

F. No. S-31012/2/2016-WC
Government of India
Ministry of Labour & Employment

Shram Shakti Bhawan, New Delhi
Dated the 02nd December, 2016

Subject: Amendments to the Payment of Wages Act, 1936 – regarding.

The Payment of Wages Act, 1936 regulates the payment of wages of certain classes of employed persons. Section 6 of the Act envisages that all wages shall be paid in current coin or currency notes or in both. However, a proviso was inserted in section 6 of the said Act in the year 1975 enabling the employer, after obtaining the written authorization of the employed person, to pay him the wages either by cheque or by crediting the wages in his bank account.

2. One of the reasons for ineffective enforcement of payments of wages to workers is the payment of wages in cash. With the passage of time, technology has gone a sea change. A large section of the employed persons have now bank accounts. So, payment of wages only through cheque or through bank transfer in the bank account of employed persons will reduce the complaints regarding non-payment or less payment of minimum wages, besides serving the objectives of digital and less cash economy.

3. In the recent years advancements in technology, progress in mobile banking and innovative technologies to facilitate digital payments have enabled large number of small denomination transactions to be handled smoothly in electronic mode. The Government of India has taken policy decisions encouraging cashless/electronic transactions.

4. The Central Government, therefore, intends to make amendments in section 6 of the Payment of Wage Act, 1936. The details of the existing provisions and proposed amendments are as under:

| Sl. No. | Section | Existing Provision | Proposed Provision |
|---------|-----------|---|---|
| 1 | Section 6 | <p>“6. Wages to be paid in current coin or currency notes.- All wages shall be paid in current coin or currency notes or in both:</p> <p>Provided that the employer may, after obtaining the written authorization of the employed person, pay him the wages either by cheque or by crediting the wages in his bank account.”</p> | <p>“6. Wages to be paid in current coin or currency notes.- All wages shall be paid in current coin or currency notes or in both:</p> <p>Provided that the appropriate Government may, by notification in the Official Gazette, specify the industrial or other establishment, the employer of which shall pay to every person employed in such industrial or other establishment, the wages either by cheque or by crediting the wages in his bank account.”</p> |

5. It is, therefore, published in public domain, as part of Pre-Legislative Consultation Policy, for the information of all persons likely to be affected thereby and notice is hereby given that the said proposal shall be taken into consideration **after 16/12/2016.**

6. Any objections or suggestions, which may be received from any person or organisation with respect to the said proposal within the time frame stipulated above, shall be considered by the Central Government.

7. The objections and suggestions shall be addressed to the Secretary, Ministry of Labour and Employment, Shram Shakti Bhawan, Rafi Marg, New Delhi-110001.
