

NATIONAL

Proposal to amend law for cashless wage payments



: The Centre has proposed amending a law to empower States and allow industries to pay wages by cheque or by direct credit into bank accounts. The Union Labour ministry has proposed changes to the Section 6 of the Payment of Wages Act of 1936. The present law states that all payment of wages should be made in cash, with a provision enabling employers to obtain written permission of the worker to pay either by cheque, or by crediting the wages to his or her bank account.

‘Will reduce complaints’

The proposal states that State governments may specify the industry through official notifications where the payment of wages shall be made through cheques or direct credit in bank accounts. “One of the reasons for the ineffective enforcement of payments of wages to workers is the payment of wages in cash. So, the 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,” the Labour Ministry said in a proposal dated December 2.

The Ministry said the proposal is put in the public domain as a part of a pre-legislative consultation and will be considered after December 16.

The move comes in the wake of the government’s efforts to promote cashless transactions after its currency recall move that led to the cash crunch. Labour Minister Bandaru Dattatreya had written to Finance Minister Arun Jaitley expressing concerns about contractors making advance salary payments to workers in old notes after demonetisation.

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