fines; iii) Register of deductions for damage or loss; iv) Register of advances. Apart from maintaining necessary records and registers, the employer is required to display an abstract of the Act at a conspicuous place.

Obligations of Employees

Every employee is entitled: 1) To receive his wages in the prescribed wage period in cash or by cheque or by credit to his bank account. 2) To refuse to agree to any deductions and fines other than those authorised under the Act. 3) To approach within six months the prescribed authority to claim unpaid or delayed wages, unauthorised deductions and fines along with compensation. 4) To appeal against the direction made by the authority if the amount of wages Claimed exceeds rupees one hundred.

THE MINIMUM WAGES ACT, 1948

The genesis of the Minimum Wages Act is traceable to the Minimum Wage Fixing Machinery Convention, 1928 (No. 28) of the International Labour Organisation (ILO). This Convention has become one of the most widely accepted instruments of the ILO. The Minimum Wages Bill was introduced in the Central Legislature in 1946 and was passed in 1948. The Act contains 31 Sections.

Object of the Act

The Act aims to extend the concept of social justice to the workmen employed in certain scheduled employments by statutorily providing for them minimum rates of wages. It is a piece of social legislation which provides protection to workers in employments in which they are vulnerable to exploitation by reason of the lack of organisation and bargaining power and where sweated labour is most prevalent.

Applicability

The Act is not applicable to all employments or industries. A schedule appended to the Act gives a list of employments covered by the Act. It covers an establishment regardless of the number of workers actually employed. Some of the employments are listed in Part I of the schedule. Part II of the schedule contains employment in agriculture and other allied activities. The appropriate government may add to the schedule any other employment in respect of which it is of the opinion that minimum rates of wages should be fixed. The contract labour, falling within the purview of the Contract Labour (Regulation and Abolition) Act, 1970, has to be paid minimum wages under the Minimum Wages Act.

Definitions

The Act contains a number of definitions. Some of the important definitions are the following: Appropriate Government: In this Act, the term "appropriate government" means: Central Government- for any scheduled employment carried on under the authority of Central Government or railway administrations and for a mine, oilfield or major port or any corporation established by a central act. State Government- for any other scheduled employment carried on within its territory. Wages: "Wages" means all remuneration capable of being expressed in terms of money, which would, if the terms of the contract 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 house rent allowance but does not include: i) The value of any house accommodation, supply of light, water, medical attendance; or any other amenity or any service excluded by

general or special order of the appropriate government; ii) Any contribution paid by the employer to any pension fund or provident fund or under any scheme of social insurance; iii) Any travelling allowance or the value of any travelling concession; iv) Any sum paid to the person employed to defray special expenses entailed on him by the nature of his employment; or v) Any gratuity payable on discharge. Employer: The term ' employer' means any person who employs one or more employees in any scheduled employment in respect of which minimum rates of wages have been fixed under the Act. The term ' employer' also includes: Manager of a factory as defined under the Factories Act, 1948. Head of department or any person appointed for the supervision and control of employees or Chief Executive Officer of a local authority in case the scheduled employment is carried on under Central Government or a local authority. In any other case the person responsible for supervision, control or payment of wages. Employee: The term ' employee' means any person who is employed for hire or reward to do any work, skilled or unskilled, manual or clerical, in a scheduled employment.

Fixing of Minimum Rates of Wages

When, in respect of an employment, the appropriate government has fixed and notified minimum rates of wages, the employer is bound to pay every employee engaged in that employment at rates not less than the rates notified. The appropriate government may review wages at such intervals as they think fit but not exceeding five years, and revise them, if necessary.

The appropriate government may refrain from fixing minimum rates of wages in respect of any scheduled employment in which less than 1000 employees are employed in the whole State. The minimum rates of wages

may be fixed: i) For different employmentsii) For different classes in the same employmentiii) For adolescents, children and apprenticesiv) For different localities. The rates of wages may be: i) A time rateii) A piece rateiii) A guaranteed time rateiv) An overtime rate. The rates may be fixed by the hour, by the day or by the month or by any other longer period as may be prescribed. The rate fixed may consist of the basic rate of wages and cost of living allowance and the cash value of concessions in respect of supply of essential commodities at concessional rates. In fixing or revising the minimum wages, the appropriate government shall either: a) Appoint as many committees and sub-committees as it considers necessary to hold enquiries and advise it in respect of such fixation or revision, as the case may be; orb) By notification in the Official Gazette, publish its proposals for the information of persons likely to be affected thereby and specify a date, not less than two months from the date of the notification, on which the proposals will be taken into consideration. After considering the advice of the said committee or representations received, the appropriate government will, by notification in the gazette, fix or revise the minimum rates of wages. Unless otherwise provided, the decision shall come into force on the expiry of three months from the date of notification. When fixation is made on the basis of representations, the appropriate government shall consult the Advisory Board also. The government is not bound to accept the committee's recommendations. The Act also empowers state governments to constitute Advisory Boards to co-ordinate the work of different committees and sub-committees and advise the government on the fixation of minimum wages. Similarly, the Central Government is empowered to constitute a Central

Advisory Board to advise Central and State Government, and to co-ordinate the work of the Advisory Boards. These bodies consist of an equal number of employers' and employees' representatives, and of independent persons not exceeding one-third of their total strength. The non-official members hold office for a period of two years, while others hold office during the pleasure of the government. The minimum wages payable under the Act are to be paid in cash. But it also provides for authorisation of payment in kind where the appropriate government considers it necessary. It may direct the supply of essential commodities at concessional rates by notifying it in the Official Gazette. Authorised deductions are allowed under the Act. The appropriate government may fix the number of hours of work, rest day, payment of overtime in respect of scheduled employments.

Registers, Notices, Abstract and Returns

Every employer is required to maintain: 1) Register of wages2) Register of overtime payment3) Muster-Roll4) Register of Fines5) Register of deduction. Every employer is required to: a) Put up a notice containing the minimum rate of wages fixedb) Exhibit an extract of the Act and Rulesc) Send annual return to the Labour Commissioner as prescribed.

Inspectors

The appropriate government appoints inspectors for the purposes of this Act, and defines the local limits within which they exercise their functions. The Inspectors are public servants. Any person, who is called upon to provide any relevant information, is legally bound to provide information to the inspectors under the provisions of Indian Penal Code.

Authorities under the Act

The appropriate government appoints, by notification in the Official Gazette for any specified area, an authority to hear and decide claims arising out of payment of wages at less than the minimum rates of wages and other incidental matters. The authority so appointed has powers of a civil court. An employee or any legal practitioner or any other official of a registered trade union, authorised in writing, or any inspector can apply to the authority for settlement of disputes with respect to non-payment or payment of less than the minimum wages. The Act prohibits civil courts from entertaining any suits for the recovery of minimum wages payable under the Act.

Enforcement

The Central Government is the appropriate authority for the enforcement of the Act in relation to any scheduled employment carried on by or under the authority of the central government, railway administration, a mine, oilfield, a major port, or any corporation established by a central act. The Chief Labour Commissioner (Central) is in charge of implementation of the Act in the central sphere. In the state sphere, officers of the industrial relations machinery are entrusted with the enforcement of the Act, in addition to the enforcement of other labour laws. In some states, a small number of whole-time inspectors are appointed exclusively for the enforcement of the Act. In some states, in addition to the officers of the labour department, officials of the revenue department, panchayat departments, and agricultural departments have been authorised to work as inspectors for the purposes of the Act.

Offences and Penalties

The Act lays down penalties for violation of the provisions of the Act. Any contract or agreement whereby an employee relinquishes or reduces his right under this Act shall be null and void. However, the Act does not prevent an individual from entering into an agreement which is more advantageous or beneficial to him.

Obligations of Employers

1) Once the minimum wages are notified and become effective the employer must pay to every employee engaged in a scheduled employment under him wages at a rate not less than the minimum rate of wages fixed by such notification for that class of employees. 2) The employer may make deductions out of wages as may be authorised. 3) The employer shall pay overtime at double the ordinary rate of wages for the period of work done beyond 9 hours on any day or 48 hours in any week or for rest day. 4) The employer must pay minimum wages in cash unless the appropriate government authorises their payment wholly or partly in kind. The government may direct the supply of essential commodities at concessional rates by notifying it in the official gazette. 5) Every employer shall issue a wage slip to every employed person in a prescribed form containing prescribed particulars. 6) Every employer shall get the signature or the thumb impression of every person employed on the wage group and the wage slips. 7) The employer or his agent should authenticate the entries in the wage books and the wage slips. 8) The employer shall allow a rest day with wages to the employees every week which ordinarily should be Sunday or any other day. No employee shall be required to work on a day fixed as

rest day, unless he is paid wages for that day at the overtime rate and is also allowed a substituted rest day with wages. 9) The employer shall not make deductions from wages except those authorised by or under the rules.

THE PAYMENT OF BONUS ACT, 1965

In pursuance of the decision taken at the 18th session of the Indian Labour Conference, the Government of India constituted the Bonus Commission on December 6, 1961. The Government accepted the recommendations of the Commission with slight modifications, and promulgated an ordinance on May 29, 1965. The Act came into force from October 25, 1965. Subsequently, there were a number of amendments to the Act. The Act consists of 40 Sections and four schedules.

Object of the Act

The object of the Act is to maintain peace and harmony between labour and capital by allowing the employees to share in the prosperity of the establishment reflected by the profits earned by the contributions made by capital, management and labour.

Applicability

The Act applies to all factories and establishments employing 20 or more persons on any day during an accounting year. Such an establishment continues to be governed by the Act notwithstanding that the number of persons employed therein falls below 20. Establishments also include departments, undertaking and branches.

Definitions

Employee: The definition of "employee" includes any person (other than an apprentice) employed on a salary or wage not exceeding rupees 3,500 per month in any industry doing any skilled or unskilled, manual, supervisory, managerial, administrative, technical, or clerical work for hire or reward. The Payment of Bonus (Amendment) Bill, 2002 provides for omission of the ceiling of rupees 3,500 for applicability of the Act. If this provision comes into force, then all the employees in an industry will be entitled to get bonus irrespective of their salaries/wages. The term of employment may be expressed or implied. There must, however, be a contract of service between the person employed and the employer. **Appropriate Government:** The term "appropriate government" means: i) in relation to an establishment in respect of which appropriate government under the Industrial Disputes Act, 1947 is the Central Government; ii) in relation to any other establishment, the Government of the State in which that establishment is situated.

Employer: The term "employer" includes: i) in relation to an establishment which is a factory, the owner or occupier of the factory, including the agent of such owner or occupier, the legal representative of a deceased owner or occupier and the manager of the factory; ii) in relation to any other establishment, the person who, or the authority which, has the ultimate control over the affairs of the establishment. Where the said affairs are entrusted to a manager or managing director, such manager or managing director is the employer. **Accounting year:** The term "accounting year" means: i) In relation to a corporation, the year ending on the day on which the books and accounts of corporation are to be closed and balanced; ii) In

relation to a company, the period in respect of which profit and loss account is laid before the annual general meeting (first day of April or 31st of March).

Salary or Wage: The term " salary or wage" includes i) basic pay and dearness allowance but not any other allowance. ii) It excludes the value of any house accommodation or of supply of light, water, medical attendance or amenity or any service or of any concessional supply of food grains or other articles, any travelling concession, any contribution paid or payable by the employer to any pension fund or provident fund, retrenchment compensation, and gratuity.

Calculation of Bonus

If an establishment consists of different departments or undertakings or branches, whether situated in the same place or in different places, unless a separate balance sheet and profit and loss account are prepared and maintained in respect of them, all such departments or undertakings or branches should be treated as parts of the same establishment for the purpose of computation of bonus, and once they are treated as parts of the same establishment, they should be continued to be treated as such. The determination of gross profit is the first step towards calculating the amount of bonus. From the gross profit certain prior charges are to be deducted to arrive at the available surplus. However, the bonus is to be paid out of the allocable surplus. In case of a company, the allocable surplus is 67 per cent of the available surplus, and in other cases it is 60 per cent.

Eligibility for Bonus

Every employee shall be entitled to be paid bonus by his employer in an accounting year, provided that he has worked in the establishment for not less than 30 working days in that year. An employee will be disqualified from receiving bonus if he is dismissed from service for: a) Fraud; b) Riotous or violent behaviour while on the premises of the establishment; c) Theft, misappropriation or sabotage of any property of the establishment.

Amount of Bonus

The Act imposes a statutory obligation on the employer to pay bonus at the minimum rate of 8.33 per cent of the salary earned by an employee or rupees 100, whichever is higher, in an accounting year. It shall be paid irrespective of profits and loss or whether there is allocable surplus or not in an accounting year. The maximum is fixed at 20 per cent. Where the salary or wage of an employee exceeds rupees 3,500 per mensem, the bonus payable to such employee shall be calculated as if his/ her salary or wage was rupees 2,500. There is also a provision under the Act for proportionate reduction in bonus where the employee has not worked for all the working days in any accounting year. The excess of allocable surplus, if any, after distributing the maximum bonus as provided shall be set-on and taken into account up to the fourth accounting year. In the case of any shortage or want of allocable surplus, the amount distributed as bonus shall be carried forward for set-off and adjusted out of the allocable surplus. The Fourth Schedule illustrates the method of distribution and set-off or set-on of the amount available for bonus out of the allocable surplus. Newly set-up establishments get exemption from payment of bonus for a period of six

years following the accounting year in which the goods produced or manufactured are sold for the first time and, in the alternative, up to the year when the new establishment shows profits, whichever is earlier. Under the Act, adjustment can be made towards payment of customary or puja bonus against bonus payable under the Act. If an employee is found guilty of misconduct causing financial loss to the employer, then the employer can deduct the amount of loss from the amount of bonus payable to the employee for the year in which he was found guilty of misconduct.

Time Limit for Payment of Bonus

The bonus shall be paid within a period of 8 months from the close of the accounting year. If there is a dispute, it shall be paid within one month from the date on which the award becomes enforceable. The appropriate government may extend the said period up to a maximum of 2 years.

Claim for Bonus

If any bonus is due to an employee under a settlement, award or agreement, the employee himself, or any other person authorised by him in writing in this behalf, or in the case of death of the employee, his assignee or heirs, may make an application for its recovery to the appropriate government. The government, if satisfied, may issue a certificate to the collector to recover the same as arrears of land revenue. The application must be made within one year. However, the mode of recovery prescribed shall be available only if the bonus sought to be recovered is " under a settlement or an award or an agreement". It will not apply to the recovery of bonus which is payable under the Act. A dispute about bonus payable under the Act will have to be raised

by the employees concerned in accordance with the provisions of the Industrial Disputes Act, 1947, or any corresponding state law applicable to them. If accounts are audited by duly qualified auditors of a company or by the Controller and Auditor-General of India, then the statements and particulars contained in such balance sheets and profit and loss accounts will be presumed to be accurate. It shall not be necessary for the corporation or the company to prove the accuracy of such statements. If the trade unions require any clarification, the court may direct the employer to furnish necessary clarification. The Act provides for the appointment of inspectors and for the maintenance of registers and records. The Act provides for different offences and corresponding penalties.

Mode of Payment

Employees can enter into an agreement or a settlement with their employer for grant of bonus under a formula different from that under the Act, i. e., bonus linked with production or productivity; but subject to the provisions of the Act in respect of payment of minimum and maximum bonus.

Exemption

The Act does not apply to the following establishments: i) Newly set up establishments or units or branches of existing establishments for six years from the date of starting production unless such establishments make profit; ii) Government institutions; iii) Reserve Bank of India; iv) Deposit Insurance Corporation; v) Industrial Development Bank of India; vi) Agricultural Refinance Corporations; vii) Unit Trust of India; viii) Industrial Finance Corporations; ix) State Financial Corporations; x) Employees of insurance

companies and the Life Insurance Corporation; xi) Seamen; xii) Stevedore labour; xiii) Universities and other educational institutions; xiv) Hospitals, chambers of commerce and social welfare institutions; xv) Inland water transport; xvi) Employees employed through contractors on building operations; If the appropriate government, having regard to the financial position and other relevant circumstances of any establishment or class of establishments is of the opinion that it will not be in public interest to apply all or any of the provisions of this Act thereto, it may, by notification in the Official Gazette, exempt for such period as may be specified therein and subject to such conditions as it may think fit to impose, such establishment or class of establishment, from all or any of the provisions of the Act.

Obligations of Employers

1) Work out and pay annual bonus to the employees as required under the Act. 2) Maintain the following registers: Register showing the computation of allocable surplus. Register showing set on and set off of the allocable surplus. Register showing the details of the amount of bonus due to each employee, deductions there from and the amount disbursed. 3) Submit an annual return of bonus paid during the year.

STATUTORY SOCIAL SECURITY BENEFITS

Social Security legislation in India in industrial field consists of the following enactments: (1) the Workmen's Compensation Act, 1923; (2) the Employees' State Insurance Act, 1948; (3) the Employees' Provident Funds and Miscellaneous Provisions Act, 1952; (4) the Maternity Benefit Act, 1961; and (5) the Payment of Gratuity Act, 1972.

Benefits under Social Security Legislation in India

Laws

Objectives

Benefits

Workmen's Compensation Act, 1923 To provide compensation for workmen in cases of industrial accidents occupational diseases resulting in

disablement or death Compensation for death, permanent total disablement, permanent partial disablement, temporary disablement, and occupational

disease Employees' State Insurance Act, 1948 To provide for health care and cash benefits in the case of sickness, maternity, and employment

injury Benefit for sickness and extended sickness benefit, maternity benefit, disablement benefit, dependants' benefit, medical benefit, funeral benefit,

rehabilitation benefit Employees' Provident Fund and Miscellaneous Provisions

Act, 1952 To provide compulsory provident fund, pension, deposit-linked

insurance Refundable withdrawals, provident fund, pension, and deposit-

linked insurance Maternity Benefit Act, 1961 To provide for

maternity protection before and after child birth Payment for actual absence

upto 12 weeks on average daily wages, minimum wage or rupees 10.

Additional benefit for miscarriage, and illness arising out of pregnancy

QUESTIONS:-

Q1. List out the various deductions under the Payment of Wages Act, 1936.

Q2. What is the procedure the government has to follow in fixing and

revising minimum wages under the Minimum Wages Act, 1948? Q3. The

Payment of Bonus Act has no relevance in the present economic situation of

the industry. Discuss. Q4. What are the statutory social security benefits available to workmen/ employees in India?