

## **President of All India Organisation of Employers' submits recommendation to implement Payment of Bonus (Amendment) Act 2015 prospectively**

**NEW DELHI, January 21, 2016:** Mr. Sanjay Bhatia, President, All India Organisation of Employers' (AIOE), has submitted a recommendation to Mr. Bandaru Dattatreya Union Minister of State (Independent Charge for Labour & Employment), Government of India, regarding prospective implementation of the Payment of Bonus (Amendment) Act 2015.

The government on January 1, 2016 had notified that the amended Payment of Bonus Act, 1965 was enforceable w .e. f. April 1, 2014. Besides the fact that enforcing the amended legislation with retrospective effect had never been discussed in tripartite discussion which is the cornerstone of Indian labour policy, industry is facing severe problem in implementing the amended legislation.

Companies have closed their account books for the year 2014-2015 on March 31, 2015, setting apart the amount of bonus out of the allocable surplus as per the practice. The amount so set apart is adequate and proportionate to the commitment/agreement with the unions, according to which bonus has been distributed and taxes paid. Now, re-opening the account books and enhancing the amount of bonus would upset the entire exercise, disturbing other financial commitments.

While, discussing the minimum bonus and coverage, though employer representatives fully cooperate, despite having reservations on both the counts, the Government over-looked this practical difficulty in implementation, which is unjustifiable and inequitable. It is therefore, requested to enforce the amendment with prospective effort i.e. from the financial year 2015-16.

Secondly, by amending section 12 of the existing legislation, salary or wage of an employee for the purpose of calculating bonus is to be taken either Rs. 7000 or the minimum wage of the scheduled employment, as fixed by the appropriate Government, whichever is higher. The net impact of this amendment will be that a corporate or industry having operations in more than one state will have to distribute different amount of bonus in each state, opening a flood gate for disputes. The provision therefore, needs to be revisited.

Therefore, Mr. Bhatia has requested the Government to kindly reconsider the matter and make appropriate changes.

### **FICCI MEDIA DIVISION**

**Encl: Copy of the letter to MoS Labour and Employment**

**Hon'ble Shri Bandaru Dattatreya**  
**Union Minister of State (Independent Charge for Labour & Employment)**  
**Government of India**  
**Shram Shakti Bhawan**  
**New Delhi – 110001**

**Respected Shri Dattatreya Ji,**

**Sub: Payment of Bonus (Amendment) Act 2015 - Retrospective Application**

The government by notification dated 1st January, 2016 has amended the Payment of Bonus Act, 1965 and made it enforceable w .e. f. 1<sup>st</sup> April, 2014.

Besides the fact that enforcing the amended legislation with retrospective effect had never been discussed in tripartite discussion which is the corner stone of Indian labour policy, industry is facing severe problem in implementing the amended legislation.

Companies have closed their account books for the year 2014-2015 on 31<sup>st</sup> March, 2015, setting apart the amount of bonus out of the allocable surplus as per the practice. The amount so set apart is adequate and proportionate to the commitment /agreement with the unions, according to which bonus has been distributed and taxes paid. Now, re-opening the account books and enhancing the amount of bonus , would upset the entire exercise, disturbing other financial commitments.

While, discussing the minimum bonus and coverage, though employer representatives fully cooperate, despite having reservations on both the counts, Government over-looked this practical difficulty in implementation, which is unjustifiable and inequitable. It is therefore, requested to enforce the amendment with prospective effort i.e. from the financial year 2015-16.

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We therefore, request you to kindly reconsider the matter and make appropriate changes as per the forgoing request.

Yours sincerely



**Sanjay Bhatia**  
President - AIOE