

Code on Wages (Central), Rules (yet to be notified) **Undisbursed Dues – Duty of Employer**

Blog Series – 28 March 28 2020 Statutory other than PoSH – Vol.14

Where the Undisbursed dues are part of provisions under the Labour Welfare Fund Act & Rules of the respective States, it is notified under the Provisions of the Code on Wages Act and Rules (yet to be notified).

Section 44 (1) & Central Rules 46 – Undisbursed dues of Employees

(1) Where any amounts payable to an employee under this Code remains undisbursed because either no nomination has been made by such employee or for any other reason, such amounts could not be paid to the nominee of employee until the expiry of six months from the date the amount had become payable, all such amounts shall be deposited by the employer with the Deputy Chief Labour Commissioner (Central) having jurisdiction before the expiry of the fifteenth day after the last day of the said period of six months.

The amount shall be kept with the Employer only for 6 months from such separation of the employee and if not claimed, the same shall be deposited with the authority within 15 days. The above is Central Rules (pending notified as on 28th March 2020 – date publishing of this Blogpost). Respective States will also notify similar Rules stating the authority to whom the money is to be deposited with.

(2) The amounts referred to shall be deposited by the employer through bank transfer or through a crossed demand draft obtained from any scheduled bank in India drawn in favour of such authority

As per the Rule 47 - The amount deposited with the authority remain with him and be invested in the Central or State Government Securities or deposited as a fixed deposit in a scheduled bank.

Such will exhibit, as soon as maybe possible, a notice containing such particulars regarding the amount as the Authority considers sufficient for information at least for fifteen days on the notice board and also publish such notice in any two newspapers being circulating in the language commonly understood in the area in which undisbursed wages were earned.

The Authority shall release the amount to the nominee or to that person who has claimed such amount, as the case may be in whose favour such Authority has decided, after giving the opportunity of being heard, the amount to be paid.

If the undisbursed amount remains unclaimed for a period of seven years, the same shall be dealt in the manner as directed by the Central Government from time to time in this behalf.

As per Section 44 (2) Where in accordance with the provisions of sub-section (1), all amounts payable to an employee under this Code—

- (a) are paid by the employer to the person nominated by the employee; or
- (b) are deposited by the employer with the authority referred

then, the employer shall be discharged of his liability to pay those amounts.

Undisbursed dues: Wages, Leave Encashment, Bonus, Incentive if any, Gratuity and overtime if any, etc

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