

Bigger bonuses for more as Lok Sabha amends Payment of Bonus Act

By [Yogima Seth](#), ET Bureau | 23 Dec, 2015, 03.19AM IST

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NEW DELHI: The [Lok Sabha](#) has approved amendments to the [Payment of Bonus Act](#) that seeks to make more workers eligible for bonus by raising the monthly pay eligibility limit of employees to Rs 21,000 from Rs 10,000.

The bill, tabled in the house earlier this month, also seeks to enhance monthly bonus calculation ceiling to Rs 7,000 per month from Rs 3,500, thus substantially increasing amount of bonus.

Both the proposed changes are in line with the demands of 10 central trade unions, which had observed a daylong strike on September 22. "We are thankful to the government for fulfilling one of its commitments made to our 10-point charter of demands and hope that it continues to work towards fulfilling its other commitments as well," said [Vrijesh Upadhaya](#), general secretary of the RSS affiliated [Bhartiya Mazdoor Sangh](#). The bill will now be tabled in [Rajya Sabha](#). Once approved, it will be made effective from April 1, 2014.

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

The amendments bill also provides for a new proviso in Section 12, which empowers the central government to vary the basis of computing the bonus.

As it stands today, Section 12 says that where the salary or wage of an employee exceeds Rs 3,500 per month, the minimum or maximum bonus payable to the employee shall be calculated as if his salary or wage was Rs 3,500 per month.

The last amendment to both the eligibility limit and the calculation ceilings under the Act was carried out in 2007 and made effective from April 1, 2006.

This amendment in the Act to increase wage ceiling and bonus calculation ceiling was one of assurances given by the Centre after 10 central trade unions went on a daylong strike on September 2.

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