

AMENDMENT TO PAYMENT OF WAGES ACT, 1936

The Union Cabinet today approved the ordinance route to amend the Payment of Wages Act, 1936, to allow employers of certain industries to make payment through the electronic mode and cheques.

Following are the few points to be noted with respect to the said amendment

- *Bank payment is not mandatory, it is an option given to employer*
- *Previously, employee had the option to choose cash or bank where salary does not exceed 18,000 per month*
- *Previously to transfer to bank account or cheque payment, the written authorisation of an employee was required*
- *However, by this amendment, Employer gets his right to transfer salary to employee's bank account or give them cheques.*
- *Employers will also have the option to pay wages in cash*
- *The above proposed amendment will also ensure that minimum wages are paid to the employees and their social security rights can be protected*
- *Thus the employers can no longer under-quote the number of employees employed by them in their establishments to avoid becoming a subscriber to the EPFO or ESIC schemes*
- *If you are planning to implement the said change, you should better plan your number of employees and also take appropriate steps for Registration under PF and ESI*
- *The act has been amended through Ordinance route, and the said ordinance is valid for 6 months. It is applicable with immediate effect*
- *The Government is required to get it passed in Parliament within 6 months to have the amendment effective in future*

Earlier provision:

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 authorization.

New Provision:

Section 6 of the Act provides that 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.
