



news flash

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WAGE LIMIT UNDER PAYMENT OF WAGES ACT, 1936 INCREASED TO INR 24,000

I. INTRODUCTION

The Ministry of Labour and Employment, Government of India, pursuant to its notification bearing no. S.O.2806(E) dated 28 August 2017 ("Notification") has widened the applicability of the Payment of Wages Act, 1936 ("Act") to cover employees receiving wages upto INR 24,000 per month from the existing wage amount of INR 18,000 per month.

II. EFFECTIVE DATE

The Notification is effective from August 29, 2017.

III. POSITION PRIOR TO AMENDMENT

Section 1(6) of the Act laid down the applicability of the Act as follows:

"This Act applies to wages payable to an employed person in respect of a wage period if such wages for that wage period do not exceed eighteen thousand rupees per month or such other higher sum which, on the basis of figures of the Consumer Expenditure Survey published by the National Sample Survey Organisation, the Central Government may, after every five years, by notification in the Official Gazette, specify."

The Act was applicable to persons who were receiving wages of not more INR 18,000 (Rupees Eighteen Thousand only) per month for a wage period.

Section 1(6) of the Act allows the Central Government to specify a higher sum after every 5 years, on the basis of the Consumer Expenditure Survey published by the National Sample Survey Organisation.

IV. AMENDMENT

The Central Government has issued the Notification on the basis of figures of the Consumer Expenditure Survey published by the National Sample Survey Organization, specifying INR 24,000 per month as the wages under section 1(6) of the Act.

Pursuant to the Notification the applicability of the Act is now extended to employees receiving wages, in respect of a wage period, of upto INR 24,000 (Rupees Twenty Four Thousand only) per month from the current INR 18,000 (Rupees Eighteen Thousand only) per month.

V. CONCLUSION

The provisions of this Act will now become applicable in the event the wages payable to an employed person, in respect of a wage period, are INR 24,000 (Rupees Twenty Four Thousand only) per month, or any amount lesser than that.

This amendment will lead to an increase in the number of persons who will now come under the ambit of the provisions of this Act. Hence, a larger number of employed persons will be in a position to avail the benefits of and be regulated by the Act.

The Act contains provisions relating to, inter alia, the responsibility for payment of wages, time of payment of wages, manner of payment of wages, deductions to be made from wages, maintenance of registers and records, etc..

VI. DISCLAIMER

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