

## Maharashtra Co-operative Societies Act, 1961

### **S. 49. Deduction from salary to meet society's claims in certain cases :-**

(1) A member of a society may execute an agreement in favour of the society, providing that his employer shall be competent to deduct from the salary or wages payable to him by the employer, such total amount payable to the society and in such installments as may be specified in the agreement and to pay to the society the amounts so deducted in satisfaction of any debt or other demand of the society against the member. A copy of such agreement duly attested by an officer of the society shall be forwarded by the society to the employer.

(2) (on receipt of a copy of such agreement ), the employer shall, if so required by the society by a requisition in writing, and so long as the ( total amount shown in the copy of the agreement as payable to the society has been deducted and paid to the society) make the deduction in accordance with the agreement and pay the amount so deducted to the society, as if it were a part of the wages payable by him as required under the payment of Wages Act 1936 on the day on which he makes payment.

(3) If after the receipt of a requisition made under the foregoing sub- section, the employer at any time fails to deduct the amount specified in the requisition from the salary or wages payable to the member concerned or makes default in remitting the amount deducted to the society, where the employer has made deductions but the amount so deducted is not remitted to the society, then such amount together with interest thereon at one and half times the rate of interest charged by the society to the member for the period commencing on the date on which the amount was due to be paid to the society and ending on the date of actually remitting it to the society; and such amount together with the interest thereon, if any, shall, on a certificate issued by the Registrar, be recoverable from him as an arrears of land revenue, and the amount and interest so due shall rank in priority in respect of such liability of the employer as wages in arrears. )

(4) Nothing contained in this section shall apply to persons employed in any railways (within the meaning of the constitution) and in mines and oil fields.

**Highlights:**

1. This section creates a machinery of recovery of the loan advanced by a society (Bank) to its members who are employees and wage earners. Under ordinary law an employer will not be entitled to deduct from salary or wages any amount for payment of loans taken by his employee from a third party. However, this section gives statutory recognition to an agreement if any entered into between the society (Bank) and the employee authorizing the employer to deduct the agreed amount from the salary and remitting the said amount to the Society (Bank). It also provides that the employer is bound to honour this agreement as per the requisition, if made by the Society.

2. Further, on execution of such agreement the society (bank) shall make requisition in writing to the employer, demanding the deductions from the salaries or wages of the members. The requisition if accepted by the employer, the conditions of the agreement shall be binding on the employer and he shall proceed to deduct such demands as per the requisition and pay it to the Bank in satisfaction of the debt. The employer shall continue to pay till he receives intimation from the society that the entire debt has been repaid. The acceptance by the employer of the requisition in writing from the society is itself binding on him.

3. However, if such agreement is not accepted by the employer for his own reasons, he would not be bound by the same.

4. If after the receipt of a requisition, the employer at any time fails to deduct the amount specified in the requisition from the salary or wages payable to the member concerned, or makes default in deducting the amount deducted to the society, the employer shall be personally liable for the payment of such amount. The employer will have to pay interest on the amount of installment deducted but not paid at 1 1/2 times the interest payable by the borrower on the loan and when the Registrar issues a certificate it will be recoverable as arrears of land revenue and it shall rank in priority in respect of such liability of the employer. Further, an employer who fails to comply with Sec. 49(2) will be liable to punishment for an offence under sec.146 (b) with imprisonment for a term which may extend to three years or with fine which may extend to Rs.5000/- or both.

5. Sec. 49 does not apply to employees in the Railways, mines and oil-fields. The Central Government is to exercise powers in respect of employees of above concerns and not the State Government and hence State Government is incompetent to legislate about them.