RESEARCH QUESTION

“How can an employee in India recover unpaid salary or a delayed full and final settlement, what do the Payment of Wages Act and Code on Wages say about timelines, and what forums exist from the labour commissioner to civil and summary suits?”

Recovery of Unpaid Salary and Delayed Full and Final Settlement in India

TL;DR

The Supreme Court in *Payment of Wages Inspector v. Surajmal Mehta* (1968) established that while employees can recover unpaid salaries and delayed terminal benefits through summary statutory authorities, these forums have strictly limited jurisdictions and cannot resolve highly contested disputes of entitlement. For undisputed claims, employees can seek recovery of wages and full and final settlements through the Payment of Wages Authority within a twelve-month limitation period, or via Section 33C of the Industrial Disputes Act, 1947, whereas highly disputed claims or claims exceeding statutory wage ceilings must be pursued through civil suits or regular labour court references.

VERIFIED CASES	STATUTES	LATEST RULING
20	2	2025
10 *High Courts* · 10 *SC*		*High Court of Jharkhand*

CONTENTS

I. Detailed Analysis

KEY PRINCIPLES ESTABLISHED

01 Statutory timelines for terminal payouts are strictly mandated

Section 5 of the Payment of Wages Act, 1936 requires that upon termination of employment, an employer must disburse all earned wages before the expiry of the second working day. This rule applies to employees within the statutory threshold, and delays must be pursued within a twelve-month limitation period starting from the date the payment fell due as illustrated in *Dilbagh Raj Jarry v. Union of India* (1973).

02 Labour Courts possess broad computational power for pre-existing rights

Under Section 33C(2) of the Industrial Disputes Act, 1947, workmen can apply to a Labour Court to compute monetary and non-monetary benefits they are entitled to receive, with the advantage that no specific period of limitation is prescribed for such applications as held in *The Central Bank of India Ltd. v. P. S. Rajagopalan* (1963).

03 Civil suits and general limitation periods apply above statutory wage ceilings

While Section 22(d) of the Payment of Wages Act, 1936 bars civil courts from entertaining suits for wages that could be recovered under Section 15, claims for employees earning above the statutory threshold are governed by the general civil law where a three-year limitation period applies under Article 102 of the Limitation Act as confirmed in *Bombay Dyeing & Manufacturing Co., Ltd. v. The State of Bombay* (1957).

04 Summary jurisdictions cannot adjudicate contested employer-employee relationships

Summary recovery forums, including the Labour Court acting under Section 33C(2), are limited to executing established rights and lack jurisdiction to determine the existence of an employment relationship or fundamental questions of entitlement if serious disputes are raised by the employer as held in *M/S Bombay Chemical Industries v. Deputy Labour Commissioner & Anr.* (2022).

05 Personal liability for unpaid wages does not automatically extend to company directors

Unless there is specific evidence designating a director as the "manager" of the establishment under relevant factory laws, the directors cannot be held personally liable for outstanding wage arrears under Section 3 of the Payment of Wages Act, 1936 as established in *P.C. Aggarwala v. Payment of Wages Inspector, M.P.* (2005).

06 Execution of recovery awards requires prior quantification of the claim amount

An application under Section 33C(1) of the Industrial Disputes Act, 1947 for issuing a recovery certificate is maintainable only if the dues are already admitted or quantified, and unquantified back wages must first be computed under Section 33C(2) before execution can proceed as decided in *Jaimurugan Textiles Ltd. v. The Presiding Officer, Labour Court* (2019).

HOW THE COURTS HAVE APPLIED THIS

SUPREME COURT POSITION	The apex court has repeatedly emphasized that recovery processes under labour laws are akin to execution proceedings and cannot decide complicated questions of law, such as independent claims for bonus payments that have not been previously adjudicated (*Hamdard (Wakf) Laboratories v. Deputy Labour Commissioner* (2007)). Additionally, summary labour tribunals cannot bypass exclusive statutory codes governing specific institutions (*Ghaziabad Zila Sahakari Bank Ltd. v. Addl. Labour Commissioner* (2007)), and the right of appeal under Section 17 of the Payment of Wages Act, 1936 is determined based on the cumulative amount directed to be paid in consolidated cases rather than individual claims (*J. C. Jain v. R. A. Pathak and Others* (1960)).
HIGH COURT VARIATIONS	High Courts have held that while the Payment of Wages Authority has limited jurisdiction, it can resolve incidental issues of employment such as whether a worker abandoned service to decide the wage claim (*Alchemist Ltd. v. Dinesh Chandra Tripathi* (2019)). However, if an employee's entitlement is fundamentally disputed—such as when an employer denies the right to wages during a work stoppage—the High Court will set aside summary wage orders as falling outside the authority's jurisdiction (*P. Manohar Reddy v. The Appellate Authority* (2007)), and the courts will reject standard industrial dispute complaints under Section 33-A when specific wage recovery remedies are available under Section 15 of the Payment of Wages Act (*Ambalal Sarabhai Enterprises Limited v. Kishor G. Salunke* (2012)).

RECENT EVOLUTION

Recent decisions reinforce that maintainability objections must be decided as preliminary issues by the labour authority before proceeding to the merits of a wage claim (*M/s Tata Pigments Limited v. State of Jharkhand* (2025)). Furthermore, High Courts continue to scrutinize writ petitions against wage authority orders, holding that employers must instead exhaust the statutory appeal process provided under Section 17 of the Payment of Wages Act (*Davinder Kumar Batra v. The Authority Under Payment of Wages Act* 1936 (2023)).

UNSETTLED AREAS OR CAVEATS

Winding-up and alternate company remedies

While civil and labour forums are standard, employees can file winding-up petitions under company law for unpaid wages, where courts have read interest on delayed wages into employment contracts by necessary implication to penalize default (*Khimjibhai Sanabhai Parmar v. Sevalia Cement Works* (2015)).

Mandatory statutory interest on terminal benefits

Statutory dues like gratuity on termination carry a mandatory obligation for interest under Section 7(3A) of the Payment of Gratuity Act, 1972, leaving no room for judicial discretion to deny interest unless the employee's fault is formally established (*H. Gangahanumegowda v. Karnataka Agro Industries Corpn. Ltd.* (2003)).

Writ jurisdiction vs. Alternative statutory appeals

Although High Courts generally refuse to bypass alternative remedies like Section 17 appeals under the Payment of Wages Act, they may exercise extraordinary writ jurisdiction if there is a fundamental lack of territorial or wage-limit jurisdiction (*Oil and Natural Gas Corporation Ltd. v. Regional Labour Commissioner* (2016)).

Interest rates on delayed contractual and statutory payments

For general or commercial delayed payments, courts have consistently awarded interest at rates such as 11% per annum (*State of Punjab v. Balram Rai Monga* (2011)) or 9% per annum rising to a penal 12% per annum (*Ramkishan v. State of Haryana* (2019)) to compensate for delayed realization of dues, reflecting a broad judicial consensus to visit culpable delays with financial penalties.

GAP IN EVIDENCE

While the user's query asks about the Code on Wages, 2019, the retrieved precedents and statutory provisions are restricted to the Payment of Wages Act, 1936, the Industrial Disputes Act, 1947, and the Payment of Gratuity Act, 1972. There is no case law or statutory text on the Code on Wages, 2019 in the retrieved dataset.

II. Statutory Provisions

2 PROVISIONS

SECTION 15, PAYMENT OF WAGES ACT, 1936 — CLAIMS ARISING OUT OF DEDUCTIONS FROM WAGES OR DELAY IN PAYMENT

Empowers the appropriate government to appoint authorities, such as Labour Commissioners, Workmen's Compensation Commissioners, or presiding officers of Labour Courts, to hear and decide claims regarding unauthorised deductions or delayed wages.

> "(1) the appropriate Government, may , by notification in the Official Gazette, appoint (a) any Commissioner for Workmen's Compensation; or (b) any officer of the Central Government exercising functions as, — (i) Regional Labour Commissioner; or (ii) Assistant Labour Commissioner with at least two years' experience; or (c) any officer of the State Government not below the rank of Assistant Labour Commissioner with at least two years experience; or (d) a presiding officer of any Labour Court or Industrial Tribunal... as the authority to hear and decide for any specified area all claims arising out of deductions from the wages, or delay in payment of the wages of persons employed or paid in that area, including all matters incidental to such claims." *Cited in*: Ambalal Sarabhai Enterprises Limited v. Kishor G. Salunke, P. Manohar Reddy v. The Appellate Authority, M/s Tata Pigments Limited v. State of Jharkhand

SECTION 5, PAYMENT OF WAGES ACT, 1936 — TIME OF PAYMENT OF WAGES

Mandates that wages must be paid within seven or ten days of the wage-period depending on the size of the establishment, and within two working days of termination of employment.

> "(1) The wages of every person employed upon or in — (a) any railway, factory or industrial or other establishment upon or in which less than one thousand persons are employed, shall be paid before expiry of the seventh day, (b) any other railway, factory or industrial or other establishment, shall be paid before the expiry of the tenth day, after the last day of the wage-period in respect of which the wages are payable... (2) Where the employment of any person is terminated by or on behalf of the employer, the wages earned by him shall be paid before the expiry of the second working day from the day on which his employment is terminated" *Cited in*: Not cited in the retrieved case snippets

III. Cases Discussed

20 CASES · SUMMARY TABLE

#	CASE TITLE	COURT	YEAR	KEY HOLDING
01	*Jaimurugan Textiles Ltd. v. The Presiding Officer, Labour Court* HCMA011098492016	MADRAS HIGH COURT	2019	Execution of unquantified dues under ID Act requires prior determination under Section 33C(2).
02	*Davinder Kumar Batra v. The Authority Under Payment of Wages Act* 1936 JKHC020015362019	HIGH COURT OF JAMMU AND KASHMIR	2023	Denies writ petitions against wage orders when an alternative statutory appeal is available.
03	*Dilbagh Raj Jarry v. Union of India* ESCR010001071974	SUPREME COURT OF INDIA	1973	Limitation period under Section 15(2) begins on wage due date or deduction date.
04	*The Central Bank of India Ltd. v. P. S. Rajagopalan* ESCR010001181964	SUPREME COURT OF INDIA	1963	No period of limitation applies to computational applications filed under Section 33C(2).
05	*J. C. Jain v. R. A. Pathak and Others* ESCR010001031960	SUPREME COURT OF INDIA	1960	Group applications can be consolidated, and appeal rights depend on the cumulative sum.
06	*Ambalal Sarabhai Enterprises Limited v. Kishor G. Salunke* GJHC240167362010	HIGH COURT OF GUJARAT	2012	Specific wage recovery remedies under Section 15 preclude standard industrial dispute complaints.
07	*Oil and Natural Gas Corporation Ltd. v. Regional Labour Commissioner* HCBM010455932015	BOMBAY HIGH COURT	2016	Requires parties to exhaust Section 17 appeal remedies before seeking writ jurisdiction.
08	*Hamdard (Wakf) Laboratories v. Deputy Labour Commissioner* ESCR010008852007	SUPREME COURT OF INDIA	2007	Executing authorities and Labour Commissioners cannot adjudicate un-adjudicated disputed claims like bonus.
09	*Alchemist Ltd. v. Dinesh Chandra Tripathi* UPHC010424112016	ALLAHABAD HIGH COURT	2019	Payment of Wages Authority has jurisdiction to decide incidental employment disputes.
10	*M/s Tata Pigments Limited v. State of Jharkhand* JHHC010041572024	HIGH COURT OF JHARKHAND	2025	Maintainability objections must be decided by the wage authority as a preliminary issue.
11	*Ghaziabad Zila Sahakari Bank Ltd. v. Addl. Labour Commissioner* ESCR010003822007	SUPREME COURT OF INDIA	2007	Proceedings under Section 33C(2) are executing and require a pre-existing, previously established right.
12	*P.C. Aggarwala v. Payment of Wages Inspector, M.P.* ESCR010004502005	SUPREME COURT OF INDIA	2005	Directors are not personally liable for company wage arrears under the Act.

#	CASE TITLE	COURT	YEAR	KEY HOLDING
13	*Bombay Dyeing & Manufacturing Co., Ltd. v. The State of Bombay* ESCR010000111958	SUPREME COURT OF INDIA	1957	Civil suits are barred only for claims recoverable under Section 15 of the Act.
14	*P. Manohar Reddy v. The Appellate Authority* HBHC010054341999	HIGH COURT FOR STATE OF TELANGANA	2007	Summary jurisdiction under Section 15 is limited to undisputed and certain wage claims.
15	*Payment of Wages Inspector v. Surajmal Mehta* ESCR010001211969	SUPREME COURT OF INDIA	1968	Summarizes limits of Section 15 jurisdiction, excluding highly contested entitlement claims.
16	*Ramkishan v. State of Haryana* PHHC010911732018	HIGH COURT OF PUNJAB AND HARYANA	2019	Orders 9% and 12% interest for delayed statutory payouts, demonstrating compensation principles.
17	*H. Gangahanumegowda v. Karnataka Agro Industries Corpn. Ltd.* ESCR010000762003	SUPREME COURT OF INDIA	2003	Mandates interest on delayed terminal benefits as a strict statutory compulsion.
18	*Khimjibhai Sanabhai Parmar v. Sevalia Cement Works* GJHC240196281997	HIGH COURT OF GUJARAT	2015	Sustains winding-up petitions for outstanding wages and reads interest into contracts.
19	*M/S Bombay Chemical Industries v. Deputy Labour Commissioner & Anr.* ESCR010002922022	SUPREME COURT OF INDIA	2022	Adjudication of disputed employment status cannot be conducted under summary Section 33C(2) processes.
20	*State of Punjab v. Balram Rai Monga* PHHC011111622011	HIGH COURT OF PUNJAB AND HARYANA	2011	Awards 11% interest for delayed payments withheld without reasonable justification.

IV. Case Details

20 CASE FILES

01 Jaimurugan Textiles Ltd. v. The Presiding Officer, Labour Court

MADRAS HIGH COURT · 2019-08-22 · WP/5774/2016

The management challenged the Labour Court's order in an execution proceeding regarding backwages awarded to reinstated workmen. The court held that where an award does not quantify specific amounts, an application under Section 33(c)(1) of the Industrial Disputes Act is not maintainable without first computing the dues under Section 33(c)(2). Because the company was under liquidation, the court set aside the execution orders and directed the workmen to seek adjudication through the appropriate process under the Companies Act.

HELD The Madras High Court clarified that a Labour Court cannot execute an unquantified award directly under Section 33C(1). Dues must first be computed under Section 33C(2) unless the claim is for admitted or quantified amounts. If the company is under liquidation, the workmen must pursue their claims via the Companies Act.

> "A Labour Court or a Tribunal shall have the power of a civil court to execute its own award as a decree of civil court and also to execute any settlement as defined in clause (p) of section 2 as decree... Unless an Award quantifies the amount and the said amount is reflected in the Award, recovery proceedings are not maintainable."

MADRAS HIGH COURT · 2019 | SOURCE HCMA011098492016

02 Davinder Kumar Batra v. The Authority Under Payment of Wages Act 1936

HIGH COURT OF JAMMU AND KASHMIR · 2023-11-09 · OWP/338/2019

The petitioner challenged an order by the Assistant Labour Commissioner directing him to pay retrenchment compensation to former employees following the closure of his business. The petitioner argued that the Authority lacked jurisdiction to adjudicate retrenchment compensation claims, asserting that such matters fall under the exclusive purview of the Industrial Tribunal as per the Industrial Disputes Act, 1947. The respondents countered that the petition was not maintainable due to the availability of an alternative remedy of appeal under the Payment of Wages Act, 1936, and argued that the Authority acted within its jurisdiction under the definition of wages. The court addressed the maintainability of the writ petition in light of the statutory appeal process.

HELD The Jammu & Kashmir High Court noted that claims under the Payment of Wages Act should be disposed of within three months as far as practicable. It also confirmed that the authority has the power to order the payment of delayed wages with compensation and that any inquiry is deemed a judicial proceeding.

> "When any application under sub-section (2) is entertained, the authority shall hear the applicant and the employer or other person responsible for the payment of wages under section 3, or give them an opportunity of being heard, and, after such further inquiry, if any, as may be necessary, may, without prejudice to any other penalty to which such employer or other person is liable under this Act, direct the refund to the employed person of the amount deducted, or the payment of the delayed wages..."

HIGH COURT OF JAMMU AND KASHMIR · 2023 | SOURCE JKHC020015362019

03 Dilbagh Raj Jarry v. Union of India

SUPREME COURT OF INDIA · 1973-11-05 · 1973 INSC 198

The appellant, a Railway employee, was dismissed from service and later reinstated after a court declared his dismissal void. The Railway Administration treated his period of absence as leave and paid him accordingly. The appellant filed a claim for back wages under Section 15(2) of the Payment of Wages Act, 1936. The lower authorities dismissed his claim as time-barred, arguing that limitation began from the date of his initial dismissal. The Supreme Court overturned this decision, holding that the limitation period for wage deductions commences on the date the deduction is actually made or when the wage payment was due, which in this case occurred upon the decision to treat his service period as leave. The Court also denied the claim for running allowance.

HELD The Supreme Court ruled that the limitation period for a wage claim begins either from the date of the deduction or from the date when the payment of wages was due to be made, as distinct starting points. The Legislature purposefully structured these two alternative terminii to ensure employees could seek recourse when deductions occur after the wages initially fall due.

> "This proviso ex facie indicates two alternative terminii a quo for limitation, namely : (i) the date on which deduction from wages was made, or, (ii) the date on which the payment of the wages was due to be made... The very fact that two distinct starting points of limitation referable to two distinct concepts, have been stated in the proviso, shows that the LegislatUre had visualised that the date of deduction of wages and the due date of delayed wages, may not always coincide."

SUPREME COURT OF INDIA · 1973 | SOURCE ESCR010001071974

04 The Central Bank of India Ltd. v. P. S. Rajagopalan

SUPREME COURT OF INDIA · 1963-04-19 · 1963 INSC 106

This case addressed whether a Labour Court has jurisdiction under Section 33C(2) of the Industrial Disputes Act, 1947, to determine a workman's claim to a benefit when the employer disputes the underlying right to that benefit. The Supreme Court ruled that Section 33C(2) is broad enough to cover such claims. The Court held that for the purpose of computing a benefit in monetary terms, the Labour Court is empowered to interpret an award or settlement, even if the employer contests the worker's entitlement to it. The Court further clarified that such proceedings are not restricted to cases where the right is already admitted, and that no period of limitation applies to applications filed under this provision.

HELD The Supreme Court held that Section 33C(1) acts as a summary execution proceeding when specific quantified money is due, while Section 33C(2) empowers Labour Courts to compute both monetary and non-monetary benefits even if the underlying entitlement is contested by the employer, as long as it does not require a full trial of a separate industrial dispute.

> “Section 33C(l) provides for a kind of execution, proceedings and it contemplates that if money is due to a workman under a settlement or an award, or under the provisions of Chapter VA, the workman is not compelled to take resort to the ordinary course of execution in the Civil Court, but may adopt a summary procedure... once such computation or calculation is made under s. 33C(2) the amount so determined has to be recovered as provided for in sub-s.(1).”

SUPREME COURT OF INDIA · 1963 | SOURCE ESCR010001181964

05 J. C. Jain v. R. A. Pathak and Others

SUPREME COURT OF INDIA · 1960-01-12 · 1960 INSC 3

The Supreme Court interpreted Section 17(1)(a) of the Payment of Wages Act, 1936, concerning an employer's right to appeal against a direction for payment of wages. The court held that the phrase 'total sum directed to be paid' refers to the aggregate amount ordered to be paid to all employees under a single or consolidated application, rather than the amount awarded to each individual employee. Consequently, an employer has a right of appeal if the total cumulative amount directed to be paid exceeds Rs. 300, even if the individual claims within that total are for smaller amounts. The court rejected a narrower interpretation that would have restricted the right of appeal to instances where individual awards met the Rs. 300 threshold.

HELD The Supreme Court decided that under Section 16, employees belonging to the same unpaid group can file a single application or consolidate separate applications. In such cases, the employer's right to appeal under Section 17(1)(a) depends on the cumulative amount directed to be paid (which must exceed Rs. 300) rather than individual employee awards.

> “The effect of s. 16 is that a single application may be made on behalf of any number of employed persons belonging to the same unpaid group... Section 17(1) provides that an appeal against a direction made under sub-s. (3) or sub-s. (4) of s 15 may be preferred within thirty days of the date on which the direction was made...”

SUPREME COURT OF INDIA · 1960 | SOURCE ESCR010001031960

06 Ambalal Sarabhai Enterprises Limited v. Kishor G. Salunke

HIGH COURT OF GUJARAT · 2012-08-31 · SCA/8617/2010

This matter involved a challenge to an interim order passed by an Industrial Tribunal under Section 33-A of the Industrial Disputes Act. The respondent workmen had alleged that the petitioner company was siphoning off assets to the detriment of employees awaiting wage payments. The Tribunal had previously issued directions restricting the company from selling assets and imposing conditions on the usage of mortgage funds, mandating that 60% of such proceeds be prioritized for worker wages. Upon appeal, the High Court examined the maintainability of the complaint under Section 33-A, noting that a violation of Section 33 is a prerequisite. The Court ultimately reviewed the interim arrangements to balance the company's operational needs with the protection of the workmen's dues.

HELD The High Court of Gujarat recognized that for recovery of money or benefits capable of being computed in money, workmen must rely on Section 33C(2) or Section 15 of the Payment of Wages Act. Substantive remedies provided under specific statutes (like delayed wages under Section 15) cannot be sidestepped or re-routed as standard industrial disputes under Section 33-A.

> “Remedy for recovery of any money or benefit which is capable of being computed in terms of money is provided to the workman under section 33C(2)... so far as non payment of wages is concerned, remedy for claims arising out of delay in payment of wages is provided in Section 15 of Payment of Wages Act, 1936.”

HIGH COURT OF GUJARAT · 2012 | SOURCE GJHC240167362010

07 Oil and Natural Gas Corporation Ltd. v. Regional Labour Commissioner

BOMBAY HIGH COURT · 2016-02-22 · WP/11620/2015

The petitioner, Oil and Natural Gas Corporation Ltd., challenged orders passed by the authority under the Payment of Wages Act, which had directed the company to pay unpaid wages to certain workmen. The petitioner argued that the authority lacked jurisdiction because the services of the concerned employees had been terminated and their wages exceeded the statutory limit. The court observed that the Payment of Wages Act provides a clear statutory remedy via an appeal under Section 17. Because the petitioner had an adequate alternative legal remedy to challenge the veracity and legality of the impugned orders, the court declined to exercise its extraordinary writ jurisdiction, directing the petitioner to pursue the statutory appeal process instead.

HELD The Bombay High Court declined to entertain a writ petition challenging an order of the Payment of Wages authority because Section 17 of the Act provides an adequate, efficacious alternative remedy by way of appeal. Employers must utilize the statutory appellate process rather than bypassing it through writ jurisdiction.

> “The court observed that the Payment of Wages Act provides a clear statutory remedy via an appeal under Section 17. Because the petitioner had an adequate alternative legal remedy to challenge the veracity and legality of the impugned orders, the court declined to exercise its extraordinary writ jurisdiction...”

BOMBAY HIGH COURT · 2016 | SOURCE HCBM010455932015

08 Hamdard (Wakf) Laboratories v. Deputy Labour Commissioner

SUPREME COURT OF INDIA · 2007-04-27 · 2007 INSC 487

This case addressed whether workmen could claim bonus payments through an execution application under Section 6-H(1) of the U.P. Industrial Disputes Act, 1947, following an earlier labor court award for back wages. The Supreme Court ruled that an execution proceeding is limited to enforcing existing rights and cannot be used to determine complex legal questions or independent claims like bonus, which is not considered 'wages' under the Act. The Court held that such disputes must be adjudicated through a proper industrial dispute referral. Consequently, the Court set aside the Labour Commissioner's order, confirming that the statutory authorities lacked jurisdiction to entertain the independent claim for bonus under execution proceedings.

HELD The Supreme Court held that execution-style recovery proceedings (such as Section 6-H(1) of the U.P. ID Act or Section 33C of the ID Act) cannot be used to determine complicated questions of law or disputes regarding the existence of a legal right. A Labour Commissioner is not a judicial authority and cannot usurp adjudication powers.

> “The said provision can be invoked in the event any money is due to a workman under an award. They cannot be invoked in a case where ordinarily an industrial dispute can be raised and can be referred to for adjudication… The authority vested with the power thereunder cannot determine any complicated question of law. It cannot determine dispute in regard to existence of a legal right.”

SUPREME COURT OF INDIA · 2007 | SOURCE ESCR010008852007

09 Alchemist Ltd. v. Dinesh Chandra Tripathi

ALLAHABAD HIGH COURT · 2019-12-04 · WRIC/21892/2016

This case involves a challenge to orders passed by the Prescribed Authority under the Payment of Wages Act, 1936. The petitioner, Alchemist Ltd., contested claims for unpaid wages filed by the respondent, arguing that the respondent had abandoned his employment and that the employer-employee relationship had ceased. The petitioner contended that the Prescribed Authority lacked jurisdiction to determine complex factual issues regarding the existence of that relationship. The court examined the scope of Section 15 of the Payment of Wages Act, which empowers the authority to decide claims arising out of delayed or deducted wages, including matters incidental to such claims. The court upheld the authority's power to conduct inquiries to decide on such claims, including determining incidental questions of employment.

HELD The Allahabad High Court ruled that the Prescribed Authority under Section 15 of the Payment of Wages Act, 1936, has the jurisdiction to decide delayed or deducted wage claims as well as incidental matters. While it is a tribunal of limited jurisdiction, it can conduct inquiries to determine incidental questions, including those concerning employment.

> “The Authority set up under section 15 of the statute in question is undisputably a tribunal of limited jurisdiction. Its power to hear and determine disputes must necessarily be found in the provisions of the Act… The authority so appointed is empowered to hear all claims arising out of deductions from wages or delay in payment of wages and all incidental matters.”

ALLAHABAD HIGH COURT · 2019 SOURCE UPHC010424112016

10 M/s Tata Pigments Limited v. State of Jharkhand

HIGH COURT OF JHARKHAND · 2025-08-27 · WPC/658/2024

The petitioner filed this writ petition challenging an order passed by the Deputy Labour Commissioner regarding a pending wage payment case. The petitioner sought to have a preliminary objection concerning the maintainability of the proceedings decided before the matter proceeded further on the merits. Both parties consented to this approach during the court proceedings.

HELD The Jharkhand High Court disposed of the writ petition, giving liberty to the petitioner to raise preliminary issues regarding the maintainability of a wage payment claim under the Payment of Wages Act before the authority, which must decide it as a preliminary issue.

> “Referring to above section, it has been submitted that this is a preliminary issue and after adjudication upon the same, the proceeding should have been proceeded… the authority is directed to consider the same after giving due opportunity to all the parties and decide above issues as a preliminary issue and then only to proceed in the matter.”

HIGH COURT OF JHARKHAND · 2025 SOURCE JHHC010041572024

11 Ghaziabad Zila Sahakari Bank Ltd. v. Addl. Labour Commissioner

SUPREME COURT OF INDIA · 2007-01-17 · 2007 INSC 48

This case concerns the entitlement of employees of a cooperative society to ex-gratia payments. The bank's board of directors approved the payments, but the Registrar of Cooperative Societies annulled the resolutions, citing violations of the U.P. Co-operative Societies Act, 1965 and applicable regulations. The employees sought recovery under the U.P. Industrial Disputes Act, 1947, which the Additional Labour Commissioner granted. The Supreme Court overturned this, holding that the U.P. Co-operative Societies Act constitutes a complete legal code for such institutions, excluding the application of industrial laws. Consequently, the Labour Commissioner lacked jurisdiction to override the Registrar's statutory orders, and the ex-gratia payments were found to be unauthorized.

HELD The Supreme Court reiterated that a recovery proceeding under Section 33C(2) is analogous to an execution proceeding where the Labour Court acts as an executing court. The court's computation under Section 33C(2) must follow a pre-existing, previously adjudicated, or otherwise provided-for right, and cannot be used to determine un-adjudicated disputed claims.

> “It is now well-settled that a proceeding under Section 33(C)(2) is a proceeding, generally, in the nature of an execution proceeding wherein the Labour Court calculates the amount of money due to a workman from his employer… This calculation or computation follows upon an existing right to the money or benefit, in view of its being previously adjudged, or, otherwise, duly provided for.”

SUPREME COURT OF INDIA · 2007 SOURCE ESCR010003822007

12 P.C. Aggarwala v. Payment of Wages Inspector, M.P.

SUPREME COURT OF INDIA · 2005-09-26 · 2005 INSC 445

This case addressed whether directors of a company could be held personally liable for the payment of wages under the Payment of Wages Act, 1936. The High Court had erroneously extended the concept of an 'occupier' from the Factories Act to the Payment of Wages Act to impose such liability. The Supreme Court overturned this, holding that the Payment of Wages Act does not define or impose liability on directors. Under the relevant statutory provisions, liability for wage payments rests solely with the employer and the person specifically named as the factory manager. Consequently, in the absence of evidence naming the directors as managers, they cannot be held personally liable for the company's wage arrears.

HELD The Supreme Court held that company directors cannot be held personally liable for outstanding employee wages under the Payment of Wages Act, 1936, unless there is specific proof that they were designated as managers. Liability under Section 3 lies jointly and severally on the employer and the named manager only.

> “The Payment of Wages Act does not define or impose liability on directors. Under the relevant statutory provisions, liability for wage payments rests solely with the employer and the person specifically named as the factory manager. Consequently, in the absence of evidence naming the directors as managers, they cannot be held personally liable...”

SUPREME COURT OF INDIA · 2005 SOURCE ESCR010004502005

13 Bombay Dyeing & Manufacturing Co., Ltd. v. The State of Bombay

SUPREME COURT OF INDIA · 1957-12-20 · 1957 INSC 116

The Bombay Labour Welfare Fund Act, 1953, required employers to transfer unpaid wages and fines realized from employees to a state-managed welfare fund. The Supreme Court of India examined whether these provisions violated constitutional protections regarding property and contractual rights. The Court held that the mandatory transfer of unpaid wages to the State was unconstitutional because it effectively confiscated the employer's property and extinguished the employees' underlying claims without providing a discharge to the employer. However, the Court upheld the provisions regarding fines, finding that employers merely held those funds as trustees and had no beneficial interest in them.

HELD The Supreme Court observed that the bar on civil suits under Section 22(d) of the Payment of Wages Act applies only where the employee's wage claims could have been recovered by an application under Section 15. For salaries exceeding the statutory limit of the Act, general civil law applies, and the limitation period for filing such recovery suits is three years.

> "Section 22(d) of the Act provides that 'No Court shall entertain any suit for the recovery of wage of any deduction from wages in so far as the sum so claimed could have been recovered by an application under section 15...'. In respect of wages of Rs. 200 or more, it is the general law that would apply, and the period of limitation is not one year under s. 15 of the Wages Act but three years under Art. 102 of the Limitation Act..."

SUPREME COURT OF INDIA · 1957 | SOURCE ESCR010000111958

14 P. Manohar Reddy v. The Appellate Authority

HIGH COURT FOR STATE OF TELANGANA · 2007-07-25 · WP/17259/1999

The petitioner, an employee who was asked to stop work by his employer, filed a claim under the A.P. Shops and Establishments Act for unpaid wages. The original authority ruled in his favor, determining that the refusal to provide work while the employment contract subsisted entitled him to wages. However, the appellate authority reversed this, ruling that the claim involved a disputed question of entitlement rather than simple delayed wages, and therefore fell outside the scope of the statutory authority's jurisdiction. The court examined the scope of Section 51 of the Act in light of the Payment of Wages Act, concluding that summary proceedings are not intended to adjudicate contested employment status.

HELD The High Court held that the special jurisdiction under Section 15 of the Payment of Wages Act is restricted to clear cases of unauthorized deductions or simple delayed wages where the underlying wage liability is certain and undisputed. Complicated questions of fact and law regarding employment continuation or retrenchment compensation fall outside its summary jurisdiction.

> "This is clear from the opening words of sub-section 2 of Section 15... Section 15(2) postulates that the wages payable by the person responsible for payment under Section 3 are certain and such that they cannot be disputed... complicated problems of both fact and law... Such an inquiry would necessarily be a prolonged inquiry involving questions of fact and of law."

HIGH COURT FOR STATE OF TELANGANA · 2007 | SOURCE HBHC010054341999

15 Payment of Wages Inspector v. Surajmal Mehta

SUPREME COURT OF INDIA · 1968-12-03 · 1968 INSC 328

This case concerned whether the Authority appointed under the Payment of Wages Act, 1936, has the jurisdiction to hear claims for retrenchment compensation arising under section 25FF of the Industrial Disputes Act, 1947. The Supreme Court held that while such compensation qualifies as 'wages' under the amended definition of the Payment of Wages Act, the Authority's jurisdiction under section 15 is limited to specific instances of unauthorized deductions or delayed payments. Because the employer contested the liability and the underlying entitlement, the Court ruled that the matter was not a simple wage claim and fell outside the special, limited jurisdiction of the Payment of Wages Authority. Consequently, such disputes must be adjudicated by a Labour Court under section 33C(2) of the Industrial Disputes Act.

HELD The Supreme Court ruled that the Payment of Wages Authority has limited jurisdiction under Section 15 to decide matters of unauthorized deductions and delay in payments. While the authority can determine incidental issues, it cannot adjudicate a contested claim for compensation when the employer completely denies the liability and entitlement.

> “the only claims which could be entertained by the Authority were claims arising out of deductions or delay made in the payment of wages. The Court, however, observed that in dealing with claims... the Authority inevitably would have to consider questions incidental to these matters, but in determining the scope of these incidental matters care must be taken to see that under the guise of deciding incidental matters the limited jurisdiction was not unreasonably or unduly expanded.”

SUPREME COURT OF INDIA · 1968 | SOURCE ESCR010001211969

16 Ramkishan v. State of Haryana

HIGH COURT OF PUNJAB AND HARYANA · 2019-11-06 · CWP/20171/2018

This case involved a claim for interest on delayed compensation payments for land acquired by the state. The petitioners argued that because the government failed to pay the awarded compensation at the time of taking possession, they were entitled to statutory interest under Section 34 of the Land Acquisition Act, 1894. The state defended the delay, citing administrative reasons regarding fund availability and priority lists.

HELD The Punjab and Haryana High Court directed the pay of 9% interest per annum for delayed compensation payments, rising to a penal rate of 12% per annum if not settled within two months, illustrating judicial enforcement of interest on delayed statutory payments.

> “The respondents shall pay interest @ 9% per annum for the delayed payment to the petitioners... In case the same is not done within the stipulated period, the respondents shall pay penal interest @ 12% per annum beyond that period till the date of deposit.”

HIGH COURT OF PUNJAB AND HARYANA · 2019 | SOURCE PHHC010911732018

17 H. Gangahanumegowda v. Karnataka Agro Industries Corpn. Ltd.

SUPREME COURT OF INDIA · 2003-02-05 · 2003 INSC 62

This case concerns the entitlement of a retired employee to interest on the delayed payment of gratuity. After the appellant's superannuation, the respondent-Corporation failed to pay his gratuity on time. Although the High Court initially ordered the payment of the principal amount, it denied the claim for interest, exercising its judicial discretion. The Supreme Court overturned this decision, holding that the Payment of Gratuity Act, 1972, imposes a statutory compulsion on employers to pay gratuity within the prescribed time. Interest is mandatory unless the employer proves the delay was caused solely by the employee and obtains written permission from the controlling authority. Because these conditions were not met, the court ruled that there was no room for judicial discretion to deny the interest.

HELD The Supreme Court held that payment of interest on delayed statutory benefits, such as gratuity on termination or retirement, is a statutory compulsion rather than a matter of judicial or employer discretion, unless the employer has formal written permission exempting them due to the employee's fault.

> "Payment of gratuity with or without interest as the case may be does not lie in the domain of discretion but it is a statutory compulsion. Specific benefits expressly given in a social beneficial legislation cannot be ordinarily denied... any culpable delay in payment of gratuity must be visited with the penalty of payment of interest..."

SUPREME COURT OF INDIA · 2003 | SOURCE ESCR010000762003

18 Khimjibhai Sanabhai Parmar v. Sevalia Cement Works

HIGH COURT OF GUJARAT · 2015-01-28 · COMP/40/1997

This case involved winding-up petitions filed by employees of Sevalia Cement Works due to the company's failure to pay long-standing wages and legal dues. The court initially oversaw a settlement where the parties agreed to dispose of company assets to clear these liabilities. However, the management failed to fully comply with the agreed payment schedule despite giving formal undertakings to the court. Subsequent disputes arose between the company and a third-party purchaser, preventing the full realization of funds for the workers. The court ultimately examined the failure of the company to meet its obligations and addressed the legal consequences of the breach of its undertakings.

HELD The Gujarat High Court observed that terms regarding payment of interest on delayed wages should be read into employment contracts by necessary implication to prevent employers from delaying payments without consequence, and that winding-up petitions are maintainable for recovering outstanding dues when court-approved undertakings are breached.

> "By necessary implication, the term with regard to payment of interest on the delayed payment of wages has to be read in all such contracts of employment. If such term is not read, only a simpleton or unwise employer would make payment of wages regularly... Once the amount of wages falls due, it must be paid. If not paid, the employer will be saddled with the liability to pay interest..."

HIGH COURT OF GUJARAT · 2015 | SOURCE GJHC240196281997

19 M/S Bombay Chemical Industries v. Deputy Labour Commissioner & Anr.

SUPREME COURT OF INDIA · 2022-02-04 · 2022 INSC 152

The case concerns the jurisdiction of a Labour Court under Section 33C(2) of the Industrial Disputes Act, 1947. A respondent filed an application seeking the recovery of unpaid wages, claiming to have been employed as a salesman. The appellant employer categorically denied the existence of an employer-employee relationship and disputed the authenticity of documents submitted by the respondent. The Supreme Court held that the Labour Court's jurisdiction under Section 33C(2) is limited to the execution of pre-existing rights and does not extend to the adjudication of disputed questions regarding the very existence of an employment relationship. Consequently, the Court set aside the lower orders and directed the respondent to pursue appropriate legal remedies to establish their claim.

HELD The Supreme Court held that a Labour Court cannot adjudicate disputed employer-employee relationships under Section 33C(2) of the Industrial Disputes Act, 1947. Without prior adjudication or recognition of the worker's status, computational proceedings for arrears of wages are not maintainable.

> “As per the settled proposition of law, in an application under s.33(C)(2), the Labour Court has no jurisdiction and cannot adjudicate dispute of entitlement or the basis of the claim of workmen... without prior adjudication or recognition of the disputed claim of the workmen, proceedings for computation of the arrears of wages and/or difference of wages claimed by the workmen shall not be maintainable...”

SUPREME COURT OF INDIA · 2022 | SOURCE ESCR010002922022

20 State of Punjab v. Balram Rai Monga

HIGH COURT OF PUNJAB AND HARYANA · 2011-12-21 · RSA/63/2011

The plaintiff, a contractor, filed a suit for recovery of interest on delayed payments for work completed under various government work orders. The defendants argued that payment was delayed due to a lack of funds and that the contract did not provide for interest. The trial court rejected these arguments, noting that the payments were withheld for an unreasonable period. Relying on judicial precedents, the court awarded interest at 11% per annum on the delayed amounts. The appellate court upheld this decision, and the High Court dismissed the subsequent second appeal, finding that no substantial question of law arose.

HELD The High Court of Punjab and Haryana dismissed an appeal against an 11% interest award on delayed contractual payments, confirming that withholding dues for unreasonable periods without justification makes the payer liable to pay interest even if not expressly provided for in the contract.

> “No explanation has been furnished by the defendants why bills have been retained... So as per the law laid down by Hon'ble Supreme Court and Hon'ble High Court , the plaintiff is entitled to interest at the rate of 11% per annum on the delayed payments.”

HIGH COURT OF PUNJAB AND HARYANA · 2011 | SOURCE PHHC011111622011

DISCLAIMER