

# Modi govt doubles bonus for factory workers

Twesh Mishra | December 23, 2015

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**Labour Minister Bandaru Dattatreya says all private and government establishments will have to pay the dues in the coming bonus cycle**

New Delhi: Spreading cheers among millions of factory workers, the Parliament on Wednesday passed the Payment of Bonus Bill, effectively doubling the wage ceiling for calculating bonus to Rs 7,000 per month for factory workers. The Bill facilitates benefits for workers in establishments with 20 or more employees. The hiked benefits are applicable retrospectively from April 2014.

Speaking to Bloomberg TV India, Labour Minister Bandaru Dattatreya said: “The Bill enhances the eligibility limit for payment of bonus from Rs 10,000 per month to Rs 21,000 per month.”

Elaborating on the payment of arrears for the previous financial year, he said, “All private and government establishments will have to pay the dues in the coming bonus cycle.”

The Payment of Bonus (Amendment) Bill, 2015, was passed in Rajya Sabha by a voice vote. The Lok Sabha had given its approval to the legislation yesterday.

While the present Act mandates payment of bonus to employees' whose salary or wage is up to Rs 10,000 per month, the Bill enhances this eligibility limit to Rs 21,000 per month.

Bonus payable to an employee is in proportion to his or her salary or wage. While the present Act says if an employee's salary is more than Rs 3,500 per month, for the purposes of calculation of bonus, the salary will be assumed to be Rs 3,500 per month, the Bill raises this calculation ceiling to Rs 7,000 per month or the minimum wage notified for the employment under the Minimum Wages Act, 1948 (whichever is higher).

The Payment of Bonus Act, 1965, is applicable to every factory and other establishment in which 20 or more persons are employed on any day during an accounting year.

Dattatreya also lashed out on the opposition for stalling major 'reforms' pending on the floor of the house. He said, "Disruption of parliamentary proceedings by opposition has stalled reforms. The Trinamool Congress, Indian National Congress and Left parties are hampering growth of nation by stalling debate in the house."

Dattatreya had in October 2015 said that the government intended to simplify 44 central labour laws into four codes. The four codes will pertain to labour, industrial relations, social security and welfare and safety and working conditions.

Elaborating on the simplification that this would entail, the Minister said that for instance the labour code on wages would be an amalgam of the Minimum Wages Act, 1948, the Payment of Wages Act, 1936, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976.