

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; OSCAR FERNANDES.

The 15th November, 2007.