

HC 01, MBA –III Semester,

Unit: 2

Topic: Method of calculating monthly wages under Workmen Compensation Act.

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Method of calculating monthly wages (Sec. 5)

(1) Where the workman has, during a continuous period of not less than 12 months immediately preceding the accident, been in the service of the employer who is liable to pay compensation, the monthly wages of the workman shall be $\frac{1}{12}$ th of the total wages which have fallen due for payment to him by the employer in the last 12 months of that period IS. 5 (a)

(2) Where the whole of the continuous period of service immediately preceding the accident during which the workman was in the service of the employer who is liable to pay the compensation was less than 1 month, the monthly wages of the workman shall be the average monthly amount which during the 12 months immediately preceding the accident, was being earned by a workman employed on the same work by the employer or if there was no workman so employed, by a workman so employed on similar work in the same locality (Sec. 5 (b)).

(3) In other cases (including cases in which it is not possible for want of necessary information to calculate the monthly wages under Clause (2). the monthly wages shall be 30 times the total wages earned in respect of the last continuous period of service immediately preceding the accident from the employer who is liable to pay compensation, divided by the number of days comprising such period Sec. 5 (c).

A period of service shall for the purposes of Sec. 5, be deemed to be continuous which has not been interrupted by a period of absence from work exceeding 14 days (Explanation to Sec. 5).

Review of half-monthly payment (Sec 6)

Any half-monthly payment payable under the Act may be reviewed by the Commissioner on the application of either the employer or the workman. The

application must be accompanied by the certificate of a qualified medical practitioner that there has been a change in the condition of the workman [Sec 6 (1)].

On review the half-monthly payment may be

(i) continued

(ii) increased

(iii) decreased,

(iv) ended, or

(v) converted into a lump-sum (if the accident is found to have resulted in permanent disablement) less any amount which has been paid by way of half-monthly payments [Sec. 6 (2)].

Commutation of half-monthly payments (Sec. 7)

Any right to receive half-monthly payments may, by agreement between the parties, be redeemed by the payment of a lump-sum of such amount as may be agreed to by the parties. If the parties cannot agree on the lump-sum payment and the payments have been continued for not less than months, either party may apply to the Commissioner for determination of the amount. In such a case the amount determined by the commissioner is payable .