

Bill No. 89 of 2007

THE PAYMENT OF BONUS (AMENDMENT) BILL, 2007

A
BILL

further to amend the Payment of Bonus Act, 1965.

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

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|-----------------|--|-------------------------------|
| | 1. (1) This Act may be called the Payment of Bonus (Amendment) Act, 2007. | Short title and commencement. |
| | (2) It shall be deemed to have come into force on the 1st day of April, 2006. | |
| 21 of 1965. | 2. In section 2 of the Payment of Bonus Act, 1965 (hereinafter referred to as the principal Act), in clause (13), for the words “three thousand and five hundred rupees”, the words “ten thousand rupees” shall be substituted. | Amendment of section 2. |
| | 3. In section 12 of the principal Act, for the words “two thousand and five hundred rupees”, at both the places where they occur, the words “three thousand and five hundred rupees” shall respectively be substituted. | Amendment of section 12. |
| | 4. In section 32 of the principal Act, clause (vi) shall be omitted. | Amendment of section 32. |
| Ord. 8 of 2007. | 5. (1) The Payment of Bonus (Amendment) Ordinance, 2007 is hereby repealed. | Repeal and saving |
| Ord. 8 of 2007. | (2) Notwithstanding such repeal of the Payment of Bonus (Amendment) Ordinance, 2007, anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under the corresponding provisions of this Act. | |

STATEMENT OF OBJECTS AND REASONS

The Payment of Bonus Act, 1965 (the Act) provides for payment of bonus to employees under the Act. According to clause (13) of section 2 of the Act, employee means 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 unskilled, manual, supervisory, managerial, administrative, technical or clerical work for hire or reward, whether the terms of employment be express or implied. However, according to section 12 of the Act, the bonus payable to an employee whose salary or wage exceeds two thousand and five hundred rupees per mensem shall be calculated as if his salary or wage were two thousand and five hundred rupees per mensem. The Central Government has been receiving representations from trade unions, individuals and various associations for enhancement or for removal of the above ceilings. After due consideration, the Government has decided to enhance the eligibility limit for payment of bonus from three thousand and five hundred rupees per mensem to ten thousand rupees per mensem and the calculation ceiling from two thousand and five hundred rupees per mensem to three thousand and five hundred rupees per mensem.

2. Section 32 of the Act excludes certain classes of employees from the application of the Act such as employees in Life Insurance Corporation, Seamen, Dock workers, University employees, employees employed through contractors on building operations, etc. Hence, it is felt necessary to omit clause (vi) of section 32 of the Act so as to bring the employees employed through contractors on building operations within the ambit of the Act.

3. As both the Houses of Parliament were not in session and the President was satisfied that circumstances existed which rendered it necessary for her to take immediate action, the Payment of Bonus (Amendment) Ordinance, 2007 (8 of 2007) was promulgated on the 27th October, 2007 amending the provisions of the Payment of Bonus Act, 1965.

4. The Payment of Bonus (Amendment) Ordinance, 2007 has,—

(i) substituted for the words "three thousand and five hundred rupees" the words "ten thousand ruppess" in clause [13 of section 2 of the Payment of Bonus Act, 1965 (the Act)];

(ii) substituted for the words "two thousand and five hundred rupees" the words "three thousand and five hundred rupees" in both the places where they occur in section 12 of the Act;

(iii) omitted clause (vi) of section 32.

5. The Bill seeks to replace the aforesaid Ordinance.

NEW DELHI;
The 15th November, 2007.

OSCAR FERNANDES.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE CONSTITUTION OF INDIA

[Copy of letter No. S-33027/3/98-WB-I, dated the 14th November, 2007 from Shri Oscar Fernandes, Minister of State for Labour and Employment to the Secretary-General, Lok Sabha]

The President, having been informed of the subject matter of the proposed Payment of Bonus (Amendment) Bill, 2007 recommends the introduction and consideration of the Bill in the House under article 117 (1) and (3) of the Constitution.

FINANCIAL MEMORANDUM

Clause 2 of the Bill seeks to amend clause (13) of section 2 of the Payment of Bonus Act, 1965 (the Act), to enhance the eligibility limit for the payment of bonus from three thousand and five hundred rupees per mensem to ten thousand rupees per mensem. Clause 3 of the Bill seeks to amend section 12 of the Act for enhancing the ceiling from two thousand and five hundred rupees per mensem to three thousand and five hundred rupees per mensem. Clause 4 of the Bill seeks to amend section 32 of the Act by omission of clause (vi) so as to bring the employees employed through contractors on building operations within the ambit of the Act.

2. The additional expenditure on this account, from the Consolidated Fund of India may be on increase of calculation ceiling from two thousand and five hundred rupees per mensem to three thousand and five hundred rupees per mensem. If calculation ceiling is adopted by the Government of India, the additional approximate expenditure for payment of *ad hoc* bonus to the Central Government employees and in respect of employees belonging to Railways, Posts, etc. (Productivity Linked Bonus) will be to the tune of Rs. 125 crore and Rs. 490 crore respectively. The additional approximate expenditure for payment of bonus to the employees on Central Public Sector Undertakings would be around Rs. 143 crore.

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)

	*	*	*	*	*
Definitions.	2. In this Act, unless the context otherwise requires,—				
	*	*	*	*	*
	(13) “employee” means 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 unskilled 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 to certain employees.	12. Where the salary or wage of an employee exceeds two thousand 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.				
	*	*	*	*	*
Act not to apply to certain classes of employees.	32. Nothing in this Act shall apply to—				
	*	*	*	*	*
	(vi) employees employed through contractors on building operations;				
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LOK SABHA

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BILL
further to amend the Payment of Bonus Act, 1965.

(Shri Oscar Fernandes, Minister of Labour and Employment)