

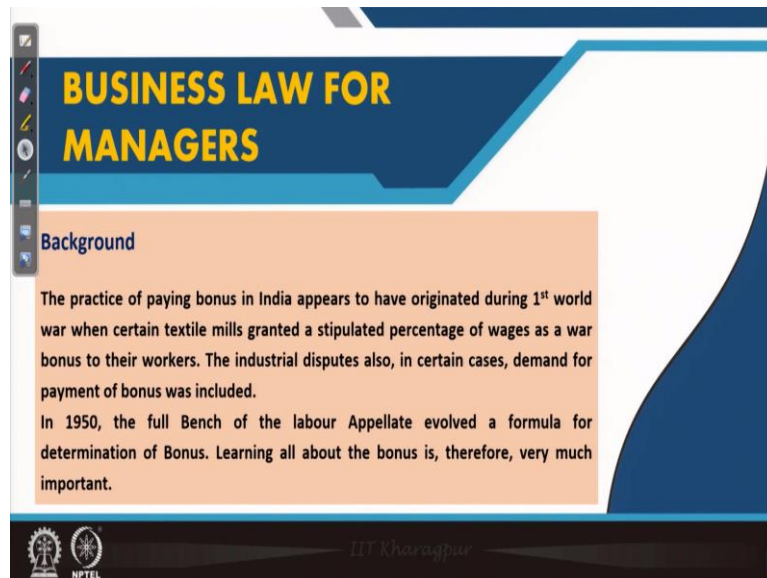
**Business Law for Managers**  
**Prof. S. Srinivasan**  
**Vinod Gupta School of Management**  
**Indian Institute Technology - Kharagpur.**

**Module No- 06: Legislation on Wages**  
**Lecture No # 29**  
**Payment of Bonus Act**

Welcome to lecture 29 and this is the fourth lecture of module 6. In module 6 we are focusing on legislation on wages and previous lecture we discussed about, minimum wages. And today we are going to discuss about one of the most important legislations and wages that everybody is interested in which is about payment of bonus act. And this lecture we are going to discuss about various aspects of the bonus act, what is the minimum requirement?

Where it has been applicable? Who are eligible to receive the bonus if so? What is the percentage which the worker has to be paid with the bonus? And how the calculation has to be made? What is the time duration within which the bonus is to be paid? And what are the other aspects these acts discuss about? This is what we are primarily going to discuss in this particulate lecture.

**(Refer Slide Time: 01:14)**



**BUSINESS LAW FOR MANAGERS**

**Background**

The practice of paying bonus in India appears to have originated during 1<sup>st</sup> world war when certain textile mills granted a stipulated percentage of wages as a war bonus to their workers. The industrial disputes also, in certain cases, demand for payment of bonus was included.

In 1950, the full Bench of the labour Appellate evolved a formula for determination of Bonus. Learning all about the bonus is, therefore, very much important.

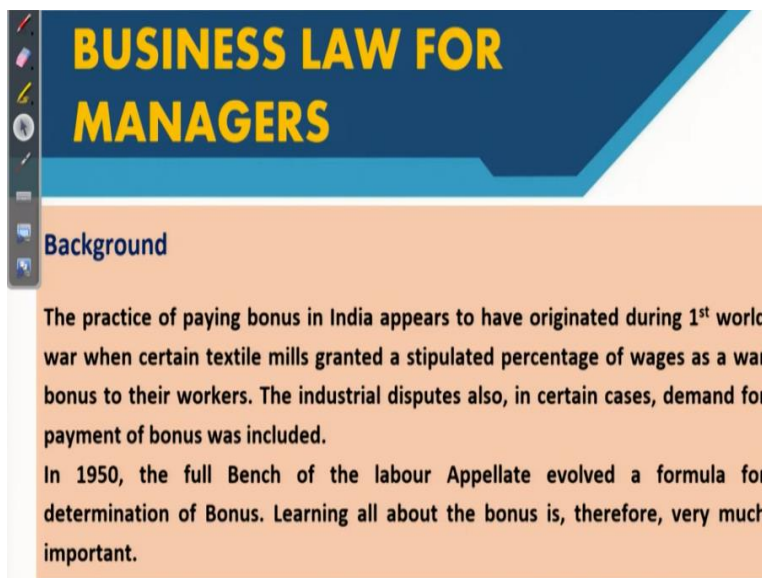
NPTEL IIT Kharagpur

So, let us try to understand how does the concept of paying bonus have come into the picture in India? The practice of bonus in India has originated during the First World War time. Wherein certain textile mills are you know granted stipulated a certain percentage of the wages as you

know war bonus to their worker. That is where it has been originated, the concept of paying bonus to the worker originated during the First World War time.

Whereas certain textile mills have started to pay the percentage of their wages as the bonus and it also some of the industrial dispute also in certain cases demands for paying bonus to the workers. And in 1950 the full Bench of labour appellate they come up with a formula for the determination of the bonus. And this becomes an important step towards you know, mandating the payment of bonus to the workers in India

**(Refer Slide Time: 02:15)**



**BUSINESS LAW FOR MANAGERS**

**Background**

The practice of paying bonus in India appears to have originated during 1<sup>st</sup> world war when certain textile mills granted a stipulated percentage of wages as a war bonus to their workers. The industrial disputes also, in certain cases, demand for payment of bonus was included.

In 1950, the full Bench of the labour Appellate evolved a formula for determination of Bonus. Learning all about the bonus is, therefore, very much important.

So, what are we going to discuss on this lecture, we are going to discuss about the background of this payment of bonus act and also, we are going to see what are the objectives of this act? And, we are also seeing the eligibility for bonus and how the bonus will be calculated? And we will also see the time we made for the payment of the bonus? And what mode of payment and also the inspector and his, power in this particular act? And also, we will also see the duties of the employer with respect to the payment of the bonus.

**(Refer Slide Time: 02:44)**

**Payment of Bonus Act 1965**

**Background**

The Standing Labour Committee (G.O.I) in its meeting held in New Delhi in March /April 1960, it was agreed that a commission be appointed to go into the question of bonus and evolve suitable norms.

The Government of India accepted the recommendation of the Commission subject to certain modifications.

The payment of Bonus Ordinance 1965, was promulgated on 29<sup>th</sup> May,1965, to replace the said ordinance of the Payment of Bonus Bill was introduced in the Parliament.

NPTEL IIT Kharagpur

Now so standing labour committee in its meeting held in New Delhi in March nineteen sixties they agreed that the commission to be appointed to go into questioning of bonus and dwell suitable norms. As I said know earlier there you know was no specific set of norms or there is no determined way to calculate the bonus or even to discuss about are they or these workers or employees entitled to earn a bonus on top of their salary.

So, the Government of India accepted the recommendation of the commission subject to setting modifications and the payment of the bonus ordinance has come into picture in 1965 which are promulgated and then made an introduced as a payment of bonus bill in the parliament. So subsequently that has been implemented as payment of bonus act.

**(Refer Slide Time: 03:34)**

## Payment of Bonus Act 1965

### Definition

- The term bonus is meant as a boon or gift over and above what is normally due as remuneration to the receiver.
- 'Bonus' is something to the good; especially extra dividend to the shareholders of the company; distribution of profits to the insurance policyholders

Now try to understand the term bonus. What is this bonus term mean? It is mean as a boon or a gift and what is normally due it is over and above what is normally due as remuneration? It is meaning that which is not part of your remuneration it is added on top of your remuneration that's called a bonus. The bonus is something that to the good or you know the extra dividend to be you know to the shareholders of the company distribution of the profit to the insurance policy holders.

So, in this context largely we understand the term bonus whereas in terms of the employment context the bonus is the one which are paid on top of your regular remunerations. So, you are you know every employee will be earning their salary right. So, these bonuses which are talking about paying bonus on top of whatever the regular payments these employees used to earn.

**(Refer Slide Time: 04:15)**

**Payment of Bonus Act 1965**

**Objectives**

Objectives of the act are as follows:

- To impose a legal responsibility upon the employer of every establishment covered by the Act to pay the bonus to employees.
- To designate the minimum and maximum percentage of bonus.
- To prescribe the formula for calculating bonus.
- To provide redressal mechanism.
- To regulate the amount of bonus to be paid to the persons employed in establishments based on its profit and productivity

NPTEL

IIT Kharagpur

Now what are the objectives of this legislation? It is to impose a legal responsibility upon an employer so before this legislation it is not a legal requirement for employment organizations. Or we are talking about establishments to pay bonuses but this act has mandated that yes, it is a legal responsibility of an employer of every establishment covered by this particular legislation to pay bonus to the employees.

And it also designates what is the minimum and maximum percentage of bonus to be paid to its employees or workers. And it also describes the formula for calculating the bonus and it also provide for a redressal mechanism. In case there is no bonus being paid or is there any irregularities happening on the bonus payment or delay in bonus payments some sections of the workers are denied there is also reduced mechanism which are stipulated as per these legislations.

And also, very importantly this act come into picture to regulate the amount of bonus to be paid to the person employed in any establishment based on the profit and productivity. As I said you know when we talk about you know minimum and maximum there is also aspect of. So how the maximum can be faced? And that is what you know this bonus act also regulates based on the profit and productivity that you know this act also helps to fix you know what is the maximum bonus to be paid to the workers also.

**(Refer Slide Time: 05:56)**

**Payment of Bonus Act 1965**

**Applicability of the Act**

- It is specified that the Payment of Bonus Act is applicable to the whole of India.
- According to the Bonus Act, any different departments or undertakings or branches of an establishment of whether located in the same place or at different areas should be considered as parts of the similar establishment for computation of bonus under the Act.
- It is applicable to any factory or establishment which had twenty or more workers employed on any day during the year.

And the applicability where does this bonus act applicable? So, the bonus act is applicable whole of India. So, it also says that there are any different departments or undertaking or branches of establishment whether located in the same place or a different area should also be considered part of a similar establishment for a computation of the bonus under this act. Which is essentially meaning that yes, this act is applicable across India and also applicable to any factory any establishments which had 20 workers employed on any day during the year.

If you are an establishment, if you had at least 20 workers employed in your establishment in any day of the year, it is not that know you never had 20 or maybe you had only 20 during some months of the year, then you are also eligible. So, any establishment has employed 20 worker or 20 employees then eventually you are become liable to paying the bonus to your workers.

And if you ask the question of, I am having a company where I do not have or I am having a factory or establishment you do not have 20 workers in any day of the year. Then yes you are not mandated to pay bonus however between you as an employer and as an employee you can decided upon some terms to pay bonuses to the workers. But it is not legally mandated on any establishment which employs less than 20 workers.

So, but there are questions people always have this you know doubt that whether can I demand a bonus from my employer but we do not have 20 workers working in a particular establishment. See again it comes into the terms of the employment contract what type of an employment contract you are entering in. In case if your employers say that during the appointment letter, he said yes you will be paid a bonus every year.

Then based on that condition you will be able to demand your employer for a bonus unless otherwise you cannot enforce the bonus payment from the employer. However, mutually both the parties can discuss and discuss on the bonus payment. But incase if it is an employment industry establishment which has more than 20 workers of course it is become mandatory that that establishment has to pay a bonus to the workers.

And it does not apply to any nonprofit making organizations, there are NGO's not profit making organization this act does not apply, they are not required to pay any bonus. And it is also not applicable to establishments such as LIC hospitals which are excluded under section 22 of these legislations. It is also not applicable to any establishment where employees have signed an agreement with the employer.

Let us say there are some establishments where they have signed an employment contract or maybe the worker representative or a union or a committee have entered into an agreement between the employee that yes. We are not going to pay bonus maybe those industry may have an incentive system maybe regularly paying differently. If there are existing agreement between the worker representative committee and the employer then those organizations are excluded from paying the bonus.




They are meaning that they are not legally bounded to pay bonus. And is also not applicable to certain establishment exempted; by appropriate government like you know, sick units for example government organizations are also excluded from the payment of the bonus. Whereas the railway is falling under the factory act definitions so they are bound to pay maybe if you know you have seen very recently also railway has announced the payment of bonus to its workers.

**(Refer Slide Time: 09:53)**

**Payment of Bonus Act 1965**

**Eligibility for Bonus**

- Every employee receiving salary or wages up to Rs.21,000 p.m. engaged in any kind of work whether skilled, unskilled, managerial, manual, supervisory, administrative, technical or clerical work for hire or reward etc. is entitled to get bonus for every accounting year, whether the terms of employment be expressed or implied, only if he has worked for at least 30 working days in that year.
- Bonus is paid only annually and it cannot be directed to be paid on half-yearly basis.
- When an employee is not eligible for the statutory bonus but the company wants to share bonus, it can be given as ex-gratia.

Now comes the eligibility for the bonus, who is eligible to receive bonus. If you are receiving a salary or wages up to 21,000 per month engaged in any kind of whether it is a skilled, unskilled, managerial, manual, supervisory, administrative, technical, critical work, whatever kind of a work. So, if your earning is up to 21,000 per month you are eligible to receive bonus but what is the other condition comes into?

At least he or she should have worked for 30 days in that particular year. So, in this if you look at now what is that here they are calculating for a bonus,

**(Refer Slide Time: 10:37)**

*Financial Year*

- Upto Rs. 21000/p.m.
- At least 30 days/year

*Profit or not*


Min → 8.33%

Max → 20%

20%

15% / 14%

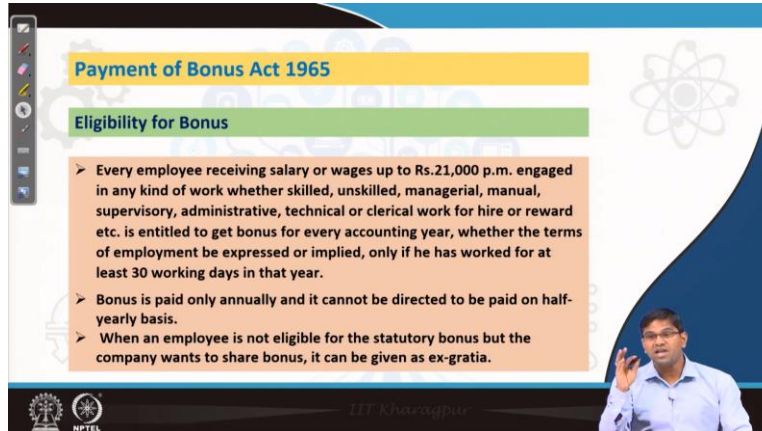
*Union / Worker representation in General body / discussion w/ Management*





It generally they calculate consider the financial year. So, what is the eligibility at your salary should be up to rupees 21,000 per month. And you should have worked at least 30 days in the year then you are eligible to receive bonus.

(Refer Slide Time: 11:09)



The slide displays the following text:

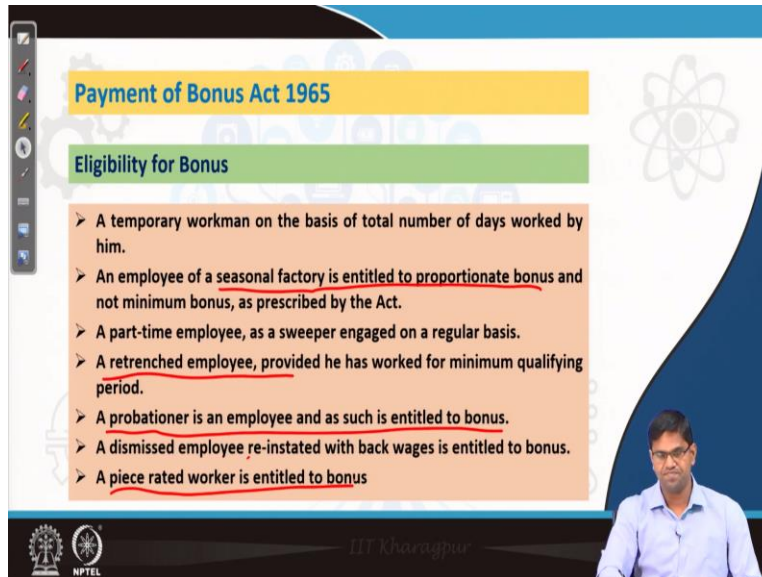
**Payment of Bonus Act 1965**

**Eligibility for Bonus**

- Every employee receiving salary or wages up to Rs.21,000 p.m. engaged in any kind of work whether skilled, unskilled, managerial, manual, supervisory, administrative, technical or clerical work for hire or reward etc. is entitled to get bonus for every accounting year, whether the terms of employment be expressed or implied, only if he has worked for at least 30 working days in that year.
- Bonus is paid only annually and it cannot be directed to be paid on half-yearly basis.
- When an employee is not eligible for the statutory bonus but the company wants to share bonus, it can be given as ex-gratia.

Now comes a bonus is paid only annually it cannot be paid in you know half year basis. And when an employee is not eligible for a statutory bonus maybe if company wants to share bonus, it can be paid as an ex-gratia amount to the workers, or the employees.

(Refer Slide Time: 11:30)



The slide displays the following text:

**Payment of Bonus Act 1965**

**Eligibility for Bonus**

- A temporary workman on the basis of total number of days worked by him.
- An employee of a seasonal factory is entitled to proportionate bonus and not minimum bonus, as prescribed by the Act.
- A part-time employee, as a sweeper engaged on a regular basis.
- A retrenched employee, provided he has worked for minimum qualifying period.
- A probationer is an employee and as such is entitled to bonus.
- A dismissed employee re-instated with back wages is entitled to bonus.
- A piece rated worker is entitled to bonus

Now comes so now we will be learning about you know eligibility of the bonus for other category, you know temporary workman is also eligible for bonus based on the number of days worked by the particular person in the particular establishment. And of course, seasonal employee are also eligible for pro bonus at the proportionate net bonus and not the minimum

bonus the proportionate bonus. Because seasonal employee why we are talking about a seasonal employment?

Seasonal employments do not have the employment throughout the year right, so when they do not have you know job throughout the year proportionately, they can be paid a bonus. And part-time an employee or a sweeper engaged in a regular basis can also eligible. Retrenched employee meaning that know retrenched this person who has been removed from the job role the retrenched employee also eligible for a bonus if he or she has worked for those 30 minimum days.

Let us say somebody is employed and resigned in some months then if the person is worked for 30 days yes, he or she is eligible for receiving the bonus. And also, if you look at you know probationer yes probationer is also entitled to receive a bonus. Certain company where if you are employed in a company where you may be asked to serve as a probationer for one year you will be in a probation period one year.

Some extremely I have seen some companies used to have probation for 2 years so that period you are also eligible for a bonus. And any dismissed employee reinstated with the back wages is also entitled for a bonus in case if for any if you know dismissed due to any because you made loss or maybe you know unethical practices yet you are not eligible. But otherwise, if you are reinstated with the back wages then yes you are entitled to receive bonus. And piece rate worker is also entitled for a bonus

**(Refer Slide Time: 13:30)**

**Payment of Bonus Act 1965**

**Minimum and Maximum Bonus**

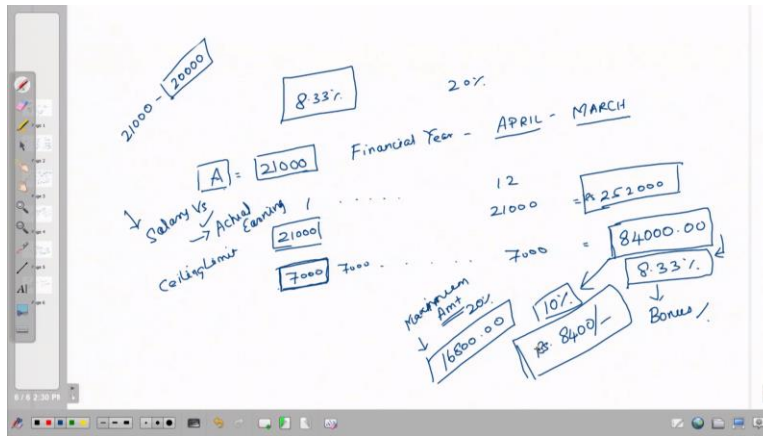
- **Minimum:**  
The minimum bonus which an employer is required to pay even if he suffers losses during the accounting year or there is no allocable surplus (except in case of new establishments), is 8.33% of the salary or wages of the employee during the accounting year.
- **Maximum:**  
If in any accounting year, the allocable surplus exceeds the amount of minimum bonus, the employer shall pay bonus in proportion to the salary or wages earned by the employee during that accounting year, subject to maximum of 20% of such salary or wages

So now we will talk about what is the minimum and maximum bonus. The minimum bonus which employer requires to pay. So, if you look at now what is the minimum and maximum, I am going to discuss about this now. See the minimum and maximum as per this legislation it is 8.33% of your annual earning, which has to be paid your minimum bonus amount and maximum is 20%. Now comes the questions of how does this minimum fixed, whether your company makes profit or not?

Either you are making profit or not, you are entitled to pay 8.33% of the bonus to your employees or workers. Then when you are talking about a maximum is 20% is the bonus to be put out of their annual earnings. Now this 20% is fixed based on you know profit after deduction of tax and based on the productivity the union or workers representative in consultation or discussion with management, they will fix the percentage.

Where we see know if you know company really made a lot of profit, they want to share their they can even fix the maximum bonus at 20% or maybe some industry may fix at 15% or 14% based on the profit they made after tax. With the union representative and workers representative they will be discussing to fix the maximum bonus amount to be paid to the workers. Now we will also discuss about how the bonus has been calculated. So that is very important now we have discussed about you know minimum and maximum right.

**(Refer Slide Time: 15:35)**



So, the minimum is 8.33% and maximum is 20%. Now what is this 8.33% we are talking about? So, there is a ceiling limit for considering the bonus payment what is the ceiling limit we are talking about? Lets I am going to explain it you know slowly so that everybody understands this. See now I am giving an example let us say employee A whose earning is let us say 21,000 because that is the eligibility per month.

This person is earning 21,000 rupees per month. Let us say I am we are talking about a financial year, what is a financial year? Financial year is nothing but April to March of the subsequent year correct, April of this year and March of the subsequent year. So now let us say this particular employee A is earning 21,000 now, 12 months let us say 1,2,12 months, what is this actual learning let us say 21,000 right.

So, let us say 21,000 every month so what is the total earning? Which is total 42 + 2 lakhs 10,000 + so 2,52,000 this is now this amount is not considered for paying 8.33%. Whereas this bonus octopus also says there is ceiling limit every month for calculating the earning. Now let us say the ceiling limit is 7,000 rupees whichever is higher we will discuss about it now. Now so every month this person earning is so for every 12 let us say 12 months right.

So, every month 7000 is the ceiling they will consider though this person's salary earning is actual earning, we are only talking about actual earning it is not about the salary it is about actual earning. Why, what is the difference between salary and actual earning, salary vs. actual earning? Salary is something fixed, actual earning is the person who is actually worked for certain years through the certain months in a certain day in a month that they earn right.

So let us say somebody's salary is 21,000 per month may not you know somebody has absent for a few days then he or she might be earning 20,000 that particular month. So, there is only considering the actual earning of the employee. Now the ceiling limit says the maximum amount to be considered every month for calculation of the bonus is 7,000 rupees. Now 7,000 rupees in the sense what does it mean?

The maximum earnings considered for payment of the bonuses is 84,000 rupees per year. So, on this 84,000, 8.33% is the one which is being paid as bonus this is the minimum. Let us say if it is 10% is what it is decided so the bonus of this 10% of this 84,000 is 8,400 rupees is the bonus to be paid to the workers. If it is minimum, then it is only 84,000 of this 8.33% will be paid as the minimum bonus.

Now this is how the bonus will be calculated even though person will be earning more than maybe 21,000 or 15,000 the ceiling maximum ceiling will be considered for calculation of the bonus and the payment of the bonuses 7,000 rupees for every month. So, this is very clear so for 12 months it is 84,000 if the after minimum 8.33 % of 84,000 it will be paid as a minimum bonus.

Let us say if you know a company decides to pay 20% then what is that it is 16,800 rupees is the maximum bonus an employee can earn, this is a maximum bonus, maximum amount. Fine, so the maximum amount can be earned as a bonus is 16,800 rupees. So, this is how bonus is being calculated. So, as we already learnt minimum and maximum and we, also learnt about how the bonus has been calculated. Now, right of an employee

**(Refer Slide Time: 20:23)**

**Payment of Bonus Act 1965**

**Right of Employees**

- Right to claim bonus payable under the Act and to make an application to the Government, for the recovery of bonus due and unpaid, within one year of its becoming due.
- Right to refer any dispute to the Labour Court/Tribunal Employees, to whom the Payment of Bonus Act does not apply, cannot raise a dispute regarding bonus under the Industrial Disputes Act.
- Right to seek clarification and obtain information, on any item in the accounts of the establishment.

IIT Kharagpur  
NPTEL

Now, right of an employee's has a right to claim bonus under the bonus act and they can make an application to the government for the appropriate authority. Meaning we are talking about you know inspector appointed under this act for claiming the bonus or recovery of the bonus which if in case it is not paid to the workers. And they can also refer this to any dispute to labor court or labor tribunals to whom the payment of bonus does not apply cannot rise.

For example, the payment of bonus is not applicable to your industry for example as I said know nonprofit making companies or you are working in LIC yes you are not eligible this is not applicable then you cannot claim bonus. Or you cannot even rise as a dispute to the labor court claiming for a bonus. Or maybe if you are having a contract that yes, we are not going to have a bonus, then that is excluded you cannot claim for a bonus.

And you are also having a right to see clarification, obtain information about any item with respect to accounts of an establishment.

**(Refer Slide Time: 21:27)**

**Payment of Bonus Act 1965**

**Time limit for Payment of Bonus**

All amounts payable to an employee by way of bonus under this Act shall be paid in cash by the employer, provided

(a) where there is a dispute regarding payment of bonus pending before any authority under section 22, within a month from the date on which the award becomes enforceable or the settlement comes into operation, in respect of such dispute;

(b) in any other case, within a period of eight months from the close of the accounting year

APRIL to MARCH  
↓ Within 8 months  
By NOVEMBER

NPTEL

You can ask information about the payment of bonus related information's and time limit for the payment of the bonus. What is the time limiting the bonus to be paid? So, in case let us say there are 2 instances one is about first way instance we will talk about in generally when a factory will pay bonus? I will discuss this first and then I will come back to the first point. See this will be paid within the period of 8 months after the financial year is end. So, what is the financial year as I said April to March, right?

So, when the financial year is ended within 8 months so how many if we look at from March it is within November, by November bonus should be paid. Now generally what is the practice in industry what we are seeing is we always you know bonus paid during Diwali people some reasons they say during Diwali some reason they say during pooja, some places they say during Ramzan, during Christmas so all this all been we have been hearing, right.

It is not the festival bonus as per the bonus act you have to pay the bonus in a within 6 - 8 months from the closure of the financial year. So, the worker who worked in this particular period and who is eligible or you know legally bounded bonus amount should be paid within November it cannot be paid beyond this time. So, the worker has to be paid with the bonus within this amount.

Now come back to the first point, see if there is any dispute regarding the bonus pending before you know labour court or any authority, so let us say if it has been decided that you know the

award meaning the dispute has been resolved within you know one month now within a month it has to be paid or otherwise the date which are mentioned on the award or the decision within that the bonus has to be paid.

But otherwise in general within this 8 month after the closure of the financial year the payment as bonus payment of bonus to be; paid to the workers. How does it to be paid? It is now as I said know all become bank transfer the worker has to be paid through a bank transfer it can be either paid along with their regular salary or maybe as an independent payment also to be paid.

**(Refer Slide Time: 24:02)**

**Payment of Bonus Act 1965**

**Time limit for Payment of Bonus**

Provided that the appropriate government or such authority as the appropriate government may specify in this behalf may, upon an application made to it by the employer and for sufficient reasons, by order, extend the said period of eight months to such further period or periods as it thinks fit; so, however, that the total period so extended shall not in any case exceed two years.

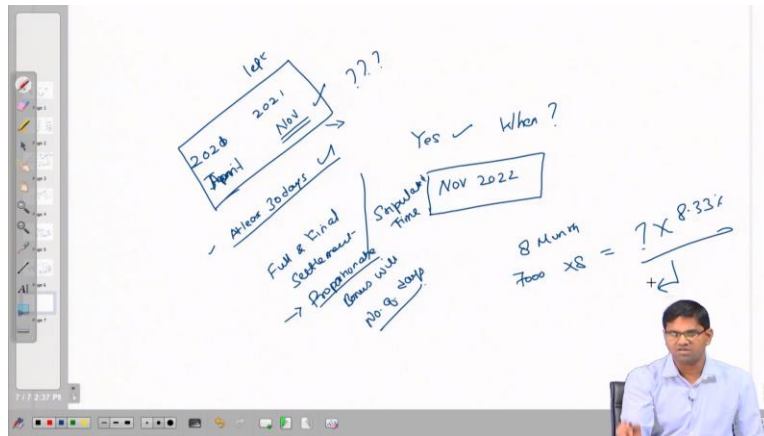
NPTEL

Dr. Khanna

So, as I said the time limit as if we already discussed the time limit which are 8 months. Maybe if this can be relaxed provided the appropriate government authority provides may specify or extend that set period otherwise it has to be paid within the next 8 months from the closure of the financial year. Now I will also want to discuss about one of the important aspects in the payment of bonus is that let us say a worker is working in an establishment.

**(Refer Slide Time: 24:34)**





And let us say you are working from the year 2020 from January and you have been working till let us say 2021, let me put it this way. You joined in 2021 April and you left in November 2021. Now comes the question, so I left during November my bonuses I of course I worked for at least 30 days, yes. I am qualified; I am eligible to receive bonus right. Now in this case what should be done?

Should he or she should be paid a bonus or not, yes first question is yes, he or she is having to be paid bonus now comes when? What my access? Access bonus has to be paid within 8 months after the completion of the financial year. Now this person is left in the month of November 2021. Now when is the you know as per the stipulation it comes November 2022, this is just an example I am giving so this is the you know stipulated time to pay the bonus.

So, factory or establishment or any employee establishment can pay the bonus of this particular employee who left the company in November 2021 can be paid by November 2022. There are 2 ways one is about when they leave during the full and final settlement whatever they due to them will be paid along with the full and final benefit proportionate bonus will be paid. Proportional bonus I am talking about number of days this particular employee worked, against the actual earning.

Let us say the person has worked for April, May, June, July, August, September, October, November the 8months earnings. So, let us as I said let us say 7,000 into 8 that X amount into 8.33% will be paid as a bonus to this particular worker. That is how the payment of bonus happens in the industry.

**(Refer Slide Time: 26:59)**

**Payment of Bonus Act 1965**

**Disqualification for Bonus**

an employee shall be disqualified from receiving bonus under this Act, if he is dismissed from service for --

- (a) fraud; or
- (b) riotous or violent behaviour while on the premises of the establishment; or
- (c) theft, misappropriation or sabotage of any property of the establishment.

Now a disqualification of bonus can an employee be disqualified for bonus, yes. The person the employee who was working in a factory can be disqualified to receive bonus in case if the person has been dismissed for the factor of in fraud or any violent behavior in the premises or involved in theft or misappropriation of money or sabotage of any property, yes, they can be disqualified in receiving the salary.

**(Refer Slide Time: 27:19)**

**Payment of Bonus Act 1965**

**Duties of the Employer**

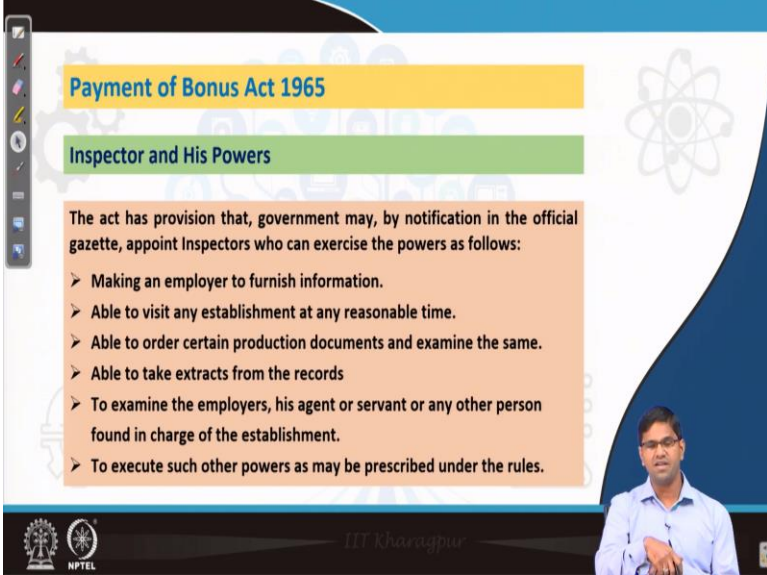
- To estimate and pay the annual bonus as required under the Act.
- To maintain the following registers:
  - The register should show the computation of allocating surplus in respective Form.
  - The register should be maintained with the payment of the bonus to the employees.
  - The records should be maintained before inspection and such other information should be stored.

And now, comes' the duties of the employer. The employer has to estimate and pay the annual bonus as required by the act. Meaning that he has to calculate properly the actual earning of the employee based on number of days they worked and then they have to pay the workers and to

maintain the following register, what are the registers? They have to show the competition of allocating the surplus in respect of farm.

And they should be maintained the payment of bonus to be made and maybe the register to get the signature from the worker. How much has been paid each worker? What; are the actual earnings for the year all that has to be maintained so that the inspections can be made.

**(Refer Slide Time: 27:56)**



**Payment of Bonus Act 1965**

**Inspector and His Powers**

The act has provision that, government may, by notification in the official gazette, appoint Inspectors who can exercise the powers as follows:

- Making an employer to furnish information.
- Able to visit any establishment at any reasonable time.
- Able to order certain production documents and examine the same.
- Able to take extracts from the records
- To examine the employers, his agent or servant or any other person found in charge of the establishment.
- To execute such other powers as may be prescribed under the rules.

And now comes the role of an inspector and his powers so inspectors have you know it can be appointed by the official through official gazette notifications. And they can actually exercise the power to you know make an employee to furnish the information, talk about how much you are bonus you are paying, how many employees are eligible to receive bonus? That information has to be provided and the inspector can visit any establishment ay any reasonable time.

He can order as a product of any documents with respect to the bonus payment and take the extracts of the records they can take copies or even seize the records for the examination purpose and whatever other power which are entrusted on this inspector.

**(Refer Slide Time: 28:38)**

**Payment of Bonus Act 1965**

**Maintenance of books of Records**

Every employer shall prepare and maintain such registers, records and other documents in such form and in such manner as prescribed in the provisions of this Act.

IIT Kharagpur

NPTEL

The slide features a blue and white background with a gear icon on the left and a stylized atom icon on the right. A presenter is visible in the bottom right corner.

And maintenance of book of records, yes, every employer shall prepare and maintenance such registers the records which are required part of this act. Because it is important that you know the responsibility of the employer is that, yes you are actually identifying whoever is eligible for bonus. And those employees are being properly calculated and they have been paid with the bonus amount. That is how it is important these register records have to be maintained.

**(Refer Slide Time: 29:08)**

**REFERENCES**

- Anup K. Karan & Sakthivel Selvaraj (2008): 'Trends in wages and earnings in India: Increasing wage differentials in a segmented labour market', ILO Asia-Pacific Working Paper Series.
- Nora Caludia Lustig and Darryl McLeod (1997): Minimum Wages and Poverty in Developing Countries: Some Empirical Evidence.
- Dr. Shanta A. Vaidya (1989): Minimum Wages in India Concepts and Practices, Maniben Kara Institute, 167, P. D'Mello Road, Bombay 400 038.
- Disa Sjoblom & John Farrington (2008): The Indian National Rural Employment Guarantee Act: Will it reduce poverty and boost the economy?
- Labour Bureau (2013): Report of the Working Group of the Minimum Wages Act, 1948 for the year 2011
- Albuquerque, Daniel. (2017). Legal aspects of Business: text, jurisprudence and case, Oxford University press New delhi

IIT Kharagpur

NPTEL

The slide features a blue and white background with a gear icon on the left and a stylized atom icon on the right. A presenter is visible in the bottom right corner.

**(Refer Slide Time: 29:10)**

**CONCLUSION**

his lecture session has covered the issues like -  
introduction, objectives ,Eligibility for bonus, time limit for  
payment of bonus, Inspector and his Powers, duties of the  
employer with an aim to give an overall idea about the Act  
for their lesson and application in their professional practice.

IIT Khargapur  
NPTEL

These are the references but today we learnt about these bonus acts, who are eligible in terms of establishment in terms of the workers and what is the minimum and maximum bonus? How the bonus is being calculated, what is the ceiling limit we learnt about 7,000 being a ceiling limit the least being 8.33% and maximum being 20% and when the bonus will be paid. Within what time the bonus has to be paid and incase an employee is leaving how the bonus can be paid, what is the general practices all this we discussed today. Thank you and we will meet you in the next lecture on the equal remuneration act. Thank you.