

**Bill No. 265 of 2015**

THE PAYMENT OF BONUS (AMENDMENT) BILL, 2015

A

BILL

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

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

1. (1) This Act may be called the Payment of Bonus (Amendment) Act, 2015.

Short title  
and  
commencement.

(2) It shall be deemed to have come into force on the 1st day of April, 2015.

21 of 1965.

5 **2. In section 2 of the Payment of Bonus Act, 1965 (hereinafter referred to as the principal Act), in clause (13), for the words “ten thousand rupees”, the words “twenty-one thousand rupees” shall be substituted.**

Amendment  
of section 2.

3. In section 12 of the principal Act,—

Amendment  
of section 12.

10 (i) for the words “three thousand and five hundred rupees” at both the places where they occur, the words “seven thousand rupees or the minimum wage for the scheduled employment, as fixed by the appropriate Government, whichever is higher” shall respectively be substituted;

(ii) the following *Explanation* shall be inserted at the end, namely:—

‘*Explanation.*—For the purposes of this section, the expression “scheduled employment” shall have the same meaning as assigned to it in clause (g) of section 2 of the Minimum Wages Act, 1948.’

11 of 1948.

Amendment of  
section 38.

4. In section 38 of the principal Act, for sub-section (I), the following sub-section shall be substituted, namely:—

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“(I) The Central Government may, subject to the condition of previous publication, by notification in the Official Gazette, make rules to carry out the provisions of this Act.”.

## STATEMENT OF OBJECTS AND REASONS

The Payment of Bonus Act, 1965 (the Act) was enacted with a view to provide for the payment of bonus to persons employed in certain establishments on the basis of profits or on the basis of production or productivity and for matters connected therewith. Thereafter, the Act was amended several times and last amended in the year 2007.

2. 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 ten thousand 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 three thousand and five hundred rupees per mensem shall be calculated as if his salary or wage were three thousand and five hundred rupees per mensem.

3. 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 Central Government has decided to enhance the eligibility limit for payment of bonus from ten thousand rupees per mensem to twenty-one thousand rupees per mensem. The Central Government has also decided to raise the calculation ceiling from three thousand and five hundred rupees per mensem to seven thousand rupees per mensem or the minimum wage for the scheduled employment, as fixed by the appropriate Government, whichever is higher.

4. Section 38 of the Act empowers the Central Government to make rules for the purpose of giving effect to the provisions of the Act. Since, the said section does not provide for the previous publication of the rules, it is proposed to insert an enabling provision providing for previous publication for the purpose of inviting objections and suggestions in tune with the other legislations pertaining to welfare of labour.

5. The Bill seeks to achieve the above objectives.

NEW DELHI;  
*The 30th November, 2015.*

BANDARU DATTATREYA

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

**[Copy of letter No. F.No. S-33021/2/2015-WB (Pt) dated 27 November, 2015 from Shri Bandaru Dattatreya, Minister of State for Labour and Employment to the Secretary General, Lok Sabha]**

The President, having been informed of the subject matter of the Payment of Bonus (Amendment) Bill, 2015, recommends the introduction and consideration of the Bill in the House under clauses (1) and (3) of article 117 of the Constitution of India.

## 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 ten thousand rupees per mensem to twenty-one thousand rupees per mensem. Clause 3 of the Bill seeks to amend section 12 of the Act for enhancing the ceiling from three thousand and five hundred rupees per mensem to seven thousand rupees per mensem or the minimum wage for the scheduled employment, as fixed by the appropriate Government, whichever is higher.

2. In view of above, if calculation ceiling is adopted by the Government of India, the additional approximate expenditure for payment of *ad hoc* bonus to the employees of the establishments under the Central Government and employees belonging to Railways and Posts (Productivity Linked Bonus) would involve to the extent of three thousand one hundred and twenty-eight crores of rupees.

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

#### MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 4 of the Bill seeks to amend sub-section (1) of section 38 of the Payment of Bonus Act, 1965 (the Act) so as to empower the Central Government to make rules, subject to the condition of previous publication, by notification in the Official Gazette, to carry out the provisions of this Act.

2. The rules made under the proposed legislation shall be required to be laid before both Houses of Parliament.

3. The matters in respect of which said rules may be made are matters of procedure and administrative detail and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

ANNEXURE

EXTRACTS FROM THE PAYMENT OF BONUS ACT, 1965

(21 OF 1965)

	*	*	*	*	*
Definitions.	<b>2.</b> 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 ten thousand 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.	<b>12.</b> Where the salary or wage of an employee exceeds three 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 three thousand and five hundred rupees per mensem.				
	*	*	*	*	*
Power to make rules.	<b>38.</b> (1) The Central Government may make rules for the purpose of carrying into effect the provisions of this Act.				
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LOK SABHA

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BILL  
further to amend the Payment of Bonus Act, 1965

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*(Shri Bandaru Dattatreya, Minister of State for Labour and Employment)*