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## 262. As per the Payment of Wages Act, 1936, what is the maximum percentage of wages that can be deducted in any wage period?

### General Rule on Deductions from Wages

As per Section 7(2) of the Payment of Wages Act, 1936, deductions from an employee's wages can only be made in accordance with the provisions of the Act. The law specifies various permissible categories of deductions, ensuring that employers do not deduct wages arbitrarily.

Below is a comprehensive table detailing the types of deductions allowed, their descriptions, and examples for better understanding.

### Permissible Wage Deductions Under the Act: Types, Limits, and Examples

Section Reference	Types of Deductions	Description	Examples
(2)(a)	Fines	Deductions imposed as penalties for misconduct as per the rules.	Being fined for violating workplace discipline.
(2)(b)	Deductions for absence from duty	If an employee is absent without leave or permission, wages may be deducted proportionally.	Deduction for being absent for a day without prior approval.
(2)(c)	Deductions for damage or loss	If an employee damages or loses goods entrusted to them or money they are responsible for, deductions can be made.	A cashier misplacing company cash may face deductions.
(2)(d)	Deductions for house accommodation	If housing is provided by the employer, government, or a housing board, rent can be deducted.	Employee staying in company-provided quarters.
(2)(e)	Deductions for amenities and services	If the employer provides approved amenities, the cost may be deducted.	Charges for canteen, electricity, or transport services provided by the company.
(2)(f)	Recovery of advances	Deduction for recovery of advances, including travel or conveyance allowances, with interest.	Repaying an advance salary taken for personal reasons.
(2)(ff)	Recovery of loans from welfare funds	Deductions for loans taken from funds set up for workers' welfare.	Employee repaying a loan from a Labour Welfare Fund.

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(2)(fff)	Recovery of house-building loans	Deductions for house-building loans or other government-approved loans.	Deducting EMI for an employee's home loan.
(2)(g)	Income tax deductions	Deduction of income tax as per legal requirements.	TDS
(2)(h)	Deductions as per court orders	Any deduction required by a court or competent authority.	Deduction for maintenance payments ordered by the court.
(2)(i)	Provident fund contributions	Deduction for contributions to recognized or government-approved provident funds.	EPF contribution.
(2)(ii)	Contributions to National Defence Fund	Deduction for contributions to National Defence Fund or Defence Savings Scheme with written consent.	Employee voluntarily donating to Defence Fund.
(2)(j)	Payments to co-operative societies	Deduction for payments to approved co-operative societies or Post Office insurance schemes.	Loan repayment to a Co-operative Credit Society.
(2)(k)	Life insurance & government securities	Deduction for LIC premium, government bonds, or post office savings schemes with employee consent.	Monthly deduction for LIC premium.
(2)(kk)	Contributions to welfare funds	Deduction for contributions to an employer-constituted or trade union-registered welfare fund with written consent.	Contribution to a Worker Welfare Fund.
(2)(kkk)	Trade union membership fees	Deduction for trade union membership fees with employee's written authorization.	Monthly deduction for a registered trade union membership.
(2)(l)	Insurance premium for Fidelity Guarantee Bonds	Deduction for security bond insurance premium.	Deduction for an employee's Fidelity Bond.
(2)(m)	Loss due to counterfeit currency	Deductions for losses sustained by a railway administration due to acceptance of fake currency or coins.	Railway cashier accepting counterfeit money by mistake.
(2)(n)	Loss due to failure to invoice or bill	Railway administration can deduct losses due to an employee's failure to invoice, bill, collect, or account for appropriate charges.	Railway ticketing staff failing to issue a ticket and causing revenue loss.

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**Shekhar Ganagaluru, MSW, LLB, Dip. T&D**

HR & IR Specialist | Published Author | Storyteller | Mentor | Trainer | Community Outreach Coordinator | Workplace Safety & Motivation Strategist  
[begreatseries@gmail.com](mailto:begreatseries@gmail.com) or [Follow on LinkedIn](#) | Mobile: 96327 11228

(2)(o)	Loss due to incorrect refunds	Railway administration can deduct losses caused by an employee incorrectly granting rebates or refunds.	Wrongly refunding a ticket fare beyond the allowed amount.
(2)(p)	Contribution to PM's Relief Fund	Deduction for donation to the Prime Minister's National Relief Fund or other government-specified funds, with written authorization.	Employee donating monthly to PMNRF.
(2)(q)	Contribution to government insurance schemes	Deduction for contributions to any government-approved employee insurance scheme.	Employee opting for a central government employee insurance scheme.

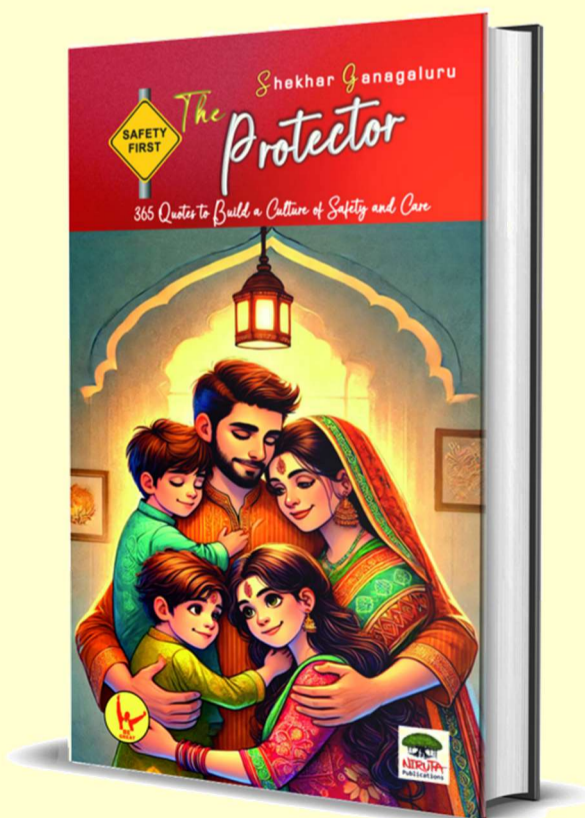
### Limits on Deductions (Section 3)

Condition	Limit on Deductions
For payments to co-operative societies (2)(j)	Cannot exceed 75% of wages.
For all other deductions	Cannot exceed 50% of wages.
If total deductions exceed these limits	The excess amount must be recovered in a prescribed manner.

### Key Takeaways

1. Deductions from wages are strictly regulated under the Payment of Wages Act, 1936, and can only be made under specific categories.
2. The maximum deduction limit is 50% of wages in most cases, except for payments to cooperative societies, where deductions can go up to 75%.
3. Excess deductions (beyond the limits) cannot be recovered in the same wage period and must be adjusted in a prescribed manner.

By ensuring compliance with these provisions, employers can legally recover dues without violating employees' rights, and employees can safeguard their earnings against unauthorized deductions.



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**Shekhar Ganagaluru, MSW, LLB, Dip. T&D**

HR & IR Specialist | Published Author | Storyteller | Mentor | Trainer | Community Outreach Coordinator | Workplace Safety & Motivation Strategist  
[begreatseries@gmail.com](mailto:begreatseries@gmail.com) or [Follow on LinkedIn](#)