

KEY CONCEPTS

- Wages ■ Worker ■ Floor wage ■ Intermittent employment ■ Overtime work ■ Timeframes for Payment
- Bonus ■ Central Advisory Board ■ Inspector-cum-Facilitators

Learning Objectives

To understand:

- Payment of minimum rate of wages
- Prohibition of Discrimination on Ground of Gender
- Components of minimum wages
- Power of Central Government to fix floor wage
- Mode of payment of wages
- Deductions which may be made from wages
- Eligibility for bonus
- Central Advisory Board and State Advisory Boards
- Payment of Dues, Claims and Audit
- Payment of various undisbursed dues in case of death of employee
- Appointment of Inspector-cum-Facilitators and their powers

Lesson Outline

- Introduction
- Chapter I – Preliminary
- Chapter II – Minimum Wages
- Chapter III – Payment of Wages
- Chapter IV – Payment of Bonus
- Chapter V – Advisory Board
- Chapter VI – Payment of Dues, Claims and Audit
- Chapter VII – Inspector-Cum-Facilitator
- Lesson Round-up
- Glossary
- Self-Test Questions

PREAMBLE

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

INTRODUCTION

The Code on Wages, 2019 seeks to simplify, consolidate, and rationalize the provisions of four existing laws- The Payment of Wages Act, 1936; The Minimum Wages Act, 1948; The Payment of Bonus Act, 1965; and The Equal Remuneration Act, 1976. It aims to strengthen workers' rights while promoting simplicity and uniformity in wage-related compliance for employers.

Salient Features of the Code on Wages

Universal Minimum Wages: The Code establishes a statutory right to minimum wages for all employees across both organized and unorganized sectors. Earlier, the Minimum Wages Act applied only to scheduled employments covering ~30% of workers.

Introduction of Floor Wage: A statutory floor wage shall be set by the Government based on minimum living standards, with scope for regional variation. No state can fix minimum wages below this level, ensuring uniformity and adequacy nationwide.

Criteria for Wage Fixation: Appropriate Governments will determine minimum wages considering workers' skill levels (unskilled, skilled, semi-skilled and highly skilled), geographic areas, and job conditions such as temperature, humidity, or hazardous environments.

Gender Equality in Employment: Employers shall not discriminate on the basis of gender, including transgender identity, in recruitment, wages, and employment conditions for similar work.

Universal Coverage for Wage Payment: Provisions ensuring timely payment and preventing un-authorized deductions will apply to all employees, irrespective of wage limits (currently applicable only to employees earning up to ₹24,000/month).

Overtime Compensation: Employers must pay all employees overtime wages at least twice the normal rate for any work done beyond the regular working hours.

Responsibility for Wage Payment: Employers, including companies, firms, or associations, shall pay wages to employees employed by them. Failure to do so makes the proprietor/ entity liable for unpaid wages.

Inspector-cum-Facilitator: The traditional role of "Inspector" is replaced with "Inspector-cum-Facilitator," emphasizing guidance, awareness, and advisory roles alongside enforcement to improve compliance.

Compounding of Offences: First-time, non-imprisonable offences can be compounded by paying a penalty. Repeat offences within five years, however, cannot be compounded.

Decriminalization of Offences: The Code replaces imprisonment for certain first-time offences with monetary fines (up to 50% of the maximum fine), making the framework less punitive and more compliance-oriented.

CHAPTER I – PRELIMINARY

Section 1 of the Code provides for title and applicability of the Code as follows:

This Act may be called the Code on Wages, 2019.

The Code extends to the whole of India.

The Code has vested power in the **Central Government** for notification with respect to commencement of the Code, and different dates may be appointed for different provisions as may be considered appropriate. In exercise of these powers, the Central Government may, by notification in the Official Gazette, appoint the date(s) on which the provisions of the Code shall come into force.

In exercise of the powers conferred by sub-section (3) of section 1 of the Code on Wages, 2019, the Central Government appointed 21st day of November, 2025 as the date on which the following provisions of the said Code, to come into force, namely: -

Sections 1 to 41
Sub-sections (4) to (9) of section 42
Sections 43 to 66
Sub-Section (1) And Clauses (A) to (R) and (U) TO (ZC) of sub-section (2) and Sub-Sections (3) to (5) of section 67
Section 68
Section 69, except the provisions of the code mentioned at serial number 3 of S.O. 4604 (E), dated the 18TH December, 2020

Definitions

Section 2 of the Code provides for definitions with the opening words “*unless the context otherwise requires*” as follows:

“**Accounting Year**” means the year commencing on the 1st day of April. {Section 2(a)}

“**Advisory Board**” means the Central Advisory Board or, as the case may be, the State Advisory Board, constituted under section 42. {Section 2(b)}

“**Agricultural income tax law**” means any law for the time being in force relating to the levy of tax on agricultural income. {Section 2(c)}

“**Appropriate Government**” means—

Establishment Type	Appropriate Government
Establishment carried on by or under the authority of the Central Government	Central Government
Establishment of railways, mines, oil fields, major ports, air transport service, telecommunication, banking, insurance companies	Central Government
Corporation or authority established by a Central Act	Central Government
Central public sector undertakings (PSUs), their subsidiary companies, or autonomous bodies owned/controlled by the Central Government	Central Government
Contractors engaged for the purposes of such establishments, corporations, PSUs, subsidiaries, or autonomous bodies	Central Government
Any other establishment	State Government

{Section 2(d)}

“**Company**” means a company as defined in clause (20) of section 2 of the Companies Act, 2013. **{Section 2(e)}**

“**Contractor**”, in relation to an establishment, means a person, who—

- (i) undertakes to produce a given result for the establishment, other than a mere supply of goods or articles of manufacture to such establishment, through contract labour; or
- (ii) supplies contract labour for any work of the establishment as mere human resource and includes a sub-contractor;

*Therefore, contractor does not include mere supplier of goods or articles of manufacture through contract labour. The definition focus on those persons who are actually undertaking to give results for an establishment through contract labour or source workforce for any work of establishment. **{Section 2(f)}***

“**Contract Labour**” means a worker who shall be deemed to be employed in or in connection with the work of an establishment when he is hired in or in connection with such work by or through a contractor, with or without the knowledge of the principal employer, and includes inter-State migrant worker. But this definition specifically excluded a worker (other than part-time employee) who—

- (i) is regularly employed by the contractor for any activity of his establishment and his employment is governed by mutually accepted standards of the conditions of employment (including engagement on permanent basis); and
- (ii) gets periodical increment in the pay, social security coverage and other welfare benefits in accordance with the law for the time being in force in such employment. **{Section 2(g)}**

The Code provides a detailed definition of “contract labour” to distinguish between workers engaged through contractors for specific work and those who are permanently employed by contractors under regulated employment conditions.

“**Co-Operative Society**” means a society registered or deemed to be registered under the *Co-operative Societies Act, 1912* or any other law for the time being in force relating to co-operative societies in any State. **{Section 2(h)}**

“**Corporation**” means any body corporate established by or under any Central Act, or State Act, but does not include a company or a co-operative society. **{Section 2(i)}**

“**Direct Tax**” means—

- (i) any tax chargeable under the—
 - (A) Income-tax Act, 1961;
 - (B) *Companies (Profits) Surtax Act, 1964*;
 - (C) *Agricultural income tax law*;
- (ii) any other tax which, having regard to its nature or incidence, may be declared by the Central Government, by notification, to be a direct tax for the purposes of this Code. **{Section 2(j)}**

“**Employee**” means any person employed on wages by an establishment to do any skilled, semi-skilled or unskilled, manual, operational, supervisory, managerial, administrative, technical or clerical work for hire or reward, whether the terms of employment be express or implied.

The definition includes a person declared to be an employee by the appropriate Government.

The definition of employee specifically exclude-

- an apprentice engaged under the Apprentices Act, 1961.

- any member of the Armed Forces of the Union. **{Section 2(k)}**

“Employer” means a person who employs, whether directly or through any person, or on his behalf or on behalf of any person, one or more employees in his establishment and where the establishment is carried on by-

- Central/State Government departments: authority specified by the head of the department, or if none specified, the head of the department.
- Local authority establishments: the chief executive of that authority.

Specific inclusions:

- Factory: the *occupier* as defined in section 2(n) of the Factories Act, 1948, or , where a person has been named as a manager of the factory under clause (f) of sub-section (1) of section 7 of the said Act, the person so named;
- Other establishments: the person/authority with *ultimate control* over affairs, or the *manager/managing director* if entrusted.
- Contractor.
- Legal representative of a deceased employer. **{Section 2(l)}**

“Establishment” means any place where any industry, trade, business, manufacture or occupation is carried on and includes Government establishment. **{Section 2(m)}**

“Factory” means a factory as defined in clause (m) of section 2 of the Factories Act, 1948. **{Section 2(n)}**

“Government Establishment” means any office or department of the Government or a local authority. **{Section 2(o)}**

“Income-tax Act” means the Income-tax Act, 1961. **{Section 2(p)}**

“Industrial dispute” means—

- any dispute or difference between employers and employers, or between employers and workers, or between workers and workers, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person; and
- any dispute or difference between an individual worker and an employer connected with, or arising out of, discharge, dismissal, retrenchment or termination of such worker;

{Section 2(q)}

“Inspector-cum-Facilitator” means a person appointed by the appropriate Government under sub-section (1) of section 51. **{Section 2(r)}**

“Minimum Wage” means the wage fixed under section 6. **{Section 2(s)}**

“Notification” means a notification published in the Gazette of India or in the Official Gazette of a State, as the case may be, and the expression “notify” with its grammatical variations and cognate expressions shall be construed accordingly. **{Section 2(t)}**

“Prescribed” means prescribed by rules made by the appropriate Government. **{Section 2(u)}**

“Same work or work of a similar nature” means work in respect of which the skill, effort, experience and responsibility required are the same, when performed under similar working conditions by employees, If there is any difference between the skill, effort, experience and responsibility required for employees of any gender, the difference is practically of no importance in relation to the terms and conditions of employment. **{Section 2(v)}**

“**State**” includes a Union territory. {**Section 2(w)**}

“**Tribunal**” shall have the same meaning as assigned to it in clause (r) of section 2 of the Industrial Disputes Act, 1947. {**Section 2(x)**}

“**Wages**”- The term “*wages*” under the Code is defined broadly to encompass all monetary remuneration payable to an employee in respect of employment or work done, whether under express or implied terms of employment. This ensures that the statutory scope of wages is not confined merely to salary but extends to allowances and other forms of compensation expressed in terms of money or capable of being so expressed which would, if the terms 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.

The definition explicitly includes—

- (i) basic pay;
- (ii) dearness allowance; and
- (iii) retaining allowance, if any,

Followings are explicitly excluded from the definition —

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;
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.

Special Provisions:

<ul style="list-style-type: none"> ● Ceiling on Exclusions: If payments under clauses (a) to (i) exceed 50% (or such percentage notified by the Central Government) of total remuneration calculated under this clause, the excess shall be deemed as remuneration and accordingly added in wages under this clause. This prevents employers from artificially structuring pay to minimize statutory wage obligations.
<ul style="list-style-type: none"> ● Gender Equality Clause: For the purpose of equal wages and payment of wages, certain excluded emoluments specified in clauses (d), (f), (g) and (h) (conveyance allowance, HRA, remuneration under awards/settlements, overtime allowance) shall be taken for computation of wage. This ensures parity across genders and prevents discriminatory wage practices.
<ul style="list-style-type: none"> ● Remuneration in Kind: Where an employee is given in lieu of the whole or part of the wages payable to him, any remuneration in kind by his employer, the value of such remuneration in kind which does not exceed fifteen per cent. of the total wages payable to him, shall be deemed to form part of the wages of such employee.

{Section 2(y)}

“Worker”: The definition of the worker under the Code is both inclusive and exclusive. It means any person employed in any industry to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work for hire or reward, whether the terms of employment be express or implied. An apprentice as defined under clause (aa) of section 2 of the *Apprentices Act, 1961* is specifically excluded from purview of worker under the Code.

Following are specifically included in the definition of worker—

- working journalists as defined in clause (f) of section 2 of the *Working Journalists and other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955*; and
- sales promotion employees as defined in clause (d) of section 2 of the *Sales Promotion Employees (Conditions of Service) Act, 1976*; and
- for the purposes of any proceeding under this Code in relation to an industrial dispute, includes any such person who has been dismissed, discharged or retrenched or otherwise terminated in connection with, or as a consequence of, that dispute, or whose dismissal, discharge or retrenchment has led to that dispute,

The following persons are specifically excluded from the definition of worker-

- who is subject to the *Air Force Act, 1950*, or the *Army Act, 1950* or the *Navy Act, 1957*; or
- who is employed in the police service or as an officer or other employee of a prison; or
- who is employed mainly in a managerial or administrative capacity; or
- who is employed in a supervisory capacity drawing wages exceeding fifteen thousand rupees per month or an amount as may be notified by the Central Government from time to time. **{Section 2(z)}**

Prohibition of Discrimination on Ground of Gender

Section 3 of the Code provides for **Prohibition of Discrimination on Ground of Gender** as follows:

- *Equal Wages for Equal Work:* There shall be no discrimination in an establishment or any unit thereof among employees on the ground of gender in matters relating to wages by the same employer, in respect of the same work or work of a similar nature done by any employee.

- *Safeguards Against Wage Reduction and Recruitment Bias*-No employer shall—

<p>(i) for the purposes of complying with the provisions of sub-section (1), reduce the rate of wages of any employee; and</p>	<p>(ii) make any discrimination on the ground of sex while recruiting any employee for the same work or work of similar nature and in the conditions of employment. However, such a discrimination is allowed under Code where the employment of women in such work is prohibited or restricted by or under any law for the time being in force.</p>
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Decision as to disputes with regard to same or similar nature of work

Section 4 of the Code provides for **decision as to Disputes with Regard to Same or Similar Nature of Work** as follows:

Where any dispute arises as to whether a work is of the same or similar nature for the purposes of Section 3, such dispute shall be decided by the authority as may be notified by the appropriate Government.

CHAPTER II – MINIMUM WAGES

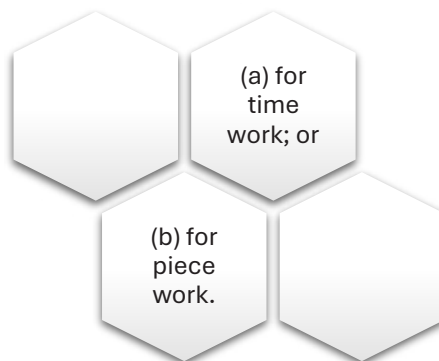
Payment of minimum rate of wages

Section 5 of the Code makes it mandatory for every employer to pay to any employee wages at least equal to the minimum rate of wages notified by the appropriate Government.

Fixation of minimum wages

Section 6 of the Code provides for Fixation of Minimum Rate of Wages as follows:

- *Fixation of minimum rate of wages by the appropriate Government:* The appropriate Government shall fix the minimum rate of wages payable to employees in accordance with the provisions of this section. But this power is subject to the provisions of section 9. {Sub-section (1)}
- *Types of minimum wages:* For the purposes of sub-section (1), the appropriate Government shall fix a minimum rate of wages—



- *Minimum rate of wages for piece work based employee:* Where employees are employed on piece work, for the purpose of sub-section (1), the appropriate Government shall fix a minimum rate of wages for securing such employees a minimum rate of wages on a time work basis.

- *Basis of fixation of time work basis employees:* The minimum rate of wages on time work basis may be fixed in accordance with any one or more of the following wage periods, namely:—
 - (i) by the hour; or
 - (ii) by the day; or
 - (iii) by the month.
- *Manner of calculating wages:* Where the rates of wages are fixed by the hour or by the day or by the month, the manner of calculating the wages shall be such, as may be prescribed.
- *Criteria for Fixation of Minimum Wages:* For the purpose of fixation of minimum rate of wages under this section, the appropriate Government—
 - (a) shall primarily take into account **the skill of workers** required for working under the categories of unskilled, skilled, semi-skilled and highly-skilled or geographical area or both; and
 - (b) may, in addition to such minimum rate of wages for certain category of workers, take into account their **arduousness of work** like temperature or humidity normally difficult to bear, hazardous occupations or processes or underground work as may be prescribed by that Government; and
 - (c) the norms of such fixation of minimum rate of wages shall be such as may be prescribed.
- *Minimization of Wage Categories:* The appropriate Government shall keep the number of minimum rates of wages to be fixed under this section, as far as possible, at minimum.

Components of minimum wages

The section 7 of the Code provides for the components of minimum wages as follows-

1. Any minimum rate of wages fixed or revised by the appropriate Government under section 8 may consist of—
 - (a) *Basic rate plus Cost of Living Allowance:* a basic rate of wages and an allowance at a rate to be adjusted, at such intervals and in such manner as the appropriate Government may direct, to accord as nearly as practicable with the variation in the cost of living index number applicable to such workers (hereinafter referred to as “cost of living allowance”); or
 - (b) *Basic rate plus cash value of concessions:* a basic rate of wages with or without the cost of living allowance, and the cash value of the concessions in respect of supplies of essential commodities at concession rates, where so authorised; or
 - (c) *All-inclusive rate:* an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any.
2. *Computation of cost of living allowance and cash value of concessions:* The cost-of-living allowance and the cash value of the concessions in respect of supplies of essential commodities at concession rate shall be computed by such authority, as the appropriate Government may by notification appoint, at such intervals and in accordance with such directions as may be specified or given by the appropriate Government from time to time.

The section lays the **structure of minimum wages** that may be fixed or revised by the appropriate Government under Section 8. The provision ensures that minimum wages are not a flat figure but a **composite package**, reflecting both basic remuneration and adjustments for cost of living.

Procedure for fixing and revising minimum wage

Section 8 lays down the procedural framework for fixing minimum wages for the first time or revising them thereafter.

- *Modes of Action by the Appropriate Government:* In fixing minimum rates of wages for the first time or in revising minimum rates of wages under this Code, the appropriate Government shall either—
 - (a) *Committee Method:* appoint as many committees as it considers necessary to hold enquiries and recommend in respect of such fixation or revision, as the case may be; or
 - (b) *Notification Method:* by notification 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 shall be taken into consideration. {Sub-section(1)}
- *Tripartite Constitution of the Committee:* Every committee appointed by the appropriate Government under clause (a) of sub-section (1) shall consist of persons—
 - (a) representing employers;
 - (b) representing employees, equal in number to the members specified in clause (a); and
 - (c) independent persons, not exceeding one-third of the total members of the committee.
- *Notification of minimum rates of wages:*
 - After considering the recommendation of the committee appointed under clause (a) of sub-section (1) or, as the case may be, all representations received by it before the date specified in the notification under clause (b) of that sub-section, the appropriate Government shall notify its decision.
 - The appropriate Government shall, by notification, fix, or as the case may be, revise the minimum rates of wages.
 - The notification shall come into force on the expiry of three months from the date of its issue unless such notification otherwise provides,;
 - *It is also made mandatory for the appropriate Government of consult the concerned Advisory Board constituted under section 42 where the appropriate Government proposes to revise the minimum rates of wages in the manner specified in clause (b) of sub-section (1).*
- *Periodic review or revision:* The appropriate Government shall review or revise minimum rates of wages ordinarily at an interval not exceeding five years.

Power of Central Government to fix floor wage

Section 9 empowers the **Central Government** to fix a *floor wage*, which serves as the **baseline wage standard** across the country. It provides the same as follows: -

- *Fixation of floor wage:* The Central Government shall fix floor wage taking into account minimum living standards of a worker in such manner as may be prescribed:
The Central Government is also vested with discretionary power to fix different floor wage for different geographical areas.
- *Floor wage to meet threshold of minimum wage:* The minimum rates of wages fixed by the appropriate Government under section 6 shall not be less than the floor wage. Simultaneously vice versa is safeguarded by providing that if the minimum rates of wages fixed by the appropriate Government

earlier is more than the floor wage, then, the appropriate Government shall not reduce such minimum rates of wages fixed by it earlier.

- *Advisory and Consultation procedure:* Before fixing the floor wage under the section, the Central Government is given discretionary power to
 - obtain the advice of the Central Advisory Board constituted under sub-section (1) of section 42 and
 - consult State Governments in such manner as may be prescribed.

Wages of employee who works for less than normal working day

Section 10 safeguards employees as it provides that if a worker is employed for less than the requisite hours of a normal working day, they are still entitled to receive **full day's wages**, thereby protecting them from loss of income due to factors beyond their control.

- *Minimum Wages for employment less than normal working hours:* If an employee whose minimum rate of wages has been fixed under this Code by the day works on any day on which he was employed for a period of less than the requisite number of hours constituting a normal working day, he shall, save as otherwise hereinafter provided, be entitled to receive wages in respect of work done on that day, as if he had worked for a full normal working day:
- *Exception: It has been provided that he shall not be entitled to receive wages for a full normal working day—*

in any case where his failure to work is caused by his unwillingness to work and not by the omission of the employer to provide him with work; and

in such other cases and circumstances, as may be prescribed.

Wages for two or more classes of work

Section 11 addresses situations where an employee performs multiple classes of work within the same employment period, each attracting a different minimum wage rate. According to the section-

- *Minimum wage rate threshold to be met for each class of work:* Where an employee does two or more classes of work to each of which a different minimum rate of wages is applicable, the employer shall pay to such employee in respect of the time respectively occupied in each such class of work, wages at not less than the minimum rate in force in respect of each such class.

So the provisions ensures payment of minimum wage rate proportionate to the time devoted for each class of work.

Minimum time rate wages for piece work

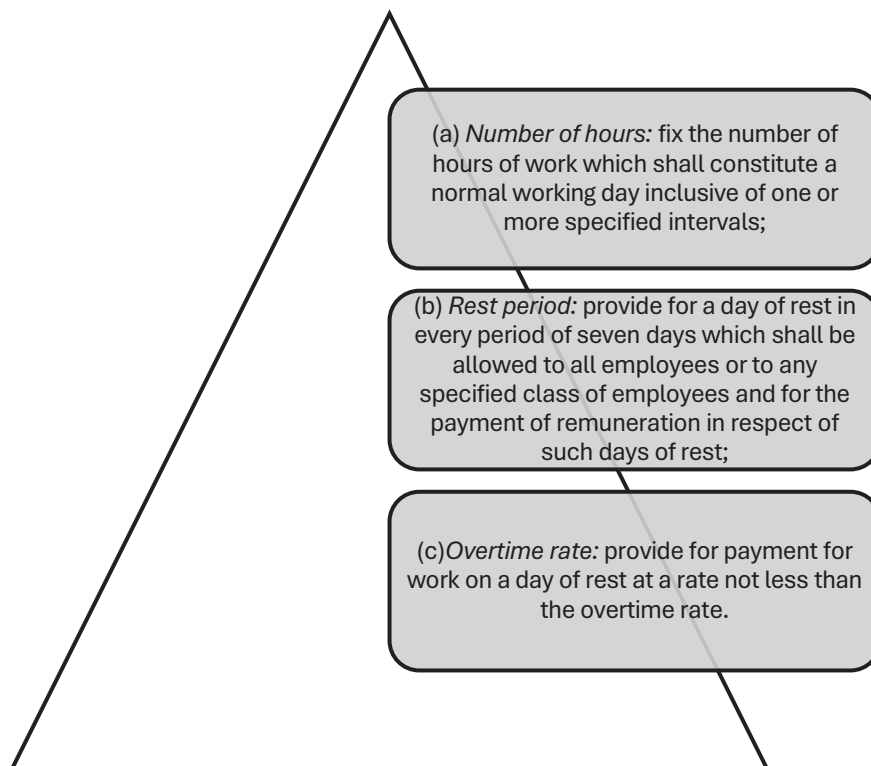
Section 12 ensures minimum time rate wages where minimum piece rate is also fixed by providing-

- Where a person is employed on piece work for which minimum time rate and not a minimum piece rate has been fixed under this Code, the employer shall pay to such person wages at not less than the minimum time rate.

Fixing hours of work for normal working day

Section 13 empowers the appropriate Government to regulate the **hours of work** constituting a normal working day.

- *Power of the appropriate Government to fix working hours:* Where the minimum rates of wages have been fixed under this Code, the appropriate Government may—



- *Modification and extent of application of above provisions in specific class of work:* The above provisions of sub-section (1) shall, in relation to the following classes of employees, apply only to such extent and subject to such conditions as may be prescribed, namely:—

(a) employees engaged in any emergency which could not have been foreseen or prevented;

(b) employees engaged in work of the nature of preparatory or complementary work which must necessarily be carried on outside the limits laid down for the general working in the employment concerned;

(c) employees whose employment is essentially intermittent;

(d) employees engaged in any work which for technical reasons has to be completed before the duty is over; and

(e) employees engaged in a work which could not be carried on except at times dependent on the irregular action of natural forces.

- *What is intermittent employment:* For the purposes of clause (c) of sub-section (2), employment of an employee is essentially intermittent -
 - *Declaration by the appropriate Government:* when it is declared to be so by the appropriate Government that the hours of duty normally include periods of inaction during which the employee may be on duty but is not called upon to display either physical activity or sustained attention.
 - Such a declaration can be made by the appropriate Government on the ground that the daily hours of duty of the employee, or if there be no daily hours of duty as such for the employee,

Wages for overtime work

Section 14 ensures that any work performed beyond the prescribed hours of a normal working day attracts enhanced remuneration.

Applicability of the provisions: Applicable to an employee whose minimum rate of wages has been fixed under this Code by the hour, by the day or by such a longer wage-period as may be prescribed.

Wages for overtime work: When such an employee works on any day in excess of the number of hours constituting a normal working day, the employer shall pay him for every hour or for part of an hour so worked in excess, at the overtime rate which shall not be less than twice the normal rate of wages.

CHAPTER III – PAYMENT OF WAGES

Mode of payment of wages

Section 15 prescribes the acceptable modes of wage payment, ensuring transparency, accountability, and ease of access for employees.

Permissible mode of payments	All wages shall be paid in current coin or currency notes or by cheque or by crediting the wages in the bank account of the employee or by the electronic mode
Online mode of payment mandatory	It is provided that the appropriate Government may, by notification, specify the industrial or other establishment, the employer of which shall pay to every person employed in such industrial or other establishment, the wages only by cheque or by crediting the wages in his bank account.

Fixation of wage period

Section 16 requires every employer to fix a wage period for employees.

Fixation of wage period: The employer shall fix the wage period for employees either as daily or weekly or fortnightly or monthly subject to the condition that no wage period in respect of any employee shall be more than a month.

It is provided that different wage periods may be fixed for different establishments.

Time limit for payment of wages

Section 17 ensures that employees receive their wages **promptly and within defined timelines**, thereby safeguarding their right to timely remuneration and preventing undue hardship caused by delayed payments.

- *Timeframes for Payment:* The employer shall pay or cause to be paid wages to the employees, engaged on-

(i) daily basis, at the end of the shift;
(ii) weekly basis, on the last working day of the week, that is to say, before the weekly holiday;
(iii) fortnightly basis, before the end of the second day after the end of the fortnight;
(iv) monthly basis, before the expiry of the seventh day of the succeeding month.

- *Payment of wages on removal/termination:* 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 payable to him shall be paid within two working days of his removal, dismissal, retrenchment or, as the case may be, his resignation.
- *Power vested in the appropriate Government:* Notwithstanding anything contained in this section above, the appropriate Government may provide any other time limit for payment of wages where it considers reasonable having regard to the circumstances under which the wages are to be paid.
- *Provisions of other laws for time limit to be not affected:* Nothing contained in sub-section (1) or sub-section (2) shall affect any time limit for payment of wages provided in any other law for the time being in force.

Deductions which may be made from wages

Section 18 establishes a **closed list of permissible deductions** from wages, prohibiting employers from making arbitrary or unauthorized deductions.

- *Only authorized deductions from wages:* Notwithstanding anything contained in any other law for the time being in force, there shall be no deductions from the wages of the employee, except those as are authorized under this Code.

What is deemed to be deduction and what does not: It is explained that for the purposes of this sub-section:-

- (a) any payment made by an employee to the employer or his agent shall be deemed to be a deduction from his wages;
- (b) Following shall not be deemed to be a deduction from wages in a case where the provisions made by the employer for such purposes are satisfying the requirements specified in the notification issued by the appropriate Government in this behalf-

any loss of wages to an employee, for a good and sufficient cause, resulting from—

 - (i) the withholding of increment or promotion, including the stoppage of an increment; or
 - (ii) the reduction to a lower post or time-scale; or
 - (iii) the suspension,
- *Permissible Deductions:* Deductions from the wages of an employee shall be made in accordance with the provisions of this Code, and may be made only for the following purposes, namely:—
 - (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 or by appropriate Government or any housing board set up under any law for the time being in force, whether the Government or such board is the employer or not, or any other authority engaged in the business of subsidising house-accommodation which may be specified in this behalf by the appropriate Government by notification;

- (e) deductions for such amenities and services supplied by the employer as the appropriate Government or any officer specified by it in this behalf may, by general or special order, authorise, and such deduction shall not exceed an amount equivalent to the value of such amenities and services. It is provided via explanation that for the purposes of this clause, the expression “services” does not include the supply of tools and raw materials required for the purposes of employment;
- (f) deductions for recovery of—
 - (i) 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;
 - (ii) loans made from any fund constituted for the welfare of labour, as may be prescribed by the appropriate Government, and the interest due in respect thereof;
- (g) deductions for recovery of loans granted for house-building or other purposes approved by the appropriate Government and the interest due in respect thereof;
- (h) deductions of income-tax or any other statutory levy levied by the Central Government or State Government and payable by the employee or deductions required to be made by order of a court or other authority competent to make such order;
 - (i) deductions for subscription to, and for repayment of advances from any social security fund or scheme constituted by law including provident fund or pension fund or health insurance scheme or fund known by any other name;
 - (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 registered under the Trade Unions Act, 1926 (16 of 1926);
 - (l) deductions for recovery of losses sustained by the railway administration on account of acceptance by the employee of counterfeit or base coins or mutilated or forged currency notes;
 - (m) deductions for recovery of losses sustained by the railway administration on account of the failure of the employee to invoice, to bill, to collect or to account for the appropriate charges due to the railway administration whether in respect of fares, freight, demurrage, wharfage and crantage or in respect of sale of food in catering establishments or in respect of commodities in grain shops or otherwise;
 - (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, by notification, specify.
- *Maximum ceiling on quantum of deduction:* Notwithstanding anything contained in this Code and subject to the provisions of any other law for the time being in force, the total amount of deductions which may be made as stated above in any wage period from the wages of an employee shall not exceed fifty per cent of such wages.
- *Recovery of excess deduction:* Where the total deductions authorised under above provisions exceed fifty per cent of the wages, the excess may be recovered in such manner, as may be prescribed.

- *Consequences of failure to deposit deductions:* Where any deduction is made by the employer from the wages of an employee under this section but not deposited in the account of the trust or Government fund or any other account, as required under the provisions of the law for the time being in force, such employee shall not be held responsible for such default of the employer.

Fines

Section 19 regulates the **imposition of fines on employees**, ensuring that fines are not arbitrary but subject to **government approval, procedural safeguards, and strict limits**. The provisions are as follows:-

- *Mandatory approval before imposing fine:* No fine shall be imposed on any employee save 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 as may be prescribed, may have specified by notice under sub-section (2).
- *Display of notice:* A notice specifying such acts and omissions shall be exhibited in such manner as may be prescribed, on the premises in which the employment is carried on.
- *Reasonable opportunity of being heard:* No fine shall be imposed on any employee until such employee has been given an opportunity of showing cause against the fine or otherwise than in accordance with such procedure as may be prescribed for the imposition of fines.
- *Maximum ceiling on fine:* The total amount of fine which may be imposed in any one wage-period on any employee shall not exceed an amount equal to three per cent of the wages payable to him in respect of that wage-period.
- *Age ceiling on fine:* No fine shall be imposed on any employee who is under the age of fifteen years.
- *Time period and one time recovery of fine:* No fine imposed on any employee shall be recovered from him by installments or after the expiry of ninety days from the day on which it was imposed.
- *Enforcement of fine:* Every fine shall be deemed to have been imposed on the day of the act or omission in respect of which it was imposed.
- *Register of fines and utilization of realisations:*
 - All fines and all realisations thereof shall be recorded in a register to be kept in such manner and form as may be prescribed; and
 - all such realisations shall be applied only to such purposes beneficial to the persons employed in the establishment as are approved by the prescribed authority.

Deductions for absence from duty

Section 20 provides for the circumstances under which deductions from wages may be made for **absence from duty**. It ensures that deductions are proportionate, lawful, and not misused by employers, while also addressing collective absenteeism and strike-related conduct. The provisions of the section are as follows:-

- *Conditions for Deductions:* Deductions may be made under clause (b) of sub-section (2) of section 18 only on account of the absence of an employee from the place or places where by the terms of his employment, he is required to work. Such absence may be for the whole or any part of the period during which he is so required to work.
- *Proportionate time deduction:* 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 bears to the total period within such wage-period during which by the terms of his employment he was required to work.

Deductions in case of collective absenteeism: It is provided that, subject to any rules made in this behalf by the appropriate Government, if ten or more employed persons acting in concert absent themselves without due notice (that is to say without giving the notice which is required under the terms of their contracts of employment) and without reasonable cause, 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 due notice.

It is further explained that for the purposes of this section, 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.

Deductions for damage or loss

Section 21 regulates deductions from wages where an employee has caused **damage or loss** to the employer. It ensures that such deductions are **fair and procedurally safeguarded as follows-**

Limitations on Deductions: A deduction under clause (c) or clause (n) of sub-section (2) of section 18 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.

Procedure to be followed before deduction: A deduction shall not be made under sub-section (1) until the employee has been given an opportunity of showing cause against the deduction or otherwise than in accordance with such procedure as may be prescribed for the making of such deductions.

Recording of deductions and realisations thereof: All such deductions and all realisations thereof shall be recorded in a register to be kept in such form as may be prescribed.

Deductions for services rendered

Section 22 regulates deductions from wages in respect of house accommodation, amenities, or services provided by the employer. The provisions of the section are as follows-

Mandatory acceptance of amenities by employee before deduction:

- A deduction under clause (d) or clause (e) of sub-section (2) of section 18 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 an amount equivalent to the value of the house-accommodation amenity or service supplied and shall be subject to such conditions as the appropriate Government may impose.

Deductions for recovery of advances

Section 23 provides for deductions from wages for the recovery of advances made to employees as follows:-

Pre conditions of deductions: Deductions under clause (f) of sub-section (2) of section 18 for recovery of advances given to an employee shall be subject to the following conditions, namely:-

(a) recovery of advance of money given to an employee before the employment began shall be made from the first payment of wages to him in respect of a complete wage-period, but no recovery shall be made of such 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 may be prescribed.

Deductions for recovery of loans

Section 24 of the Code provides for deductions from wages for recovery of loans as follows:-

Scope of Application:

- The section applies to deductions under **Section 18(2)(g)**, which permits recovery of loans granted for house-building or other approved purposes.
- The provision covers both:
 - The **extent to which loans may be granted**.
 - The **rate of interest payable** on such loans.

Chapter not to apply to Government establishments

Section 25 provides that the provisions of this Chapter shall not automatically apply to Government establishments. It states that-

General law is that the Government establishments are excluded from the scope of this Chapter.

The appropriate Government may, however, extend the provisions to specified Government establishments through a notification.

CHAPTER IV – PAYMENT OF BONUS

Eligibility for bonus, etc.

Section 26 provides for the framework for **bonus entitlement** of employees, linking it to wages, allocable surplus, and the profitability of establishments. It ensures that employees receive a **minimum statutory bonus** regardless of the employer's financial performance, while also providing for higher bonuses when surplus profits exist.

Eligibility of employee to receive bonus:

- Every employee fulfilling following twin condition shall be paid bonus by the employer:-
 - who is drawing wages not exceeding such amount per mensem, as determined by notification by the appropriate Government **and**
 - who has put in at least thirty days' work in an accounting year.
- Minimum Bonus Payable: An annual minimum bonus calculated at the rate of eight and one-third per cent of the wages earned by the employee or one hundred rupees, whichever is higher, shall be payable whether or not the employer has any allocable surplus during the previous accounting year. {Sub-section(1)}

Bonus for Higher Wage Employees: For the purpose of calculation of the bonus where the wages of the employee exceed such amount per mensem, as determined by notification by the appropriate Government, the bonus payable to such employee under sub-sections (1) and (3) shall be calculated as if his wage were such amount which is higher of the following:

- so determined by the appropriate Government or
- the minimum wage fixed by the appropriate Government.

Bonus Linked to Allocable Surplus:

- Where in respect of any accounting year referred to in sub-section (1), the allocable surplus exceeds the amount of minimum bonus payable to the employees under that sub-section, the employer shall, in lieu of such minimum bonus, be bound to pay to every employee in respect of that accounting year, bonus.
- Such bonus shall be an amount in proportion to the wages earned by the employee during the accounting year, **subject to a maximum of twenty per cent of such wages.**

Amount to be set off in computing allocable surplus: It is provided that in computing the allocable surplus under this section, the amount set on or the amount set off under the provisions of section 36 shall be taken into account in accordance with the provisions of that section.

Productivity-Linked Bonus: Any demand for bonus beyond the statutory minimum determined under sub-section (1), either based on **production or productivity in an accounting year**, shall be determined by an agreement or settlement between the employer and the employees. However, the total bonus, including minimum bonus, shall not exceed twenty per cent of the wages earned by the employee in the accounting year.

Special Provisions for New Establishments: The bonus is computed as follows in newly set up establishment following the accounting year in which the employer sells the goods produced or manufactured by him or renders services, as the case may be, from such establishment:

- **In the first five accounting years-**
 - bonus shall be payable only in respect of the accounting year in which the employer derives profit from such establishment.
 - such bonus shall be calculated in accordance with the provisions of this Code in relation to that year, but without applying the provisions of section 36.
- **For the sixth and seventh accounting years**, the provisions of section 36 shall apply subject to the following modifications, namely:—
 - *for the sixth accounting year*, set on or set off, as the case may be, shall be made in the manner as may be prescribed by the Central Government, taking into account the excess or deficiency, if any, of the allocable surplus set on or set off in respect of the fifth and sixth accounting years;
 - *for the seventh accounting year*, set on or set off, as the case may be, shall be made in the manner as may be prescribed by the Central Government, taking into account the excess or deficiency, if any, of the allocable surplus set on or set off in respect of the fifth, sixth and seventh accounting years.
 - From the eighth accounting year following the accounting year in which the employer sells the goods produced or manufactured by him or renders services, as the case may be, from such establishment, the provisions of section 36 shall apply in relation to such establishment as they apply in relation to any other establishment.

When are profits deemed to be derived: Explanation 1 provides that for the purpose of this section, an employer shall not be deemed to have derived profit in any accounting year, unless—

- (a) he has made provision for depreciation of that year to which he is entitled under the Income-tax Act or, as the case may be, under the agricultural income-tax law; and
- (b) the arrears of such depreciation and losses incurred by him in respect of the establishment for the previous accounting years have been fully set off against his profits.

Sale of trial production not to be considered:

- Explanation 2 provides that for the purposes of sub-sections (6), (7) and (8), sale of the goods produced or manufactured during the course of the trial running of any factory or of the prospecting stage of any mine or an oil-field shall not be taken into consideration.
- Where any question arises with regard to such production or manufacture, the appropriate Government may, after giving the parties a reasonable opportunity of representing the case, decide upon the issue.

Applicability of provisions of newly set up establishment: The provisions of sub-sections (6), (7) and (8) shall, so far as may be, apply to new departments or undertakings or branches set up by existing establishments.

Proportionate reduction in bonus in certain cases

Section 27 provides for the proportionate reduction of the minimum bonus in cases where an employee has not worked for all the working days in an accounting year as follows-

Proportionate Reduction: Where an employee has not worked for all the working days in an accounting year-

- the minimum bonus, under sub-section (1) of section 26, shall be proportionately reduced.
- This provision of proportionate reduction is applicable only if such bonus is higher than eight and one-third per cent of the salary or wage of the days such employee has worked in that accounting year,

Computation of number of working days

Section 28 clarifies how the number of working days is computed for the purposes of Section 27 (proportionate reduction in bonus) as follows-

Deemed Working Days: An employee shall be deemed to have worked in an establishment in any accounting year also on the days on which—

He has been laid off under an agreement or as permitted by standing orders under the Industrial Employment (Standing Orders) Act, 1946, or under the Industrial Disputes Act, 1947, or under any other law applicable to the establishment;

He has been on leave with salary or wages;

He has been absent due to temporary disablement caused by accident arising out of and in the course of his employment; and

The employee has been on maternity leave with salary or wages, during the accounting year.

Disqualification for bonus

Section 29 sets out the circumstances under which an employee is disqualified from receiving bonus under the Code as follows-

Grounds of disqualification: Notwithstanding anything contained in this Code, an employee shall be disqualified from receiving bonus under this Code, if he is dismissed from service for—

(a) fraud; or	(b) riotous or violent behaviour while on the premises of the establishment; or	(c) theft, misappropriation or sabotage of any property of the establishment; or	(d) conviction for sexual harassment.
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Establishments include departments, undertakings and branches

Section 30 provides for how bonus is to be computed when an establishment consists of multiple departments, undertakings, or branches, whether located in the same place or spread across different places as follows:-

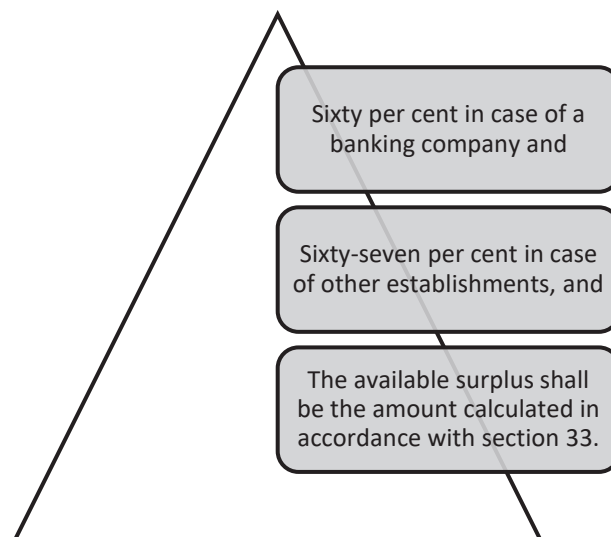
Treatment of multiple branches of establishment for bonus: Where an establishment consists of different departments or undertakings or has branches, whether situated in the same place or in different places, all such departments or undertakings or branches shall be treated as parts of the same establishment for the purpose of computation of bonus under this Code.

Exception: It is provided that where for any accounting year a separate balance sheet and profit and loss account are prepared and maintained in respect of any such department or undertaking or branch, then, such department or undertaking or branch shall be treated as a separate establishment for the purpose of computation of bonus under this Code for that year. This separate treatment shall be applicable only if such department or undertaking or branch was, immediately before the commencement of that accounting year, treated as part of the establishment for the purpose of computation of bonus.

Payment of bonus out of allocable surplus

Section 31 provides for bonus to be payable out of the **allocable surplus** as follows:-

What is allocable surplus: The bonus shall be paid out of the allocable surplus which shall be an amount equal to following per cent of the available surplus:-



Reliability of audited accounts: Audited accounts of companies shall not normally be questioned.

Resolution of dispute: -Where there is any dispute regarding the quantum of bonus, the authority notified by the appropriate Government having jurisdiction may call upon the employer to produce the balance sheet before it, but the authority shall not disclose any information contained in the balance sheet unless agreed to by the employer.

Computation of gross profits

Section 32 of the Code provides for computation of gross profits as follows-

The gross profits derived by an employer from an establishment in respect of the accounting year shall—

In the case of a banking company, be calculated in the manner as may be prescribed by the Central Government;

In any other case, be calculated in the manner as may be prescribed by the Central Government.

Computation of available surplus

Section 33 defines how the available surplus is computed for the purpose of bonus distribution as follows-

Computation of available surplus: The available surplus in respect of any accounting year shall be the gross profits for that year after deducting therefrom the sums referred to in section 34:

Provided that the available surplus in respect of the accounting year commencing on any day in a year after the commencement of this Code and in respect of every subsequent accounting year shall be the aggregate of—

- (a) the gross profits for that accounting year after deducting therefrom the sums referred to in section 34; and
- (b) an amount equal to the difference between—
 - (i) the direct tax, calculated in accordance with the provisions of section 35 in respect of an amount equal to the gross profits of the employer for the immediately preceding accounting year; and
 - (ii) the direct tax, calculated in accordance with the provisions of section 35, in respect of an amount equal to the gross profits of the employer for such preceding accounting year after deducting therefrom the amount of bonus which the employer has paid or is liable to pay to his employees in accordance with the provisions of this Code for that year.

Sums deductible from gross profits

Section 34 of the Code provides for sums deductible from gross profits as prior charges as follows-

The following sums shall be deducted from the gross profits as prior charges, namely:—

- (a) *Depreciation:* any amount by way of depreciation admissible in accordance with the provisions of sub-section (1) of section 32 of the Income-tax Act or in accordance with the provisions of the agricultural income-tax law, for the time being in force, as the case may be;
- (b) *Direct Tax:* subject to the provisions of section 35, any direct tax which the employer is liable to pay for the accounting year in respect of his income, profits and gains during that year;
- (c) *Other prescribed sum:* such further sums in respect of the employer as may be prescribed by the Central Government.

Calculation of direct tax payable by employer

Section 35 of the Code provides for calculation of direct tax payable by the employer as follows:-

For the purposes of this Code, any direct tax payable by the employer for any accounting year shall, subject to the following provisions, be calculated at the rates applicable to the income of the employer for that year, namely:—

- (a) *Exclusions:* in calculating such tax no account shall be taken of—
 - (i) *Carried forward loss:* any loss incurred by the employer in respect of any previous accounting year and carried forward under any law for the time being in force relating to direct taxes;

- (ii) *Arrears of depreciation*: any arrears of depreciation which the employer is entitled to add to the amount of the allowance for depreciation for any succeeding accounting year or years under sub-section (2) of section 32 of the Income-tax Act;
- (b) *Definition of a company in which public is substantially interested*: where the employer is a religious or a charitable institution to which the provisions of section 41 do not apply and the whole or any part of its income is exempt from the tax under the Income-tax Act, then, with respect to the income so exempted, such institution shall be treated as if it were a company in which the public are substantially interested within the meaning of that Act;
- (c) *Individuals and Hindu Undivided Families*: where the employer is an individual or a Hindu undivided family, the tax payable by such employer under the Income-tax Act shall be calculated on the basis that the income derived by him from the establishment is his only income;
- (d) *Export profits rebate*: where the income of any employer includes any profits and gains derived from the export of any goods or merchandise out of India and any rebate on such income is allowed under any law for the time being in force relating to direct taxes, then, no account shall be taken of such rebate;
- (e) *Other rebates and deductions*: no account shall be taken of any rebate other than development rebate or investment allowance or development allowance or credit or relief or deduction (not hereinbefore mentioned in this section) in the payment of any direct tax allowed under any law for the time being in force relating to direct taxes or under the relevant annual Finance Act, for the development of any industry.

Set on and set off of allocable surplus

Section 36 introduces the mechanism of set on and set off in relation to allocable surplus for bonus computation so that bonus payments remain equitable and stable across accounting years, balancing fluctuations in profitability by carrying forward excesses or deficiencies as follows:-

- *Set On (Excess Surplus)* :
 - Where for any accounting year, the allocable surplus exceeds the amount of maximum bonus payable to the employees in the establishment under section 26, then, the excess shall, be carried forward.
 - It can be set on in the succeeding accounting year and so on up to and inclusive of the fourth accounting year to be utilised for the purpose of payment of bonus in such manner as may be prescribed by the Central Government.
 - The carried forward is subject to a ceiling limit of twenty per cent of the total salary or wage of the employees employed in the establishment in that accounting year,
- *Set Off (Deficiency in Surplus)*:Where for any accounting year, there is no available surplus or the allocable surplus in respect of that year falls short of the amount of minimum bonus payable to the employees in the establishment under section 26, and there is no amount or sufficient amount carried forward and set on under sub-section (1) which could be utilised for the purpose of payment of the minimum bonus, then, such minimum amount or the deficiency, as the case may be, shall be carried forward for being set off in the succeeding accounting year and so on up to and inclusive of the fourth accounting year in such manner as may be prescribed by the Central Government.

Rules prescribed by the Central Government: The principle of set on and set off as may be provided in rules by the Central Government under this Code shall apply to all other cases not covered in above provisions for the purpose of payment of bonus under this Code.

Carried forward amount to be considered first: Where in any accounting year any amount has been carried forward and set on or set off under this section, then, in calculating bonus for the succeeding accounting year, the amount of set on or set off carried forward from the earliest accounting year shall first be taken into account.

Adjustment of customary or interim bonus against bonus payable under this Code

Section 37 of the Code provides for adjustment of customary or interim bonus against bonus payable under this Code as follows:-

The employer shall be entitled to deduct the amount of bonus so paid from the amount of bonus payable by him to the employee under this Code in respect of any accounting year where he

- (a) has paid any *puja bonus* or other customary bonus to an employee; or
- (b) has paid a part of the bonus payable under this Code to an employee before the date on which such bonus becomes payable,

The employee shall be entitled to receive only the balance.

Deduction of certain amounts from bonus payable

Section 38 of the Code provides for deduction of certain amounts on account of misconduct of employee from bonus payable as follows:-

Where in any accounting year, an employee is found guilty of misconduct causing financial loss to the employer, then, it shall be lawful for the employer to deduct the amount of loss from the amount of bonus payable by him to the employee under this Code in respect of that accounting year only, and the employee shall be entitled to receive the balance, if any.

Time limit for payment of bonus

Section 39 of the Code provides for the time limit within which bonus shall be paid as follows:-

- Time limit and payment of bonus through banking channels:
 - The employer shall pay all amounts payable to an employee by way of bonus under this Code by crediting it in the bank account of the employee within a period of eight months from the close of the accounting year.
 - It is provided that the appropriate Government or such authority as the appropriate Government may specify in this behalf may, upon an application made to it by the employer and for sufficient reasons, by order, extend the said period of eight months to such further period or periods as it thinks fit. However, the total period so extended shall not in any case exceed two years.
- *Time limit for payment of disputed bonus:*
 - Notwithstanding anything contained above, where there is a dispute regarding payment of bonus pending before any authority, such bonus shall be paid within a period of one month from the date on which the award becomes enforceable or the settlement comes into operation, in respect of such dispute.
 - It is provided that if there is a dispute for payment at the higher rate, the employer shall pay eight and one-third per cent of the wages earned by the employee as per the provisions of this Code within a period of eight months from the close of the accounting year.

Application of this Chapter to establishments in public sector in certain cases

- *Applicability of Chapter in competitive cases:* Section 40 of the Code provides that the provisions of this Chapter shall apply in relation to such establishment in public sector as they apply in relation to a like establishment in private sector where in any accounting year-
 - an establishment in public sector sells any goods produced or manufactured by it or renders any services, in competition with an establishment in private sector, **and**
 - the income from such sale or services or both is not less than twenty per cent of the gross income of the establishment in public sector for that year.
- *Non applicability of chapter in other PSUs:* Save as otherwise provided in sub-section (1), nothing in this Chapter shall apply to the employees employed by any establishment in public sector.

Section 40 provides for the limited circumstances under which bonus provisions apply to public sector establishments. It distinguishes between public sector entities engaged in competitive commercial activity and those functioning primarily for public service, thereby balancing employee rights with the unique nature of public enterprises.

Non-applicability of this Chapter

Section 41 of the Code provides for non-applicability of bonus provisions to certain categories of employees and establishments as follows:-

- *Where Chapter is not applicable:-* Nothing in this Chapter shall apply to—
 - (a) employees employed by the Life Insurance Corporation of India;
 - (b) seamen as defined in clause (42) of section 3 of the *Merchant Shipping Act, 1958*
 - (c) employees registered or listed under any scheme made under the *Dock Workers (Regulation of Employment) Act, 1948 (9 of 1948)*, and employed by registered or listed employers;
 - (d) employees employed by an establishment under the authority of any department of the Central Government or a State Government or a local authority;
 - (e) employees employed by—
 - (i) the Indian Red Cross Society or any other institution of a like nature including its branches;
 - (ii) universities and other educational institutions;
 - (iii) institutions including hospitals, chambers of commerce and social welfare institutions established not for purposes of profit;
 - (f) employees employed by the Reserve Bank of India;
 - (g) employees employed by public sector financial institutions other than a banking company, which the Central Government may, by notification, specify, having regard to—
 - (i) its capital structure;
 - (ii) its objectives and the nature of its activities;
 - (iii) the nature and extent of financial assistance or any concession given to it by the Government; and
 - (iv) any other relevant factor;

- (h) employees employed by inland water transport establishments operating on routes passing through any other country; and
- (i) employees of any other establishment which the appropriate Government may, by notification, exempt having regard to the overall benefits under any other scheme of profit sharing available in such establishments to the employees.

Establishments where provisions of the Chapter are applicable: Subject to the provisions of sub-section (1) and notwithstanding anything contained in any other provisions of this Chapter, the provisions of this Chapter shall apply to such establishment in which twenty or more persons are employed or were employed on any day during an accounting year.

CHAPTER V – ADVISORY BOARD

Central Advisory Board and State Advisory Boards

Section 42 of the Code provides for the constitution, composition, and functions of the Central Advisory Board and State Advisory Boards as follows:-

- *Central Advisory Board:*
 - *Appointing authority and constitution:* The Central Government shall constitute the Central Advisory Board which shall consist of persons to be nominated by the Central Government—

Representing employers;
Representing employees, equal in number to the members specified in clause (a);
Independent persons, not exceeding one-third of the total members of the Board; and
Five representatives of such State Governments as may be nominated by the Central Government.
 - *Women representative and Chairperson:* One-third of the members referred above shall be women, and a member specified in clause (c) above shall be appointed by the Central Government as the Chairperson of the Board.
- *Advisory role of the Central Advisory Board:* The Central Advisory Board so constituted shall, from time to time, advise the Central Government on reference of issues relating to—
 - (a) fixation or revision of minimum wages and other connected matters;
 - (b) providing increasing employment opportunities for women;
 - (c) the extent to which women may be employed in such establishments or employments as the Central Government may, by notification, specify in this behalf; and
 - (d) any other matter relating to this Code.
- *Directions by the Central Government:* On such advice, the Central Government may issue directions to the State Government as it deems fit in respect of matters relating to issues referred to the Board.
- *Appointing authority and constitution of State Advisory Board:* Every State Government shall constitute a State Advisory Board for advising the State Government—
 - (a) in fixation or revision of minimum wages and other connected matters;

- (b) for the purpose of providing increasing employment opportunities for women;
- (c) with regard to the extent to which women may be employed in such establishments or employments as the State Government may, by notification, specify in this behalf; and
- (d) in any other matter relating to this Code, which the State Government may refer from time to time to the Board.

The State Advisory Board may constitute one or more committees or sub-committees to look into issues pertaining to matters specified above.

Composition of State Advisory Board: The State Advisory Board and each of the committees and sub-committees thereof shall consist of persons—

- (a) representing employers;
 - (b) representing employees, equal in number to the members specified in clause (a); and
 - (c) independent persons, not exceeding one-third of the total members of the Board or committee or sub-committee, as the case may be.
- *Women composition and Chairperson of State Advisory Board:* One-third of the members referred to in sub-section (6) shall be women, and one among the members specified in clause (c) of the said sub-section shall be—
 - (a) appointed by the State Government as the Chairperson of the Board;
 - (b) appointed by the State Advisory Board as the Chairperson of the committee or sub-committee, as the case may be.
 - *Factors to be considered in advisory role:* In tendering its advice in the matters specified in clause (b) or clause (c) above, the State Advisory Board shall have regard to
 - the number of women employed in the concerned establishment or employment,
 - the nature of work,
 - hours of work,
 - suitability of women for employment,
 - the need for providing increasing employment opportunities for women (including part-time employment), and s
 - Such other relevant factors as the Board may think fit.
 - *Issue of Directions by the State Government:* The State Government may, after considering the advice tendered to it by the State Advisory Board and after inviting and considering the representations from establishments, employees, or any other person which that Government thinks fit, issue such directions as may be deemed necessary.
 - *Regulation of Procedure:* The Central Advisory Board and the State Advisory Board shall respectively regulate their own procedure, including that of the committees and sub-committees constituted by the State Advisory Board, in such manner as may be prescribed.
 - *Terms of the Advisory Board:* The terms of office of the Central Advisory Board and the State Advisory Board including that of the committees and sub-committees constituted by the State Advisory Board, shall be such as may be prescribed.

CHAPTER VI – PAYMENT OF DUES, CLAIMS AND AUDIT

Responsibility for payment of various dues

Section 43 of the Code provides for principal responsibility of employers in payment of dues as follows: -

Obligation of employer: Every employer shall pay all amounts required to be paid under this Code to every employee employed by him.

Consequences of failure to pay: It is provided that where such employer fails to make such payment in accordance with this Code, then, the company or firm or association or any other person who is the proprietor of the establishment, in which the employee is employed, shall be responsible for such payment.

Explanation— For the purposes of this section the expression “firm” shall have the same meaning as assigned to it in the *Indian Partnership Act, 1932*.

Payment of various undisbursed dues in case of death of employee

Section 44 provides for those undisbursed dues of an employee—such as wages, bonus, or other payments under the Code—to be properly settled in the event of the employee’s death or when the employee’s whereabouts are unknown. The provisions of the section are as follows: -

To whom payment is to be made: Subject to the other provisions of this Code, all amounts payable to an employee under this Code shall, if such amounts could not or cannot be paid on account of his death before payment or on account of his whereabouts not being known—

- (a) be paid to the person nominated by him in this behalf in accordance with the rules made under this Code; or
- (b) where no such nomination has been made or where for any reasons such amounts cannot be paid to the person so nominated, be deposited with such authority as may be prescribed, who shall deal with the amounts so deposited in the manner as may be prescribed.

Discharge of employer: Where in accordance with above provisions of the section, all amounts payable to an employee under this Code—

- (a) are paid by the employer to the person nominated by the employee; or
- (b) are deposited by the employer with the authority referred to in clause (b) above

then, the employer shall be discharged of his liability to pay those amounts.

Claims under Code and procedure thereof

Section 45 provides for the mechanism for adjudication of claims arising under the Code as follows:

- *Appointment of authorities:* The appropriate Government may, by notification, appoint one or more authorities, not below the rank of a Gazetted Officer, to hear and determine the claims which arise under the provisions of this Code.
- Compensation and Timelines:
 - The authority so appointed, while deciding the claim, may order, having regard to the circumstances under which the claim arises, the payment of compensation in addition to the claim determined.
 - Such compensation may extend to ten times the claim determined,
 - The authority shall endeavour to decide the claim within a period of three months.

- *Recovery Mechanism:*
 - If an employer fails to pay the claim determined and compensation ordered to be paid under the section, the authority shall issue a certificate of recovery to the Collector or District Magistrate of the district where the establishment is located.
 - The Collector or District Magistrate, then, shall recover the same as arrears of land revenue and remit the same to the authority for payment to the concerned employee.
- *Who can file application for claim:* Any application before the authority for claim referred above may be filed by—
 - (a) the employee concerned; or
 - (b) any Trade Union registered under the *Trade Unions Act, 1926* of which the employee is a member; or
 - (c) the Inspector-cum-Facilitator.
- *Single application for collective claims:* Subject to such rules as may be made, a single application may be filed under this section on behalf or in respect of any number of employees employed in an establishment.
- *Limitation Period for filing application:* Such application may be filed within a period of three years from the date on which claims referred in the section arise. Discretionary power is also vested in the authority entertain the application after three years on sufficient cause being shown by the applicant for such delay.
- *Powers of Civil Court:* The authority appointed the section for determining claim and compensation and the appellate authority appointed under sub-section (1) of section 49 shall have all the powers of a civil court under the *Code of Civil Procedure, 1908* for the purpose of
 - taking evidence and
 - of enforcing the attendance of witnesses and
 - compelling the production of documents.

Every such authority or appellate authority shall be deemed to be a civil court for all the purposes of section 195 and Chapter XXVI of the *Code of Criminal Procedure, 1973* .

Reference of disputes under this Code

Section 46 of the Code provides for reference of disputes under this Code as follows-

Notwithstanding anything contained in this Code, where any dispute arises between an employer and his employees with respect to—

- | |
|---|
| (a) fixation of bonus or eligibility for payment of bonus under the provisions of this Code; or |
| (b) the application of this Code, in respect of bonus, to an establishment in public sector, |

then, such dispute shall be deemed to be an industrial dispute within the meaning of the *Industrial Disputes Act, 1947*.

Presumption about accuracy of balance sheet and profit and loss account of corporations and companies

Section 47 of the Code provides for presumption about accuracy of balance sheet and profit and loss account of corporations and companies as follows: --

- *Presumption of accuracy of financial statements:* Where, in respect of any dispute of the nature specified in sections 45 and 46 or in respect of an appeal under section 49, the balance sheet and the profit and loss account of an employer, being a corporation or a company (other than a banking company), are produced during the course of proceedings before—
 - (a) the authority under section 45; or
 - (c) the appellate authority under section 49; or
 - (d) a Tribunal; or
 - (d) an arbitrator referred to in clause (aa) of section 2 of the *Industrial Disputes Act, 1947*,

then, the said authority, appellate authority, Tribunal or arbitrator, as the case may be, may presume the statements and particulars contained in such balance sheet and profit and loss account to be accurate if such financial statements are -

- duly audited by the Comptroller and Auditor-General of India or
- by auditors duly qualified to act as auditors of companies under section 141 of the *Companies Act, 2013*.

Then, it shall not be necessary for the corporation or the company to prove the accuracy of such statements and particulars by the filing of an affidavit or by any other mode.

- *Measures in case of inaccuracy of financial statements:* It is provided that where the said authority, appellate authority, Tribunal or arbitrator, as the case may be, is satisfied that the statements and particulars contained in the balance sheet or the profit and loss account of the corporation or the company are not accurate, it may take such steps as it thinks necessary to find out the accuracy of such statements and particulars.
- *Directions by the authority in case of clarification sought by Trade Union or employees to dispute:*
 - *Subject and parties to the application for clarification:* Following can make application requiring any clarification relating to any item in the balance sheet or the profit and loss account:-
 - (i) any Trade Union being a party to the dispute or an appeal, as the case may be and
 - (ii) where there is no Trade Union, by the employees being a party to the dispute or an appeal, as the case may be.
 - *To whom application is to be made:* An application in this respect shall be made to the authority, appellate authority, Tribunal or arbitrator, before whom the dispute or appeal is pending, as the case may be.
 - *Directions by the concerned authority:* Such authority, appellate authority, Tribunal or arbitrator may, after satisfying itself that such clarification is necessary, by order, direct the corporation or, as the case may be, the company, to furnish to the Trade Union or the employees such clarification within such time as may be specified in the direction. The corporation or, as the case may be, the company, shall comply with such direction.

Audit of account of employers not being corporations or companies

Section 48 of the Code provides for audit of accounts of employers not being corporations or companies as follows:

Application of section 47 for non-corporate employer: If the accounts of a non-corporate employer are audited by an auditor qualified under Section 141 of the Companies Act, 2013, and produced before the authority, appellate authority, Tribunal, or arbitrator, as the case may be, dealing with any claim, dispute or appeal with respect to bonus payable under this Code between such a non-corporate employer, and his employees, then the provisions of section 47 shall, so far as may be, apply to the accounts so audited.

Direction to such employer to get accounts audited: The authority, appellate authority, Tribunal or arbitrator may, by order, direct the employer to get his accounts audited when

- it finds that the accounts of such employer have not been audited by any such auditor **and**
- it is of opinion that an audit of the accounts of such employer is necessary for deciding the question referred to it,

Thereupon the employer shall get the accounts audited within such time as may be specified in the direction or within such further time as it may allow, by such auditor or auditors as it thinks fit and comply with such direction.

Failure to get accounts audited: Where such employer fails to get the accounts audited in pursuance of directions stated above, the authority, appellate authority, Tribunal or arbitrator referred above may, without prejudice to the provisions of section 54, get the accounts audited by such auditor or auditors as it thinks fit.

Applicability of section 47: When the accounts are audited under this section, the provisions of section 47 shall, so far as may be, apply to the accounts so audited.

Expenses of audit: The expenses of, and incidental to, any audit under sub-section (3), including the remuneration of the auditor or auditors, shall be determined by the authority, appellate authority, Tribunal or arbitrator referred to in sub-section (1), and paid by the employer; and in default of such payment, shall be recoverable by the authority referred to in sub-section (3) of section 45 from the employer in the manner provided in that sub-section.

Appeal

Section 49 provides the framework for appeals against orders passed by the authority under Section 45 reinforcing principles of natural justice and procedural fairness as follows: -

- *Right to Appeal:*
 - Any person aggrieved by an order passed by the authority under sub-section (2) of section 45 may prefer an appeal to the appellate authority having jurisdiction, appointed by the appropriate Government by notification for such purpose.
 - Such an appeal shall be made within ninety days from the date of such order, in such form and manner as may be prescribed.
 - It is provided that the appellate authority may entertain the appeal after ninety days if it is satisfied that the delay in filing the appeal has occurred due to sufficient cause.
- *Appointment of appellate authority:* The appellate authority shall be appointed from the officers of the appropriate Government holding the post at least one rank higher than the authority referred under sub-section (1) of section 45.
- *Disposal of Appeals:* The outstanding dues under the orders of the appellate authority shall be

recovered by the authority referred to in section 45, by issuing the certificate of recovery in the manner specified in sub-section (3) of that section.

Records, returns and notices

Section 50 of the Code provides for maintenance of records, returns, and notices by employers as follows: -

- *Maintenance of Register by employer:* Every employer of an establishment to which this Code applies shall maintain a register containing the details with regard to persons employed, muster roll, wages, and such other details in such manner as may be prescribed.
- *Display of notice:* Every employer shall display a notice on the notice board at a prominent place of the establishment containing the abstract of this Code, category-wise wage rates of employees, wage period, day or date and time of payment of wages, and the name and address of the Inspector-cum-Facilitator having jurisdiction.
- *Issue of wage slip:* Every employer shall issue wage slips to the employees in such form and manner as may be prescribed.
- *Exemption for Small Employers:* The above provisions of sub-sections shall not apply in respect of the employer to the extent he employs not more than five persons for agriculture or domestic purpose.

It is provided that such employer, when demanded, shall produce before the Inspector-cum-Facilitator, the reasonable proof of the payment of wages to the persons so employed.

It is also explained that for the purposes of this sub-section, the expression “domestic purpose” means the purpose exclusively relating to the home or family affairs of the employer and does not include any affair relating to any establishment, industry, trade, business, manufacture or occupation.

CHAPTER VII – INSPECTOR-CUM-FACILITATOR

Appointment of Inspector-cum-Facilitators and their powers

Section 51 of the Code provides for the appointment of Inspector-cum-Facilitators and the powers conferred upon them as follows: -

- *Appointment of Inspector-cum- Facilitators:*
 - The appropriate Government may, by notification, appoint Inspector-cum-Facilitators for the purposes of this Code.
 - He shall exercise the powers conferred on them under this section throughout the State or such geographical limits assigned in relation to one or more establishments situated in such State or geographical limits or in one or more establishments, irrespective of geographical limits, assigned to him by the appropriate Government, as the case may be.
- *Inspection Scheme:* The appropriate Government may, by notification, lay down an inspection scheme which may also provide for
 - generation of a web-based inspection and
 - calling of information relating to the inspection under this Code electronically.
- *Randomised Selection:* Without prejudice to the above provisions, the appropriate Government may, by notification, confer such jurisdiction of randomised selection of inspection for the purposes of this Code to the Inspector-cum-Facilitator as may be specified in such notification.
- *Deemed public servant:* Every Inspector-cum-Facilitator appointed under sub-section (1) shall be deemed to be a public servant within the meaning of section 21 of the *Indian Penal Code*.

- *Role of the Inspector-cum-Facilitator:* The Inspector-cum-Facilitator may—
 - (a) advise employers and workers relating to compliance with the provisions of this Code;
 - (b) inspect the establishments as assigned to him by the appropriate Government, subject to the instructions or guidelines issued by the appropriate Government from time to time.
- *Powers:* Subject to the above provisions, the Inspector-cum-Facilitator may—
 - (a) examine any person who is found in any premises of the establishment, whom the Inspector-cum-Facilitator has reasonable cause to believe is a worker of the establishment;
 - (b) require any person to give any information, which is in his power to give, with respect to the names and addresses of the persons;
 - (c) search, seize or take copies of such register, record of wages or notices or portions thereof as the Inspector-cum-Facilitator may consider relevant in respect of an offence under this Code and which the Inspector-cum-Facilitator has reason to believe has been committed by the employer;
 - (d) bring to the notice of the appropriate Government defects or abuses not covered by any law for the time being in force; and
 - (e) exercise such other powers as may be prescribed.
- *Obligation to comply with orders of the Inspector-cum-Facilitator:* Any person required to produce any document or to give any information required by an Inspector-cum-Facilitator under sub-section (5) shall be deemed to be legally bound to do so within the meaning of sections 175 and 176 of the *Indian Penal Code*.
- *Application of provisions of CrPC:* The provisions of the *Code of Criminal Procedure, 1973* shall, so far as may be, apply to the search or seizure under the section as they apply to the search or seizure made under the authority of a warrant issued under section 94 of the said Code.

Offences by Companies

Section 55 lays the framework for corporate liability under the Code as follows:-

- Who is liable in case of offence committed by a company under the Code:
 - If the person committing an offence under this Code is a company, every person who, at the time the offence was committed, was in charge of and responsible to the company for the conduct of business of the company, as well as the company itself, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.
 - *Defence for officer in charge:* It is provided that the above provision shall not render any such person liable to any punishment if he proves that
 - the offence was committed without his knowledge or
 - he exercised all due diligence to prevent the commission of such offence.

Liability for connivance, consent or negligence in committing an offence: In addition to general liability of officer in charge, the director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly-

- where an offence under this Code has been committed by a company and
- it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, such director, manager, secretary or other officer of the company.

Explanation.— For the purposes of this section—

- (a) “company” means any body corporate and includes—
 - (i) a firm; or
 - (ii) a limited liability partnership registered under the *Limited Liability Partnership Act, 2008*; or
 - (iii) other association of individuals; and
- (b) “director” in relation to a firm means a partner in the firm.

Composition of Offences

Section 56 of the Code provides for the composition of offences as follows:-

- *Requisites of compounding of offence under the Code:*
 - Notwithstanding anything contained in the *Code of Criminal Procedure, 1973*, an application may be made for compounding of any offence punishable under this Code, not being an offence punishable with
 - imprisonment only, or
 - with imprisonment and also with fine
 - For such compounding of offence, the accused person shall file an application either before or after the institution of any prosecution, to a Gazetted Officer, as the appropriate Government may, by notification, specify.
 - Such offences may be compounded by a Gazetted Officer for a sum of fifty per cent of the maximum fine provided for such offence, in the manner as may be prescribed.
- *Compounding not permissible:* Nothing contained above shall apply to an offence committed by a person for the second time or thereafter within a period of five years from the date—
 - (i) of commission of a similar offence which was earlier compounded;
 - (ii) of commission of similar offence for which such person was earlier convicted.
- *Exercise of compounding power:* Every officer referred to in sub-section (1) shall exercise the powers to compound an offence, subject to the direction, control and supervision of the appropriate Government.
- *Application for compounding:* Every application for the compounding of an offence shall be made in such manner as may be prescribed.
- *Consequences after compounding of offence:*
 - Where any offence is compounded before the institution of any prosecution, no prosecution shall be instituted in relation to such offence, against the offender in relation to whom the offence is so compounded.
 - Where the composition of any offence is made after the institution of any prosecution, such composition shall be brought by the officer referred above in writing, to the notice of the court in which the prosecution is pending; and on such notice of the composition of the offence being given, the person against whom the offence is so compounded shall be discharged.
- *Punishment for failure to comply with order of officer:* Any person who fails to comply with an order made by the officer under the section shall be punishable with a sum equivalent to twenty per cent of the maximum fine provided for the offence, in addition to such fine.

- *Offence under the code to be compounded only in accordance with above provisions:* No offence punishable under the provisions of this Code shall be compounded except under and in accordance with the provisions of this section.

LESSON ROUND-UP

- The Code on Wages, 2019 consolidates and rationalises laws relating to wages, minimum wages, payment of wages, and bonus, with the objective of ensuring fair remuneration and timely payment to employees across India .
- It applies uniformly to all employments, whether in the organised or unorganised sector, subject to specified exclusions.
- The Code defines key terms such as wages, employee, employer, worker, and establishment, and introduces a uniform definition of “wages” to prevent artificial splitting of salary structures.
- It mandates equal wages for men and women for the same or similar work and prohibits gender-based discrimination in recruitment and service conditions.
- The appropriate Government is empowered to fix and revise minimum wages based on skill levels, geographical areas, and working conditions.
- The Central Government may notify a floor wage, below which no minimum wage can be fixed by States.
- Employers are required to pay wages at least at the notified minimum rates and within prescribed time limits.
- The Code regulates permissible deductions from wages and places a cap on the total quantum of deductions.
- It provides detailed provisions on working hours, rest days, and payment of overtime at enhanced rates.
- The Code lays down a comprehensive framework for payment of statutory bonus, including eligibility, minimum and maximum limits, and computation based on allocable surplus.
- Special provisions exist for newly established undertakings and public sector establishments.
- Central and State Advisory Boards are constituted to advise governments on wage-related matters and employment of women.
- An Inspector-cum-Facilitator mechanism is introduced to ensure compliance through facilitation rather than only enforcement.
- The Code provides a clear claims, recovery, and appellate mechanism for employees to enforce their rights.
- Overall, the Code seeks to promote transparency, uniformity, and social justice in wage regulation across India.

GLOSSARY

1. **Accounting Year:** The year commencing on the 1st day of April.
2. **Company:** A company as defined in clause (20) of section 2 of the Companies Act, 2013.
3. **Establishment:** Any place where any industry, trade, business, manufacture or occupation is carried on and includes Government establishment.
4. **Factory:** A factory as defined in clause (m) of section 2 of the Factories Act, 1948.
5. **Government Establishment:** Any office or department of the Government or a local authority.
6. **Inspector-cum-Facilitator:** A person appointed by the appropriate Government under sub-section (1) of section 51.
7. **Tribunal:** Shall have the same meaning as assigned to it in clause (r) of section 2 of the Industrial Disputes Act, 1947.

SELF-TEST QUESTIONS

1. Explain the appellate mechanism provided under Section 49 of the Code.
2. Discuss the compounding mechanism under Section 56. How does it promote efficiency in enforcement while restricting habitual offenders?
3. Critically examine the definition of “employee” under the Code. How does its inclusive nature affect coverage of different categories of workers?
4. Analyse the definition of “wages” under the Code. What components are included and excluded, and how does this definition impact calculation of entitlements?
5. Explain the statutory duties imposed on employers under the Code to ensure the safety, health, and working conditions of employees. How do these obligations reflect the principle of “safe workplace as a fundamental right”
