

Bill No. XVII of 2002

THE PAYMENT OF BONUS (AMENDMENT) BILL, 2002

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BILL

further to amend the Payment of Bonus Act, 1965.

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

1. (1) This Act may be called the Payment of Bonus (Amendment) Act, 2002.

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.

21 of 1965.

2. In Section 2 of the Payment of the Bonus Act, 1965 (hereinafter referred to as the principal Act) in Clause (13), the words “not exceeding three thousand and five hundred rupees per mensem” shall be omitted.

Amendment of Section 2.

3. Section 12 of the principal Act shall be Omitted.

Omission of Section 12.

STATEMENT OF OBJECTS AND REASONS

At present in our Country, an employee whose salary or wage does not exceed three thousand and five hundred rupees per mensem in any industry is entitled to be paid bonus by his employer. Even the employee, whose salary or wage exceeds two thousand and five hundred rupees per mensem, the bonus is calculated as if his salary or wage were two thousand and five hundred rupees per mensem.

In today's world of high prices and salaries, imposing a ceiling on the salary for the purpose of bonus is highly unjust. It is precisely due to impracticability of this unjust ceiling that the Union Government is paying bonus to all its Group II, III and IV Employees though their salaries are much more than the prescribed limit of Rs. 3,500/- in the Payment of Bonus Act. Non-payment of Bonus to the workers in industrial sector on the lines of the employees of Central Government cannot be considered in tune with laws of natural justice and is also legally untenable. It also violates the constitutional provisions of same pay for same work.

Secondly, since the workers, officers and supervisors are being deprived of getting share of the profit, they are not taking much interest in their work. As a result of which profit sharing bonus has been limited to some class IV employees only.

Therefore, all the employees in an industry should be entitled to get Bonus irrespective of their salaries/wages.

The Bill proposing amendments in Sections 2 and 12 of the Act seeks to achieve the aforesaid objectives.

RAMACHANDRA KHUNTIA

FINANCIAL MEMORANDUM

Clauses 2 and 3 of the Bill seek to amend clause (13) of section 2 and omit section 12 respectively of the Payment of Bonus Act, 1965 by omitting the eligibility limit of Rupees 3500 per mensem for payment of bonus and the limit of Rs. 2500 per mensem for calculation of bonus as prescribed by the Payment of Bonus (Amendment) Act, 1995.

2. The additional expenditure on this account is likely to be around Rs. 1000 crores per annum.

3. The Bill does not involve any other recurring or non-recurring expenditure.

ANNEXURE

EXTRACTS FROM THE PAYMENT OF BONUS ACT, 1965

(21 OF 1965)

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Definitions	2. In this Act, unless the context otherwise requires,—		
	(13) “Employee” mean any person (other than an apprentice) employed on a salary or wage not exceeding three thousand and five hundred rupees per mensem in any industry to do any skilled or skilled manual, supervisory, managerial, administrative, technical or clerical work for hire or reward, whether the terms of employment be express or implied;		
	*	*	*
Calculation of bonus with respect of certain employees	12. Where the salary or wage of an employee exceeds two thousands and five hundred rupees per mensem, the bonus payable to such employee under section 10 or, as the case may be, under section 11, shall be calculated as if his salary or wage were two thousand and five hundred rupees per mensem.		
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RAJYA SABHA

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BILL

further to amend the Payment of Bonus Act, 1965.

(Shri Ramachandra Khuntia, M.P.)