

Bill No. 327 of 2016

**THE PAYMENT OF WAGES (AMENDMENT)
BILL, 2016**

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further to amend the Payment of Wages Act, 1936.

BE it enacted by Parliament in the Sixty-seventh Year of the Republic of India as follows:—

1. (1) This Act may be called the Payment of Wages (Amendment) Act, 2016.

Short title and commencement.

5 (2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. For section 6 of the Payment of Wages Act, 1936, the following section shall be substituted, namely:—

Substitution of section 6 of Act 4 of 1936.

"6. All wages shall be paid in current coin or currency notes or by cheque or by crediting the wages in the bank account of the employee:

Wages to be paid in current coin or currency notes or by cheque or crediting in bank account.

10 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 only by cheque or by crediting the wages in his bank account."

STATEMENT OF OBJECTS AND REASONS

The Payment of Wages Act, 1936 (the Act) regulates the payment of wages of certain classes of employed persons. The Act was amended several times and last amended in the year 2005. Section 6 of the Act provides that all wages shall be paid in current coin or currency notes or in both. However, proviso to said section enables the employer to pay the wages to an employee either by cheque or by crediting the wages in his bank account after obtaining his written authorisation.

2. With the passage of time, technology has been changed and a large section of the employed persons have their bank accounts. The payment of wages through cheque or crediting it 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. The State Governments of Andhra Pradesh, Uttrakhand, Punjab, Kerala and Haryana have already made provisions in the said Act for payment of wages to the employed persons either by cheque or by crediting the wages in their bank account, by making state amendments to the Act.

3. In view of the above, it has been decided to substitute section 6 of the Act so as to enable the employer to pay the wages to the employed person also by cheque or crediting it to their bank account and also to enable the appropriate Government to specify the industrial or other establishments, by notification in the Official Gazette, which shall pay to every employed person, the wages only by cheque or by crediting in his bank account.

4. The Bill seeks to achieve the above objectives.

NEW DELHI;
The 08th December, 2016.

BANDARU DATTATREYA

ANNEXURE

EXTRACT FROM THE PAYMENT OF WAGES ACT, 1936

(4 OF 1936)

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6. All wages shall be paid in current coin or currency notes or in both:

Provided that the employer may, after obtaining the written authorisation of the employed person, pay him the wages either by cheque or by crediting the wages in his bank account.

Wages to be paid in current coin or currency notes.

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further to amend the Payment of Wages Act, 1936.

(Shri Bandaru Dattatreya, Minister of State for Labour and Employment)