

Mansy, Shri
Maters, Shri
Menon, Shri Narayanankutty
Mullik, Shri B. C.
Nair, Shri Vasudevan
Nath Pai, Shri
Pandey, Shri Sarju

Parulekar, Shri
Parvathi Krishnan, Shrimati
Patil, Shri Balasaheb
Patil, Shri Nana
Punnoose, Shri
Salunke, Shri Balasaheb
Singh, Shri L. Achaw

Singh, Shri Rajendra
Siva Raj, Shri
Thakore, Shri M. B.
Vaipyeec, Shri
Valvi, Shri
Warior, Shri

The motion was adopted.

PAYMENT OF WAGES (AMENDMENT) BILL

Mr. Deputy-Speaker: The House will now resume further discussion on the Payment of Wages (Amendment) Bill, 1957. Out of 4 hours allotted for the Bill, 3 minutes have already been availed of and 3 hours and 57 minutes now remain.

Shri Abid Ali may continue his speech.

The Deputy Minister of Labour (Shri Abid Ali): Sir, the other day I was explaining the provisions of some of the amendments to the Bill.

At present the Payment of Wages Act is applicable to employees whose wage does not exceed Rs. 200 a month. Now, the intention is to raise this limit to Rs. 400.

The Act at present does not apply to labour employed in the construction industry. This industry has assumed great importance with the large hydro-electric and other construction schemes. The workers engaged in the construction and maintenance of roads, bridges, canals, buildings or in operations connected with irrigation, navigation, generation, transmission and distribution of electricity, etc., are large in number, and they also stand in need of protection provided by this law. It is, therefore, proposed to extend the scope of the Act to this sector of employment.

The existing definition of the term 'wages' has given rise to certain practical difficulties, particularly in regard to its interpretation. I do not want to weary the House by going into the details of the different interpretations of the various terms used in the definition, but, I might mention

a few of the difficulties. In some cases the High Courts have ruled that the word 'wages' did not mean 'potential wages' but 'wages earned'. Then, the terms of payment under contracts of employment are nowadays frequently modified by the awards of Tribunals or by the terms of binding settlements which make it essential that the wages revised statutorily through adjudication, arbitration, conciliation or similar processes should also be deemed to be wages for purposes of the Act.

Further, the inclusion of bonus in the definition of 'wages' is causing some difficulty. Bonus is generally of two kinds; one is the periodical bonus often annual, but sometimes half-yearly and quarterly, paid to employees on the basis of profits made by the establishments. Though one of the justifications for payment of this kind of bonus is the need to narrow down the gap between the actual wages paid and the living wage, it is not payable when there are no 'surplus' profits.

In other words, bonus as commonly understood, is related to the surplus profits, earned by an establishment and is not a direct remuneration for work done by the employee in terms of the contract of employment, or of a binding award or similar instrument. That was the view taken by the Select Committee on the Labour Relations Bill, which excluded from the definition of wages any bonus or payment due under any scheme of profit-sharing payable periodically and not forming part of the remuneration payable under the terms of employment. It is felt that this kind of bonus should not be included in wages.

[Shri Abid Ali]

Apart from other considerations, it would also be difficult to enforce the provisions of the Act in respect of such payments. Often bonus is not legally payable but where a tribunal orders payment of bonus, it would invariably fix time-limit for payment, and give other necessary directions. If a law relating to payment of bonus is evolved, suitable provisions can be included in that law regarding the time of payment and the permissible deduction.

There is another kind of bonus which really partakes of normal remuneration. It may be a bonus based on output or attendance, which is automatically earned by the employee on fulfilment of certain conditions, and is generally payable at the end of a wage period. Such payments, though called bonus, are really an incentive form of wages. They should be fully protected under the Payment of Wages Act. The definition of wages has accordingly been recast and made sufficiently comprehensive and clear.

Another amendment proposed seeks to authorise certain deductions from wages. Under the subsidised industrial housing scheme of Government, houses have been or are being constructed which are let out to industrial workers on suitable rents. To enable easy collection of rent of such houses, it is necessary that a provision be made to permit deduction of rents from the wages of the concerned workers.

Several suggestions have been made that deduction should be permitted for payment of premia in respect of life insurance policies taken by workers. With the nationalisation of life insurance business, the dangers inherent in allowing deduction of premia from the wages of workers have almost ceased to exist, and therefore a provision has been incorporated in the Bill under which workers will be enabled to pay their premia by deduction from their wages provided they authorise the employers in writing to that effect.

Deductions will also be permitted to enable workers to subscribe to Government securities like the National Plan Loan, National Cash Certificates and deposits in post office savings banks in pursuance of savings schemes. From the point of view of small savings, these amendments are of great importance.

The question whether reduction in wages, consequent upon any punishments imposed like suspension, stoppage of increments, reduction to lower post or scale, etc., would be deductions authorised under the Payment of Wages Act, has been a subject of conflicting rulings, by courts of law.

Section 7(2) specifies the items of deductions that can be made from the wages of a worker but that does not refer to deductions consequent upon imposition of punishments under the service rules. The intention has all along been that deductions consequent upon punishments under service rules should be authorised deductions under the Act and, therefore, to make this and certain other points clear, an amendment to this effect is proposed in the Bill.

As I have mentioned already, dismissal of a claim by an authority under the Payment of Wages Act was not considered as a direction under section 15, for making an appeal. It is, therefore, proposed to provide for an appeal from an order of the authority rejecting or dismissing a claim of a worker in full or in part for payment of delayed or deducted wages.

17 hrs.

The last amendment seeks to insert a new section after section 17 to safeguard the workers' interests in cases where recovery in execution of a direction made by an authority takes a long time, and also in cases where arrears of wages do not get sufficient priority in case the concern is wound up. It is proposed to empower the authority under the Act to order conditional attachment of the property of

the employer or other person responsible for payment of wages, pending disposal of the application, unless the employer or other person deposits with the authority an adequate sum sufficient to satisfy the claim, or give security for a like amount.

I do not think it necessary to take further time and commend the Bill for the consideration of the House.

Mr. Deputy-Speaker: Motion moved:

"That the *Payment of Wages (Amendment) Bill, 1957* be taken into consideration".

Shri Narayanankutty Menon (Mukandapuram): I wish to make certain comments in connection with this amendment. Those comments relate to not only the *Payment of Wages Act*, but also to similar labour legislation because we find that certain types of pernicious malady just creeping into the very vitals of labour legislation.

Mr. Deputy-Speaker: The hon. Member may continue his speech tomorrow.

17-01 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, the 11th December, 1957.
