

# Business Standard

## Govt can now list industries for cashless wages

An Ordinance is valid for six months only

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Seeking to take the country towards a less-cash society, the newly-notified Ordinance has enabled the Centre and states to classify industries and

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establishments that will have to pay wages to workers either through cheque or by crediting that into their bank accounts.

"The Ordinance to amend the Payment of Wages Act 1936 became law of land after its notification yesterday. It was brought to nudge employers of certain industries to make payment only through electronic mode and cheques," a source said.

"Besides moving towards a less-cash society, the Ordinance will help avoid pay cut taken by workers getting salary in cash. Moreover, it will help the labour ministry bring these workers under the net of social security schemes run by EPFO and ESIC."

The Union Cabinet approved the Ordinance on Wednesday last week after the Payment of Wages (Amendment) Bill 2016 could not be passed in Parliament's Winter Session, which ended on December 16.

The Bill was introduced in the Lok Sabha on December 15, 2016, and is pending there for passage. As per practice, the government introduces Ordinance to amend laws for immediate implementation of new rules.

An Ordinance is valid for six months only. The government is required to get it passed in Parliament within that period.

The Payment of Wages (Amendment) Ordinance, 2016, has amended Section 6 of the principal Act to enable employers to pay wages to employees through cheques or by crediting it to their bank accounts electronically.

With the written authorisation of an employee, wages can be given through cheque or transferred to his or her bank account as per the Act. But this is not required after the Ordinance.

It has also enabled the Centre and state governments to specify industrial or other establishments for the purpose.

The Section 6 of the Act as amended through Ordinance says, "All Wages shall be paid in currency coin or currency notes or by cheque or by crediting the wages into the bank account of the employees provided that the appropriate governments may, by notification in the office Gazette, specify industries or other establishment, the employers 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."

The Act had come into force on April 23, 1936, providing for payment of wages in coin or currency notes, or in both. The provision for payment of wages by cheque or crediting it into bank accounts after obtaining the requisite authorisation of employee was inserted in 1975.

At present, the Act covers all those employees in certain categories of establishments whose wage does not exceed Rs 18,000 per month.

The Centre can make rules regarding payment of wages in relation to the Railways, air transport services, mines, oil fields and its establishments while states take a call on all other cases.

By making state-level amendments to the Act, Andhra Pradesh, Uttarakhand, Punjab, Kerala and Haryana have already made provisions for payment of wages through cheque and electronic transfer.