

# THE PAYMENT OF BONUS ACT, 1965 & PLB TO RAILWAYMEN

BY: K.V.RAMESH, Sr.JGS/IRTSA

## PAYMENT OF BONUS ACT, 1965 & AMENDMENTS THEREOF

- Minimum bonus 8.33% of the salary/wage of an employee.
  - Maximum bonus including productivity linked bonus shall not exceed 20% of the salary/wage of an employee.
- Previous amendment of 2007 was notified on 13 December 2007 and made effective from 1st April, 2006.
- Minimum bonus of 8.33% of (Rs. 3500/- X 12= Rs. 42,000/-) is approximately Rs. 3500/-.
  - 20% of above referred Rs. 42,000/- is Rs. 8,400/-. However, the limit is given as Rs. 8,300/-.

### Details of amendments to the Payment of Bonus Act, 1965:

| SL. No | Year of Amendment   | Eligibility limit (Rs. Per Month) | Calculation ceiling (Rs. Per Month) |
|--------|---------------------|-----------------------------------|-------------------------------------|
| 1.     | 1965                | Rs. 1600                          | Rs.750                              |
| 2.     | 1985                | Rs.2500                           | Rs. 1600                            |
| 3.     | 1995                | Rs. 3500                          | Rs. 2500                            |
| 4.     | 2007                | Rs. 10000                         | Rs. 3500                            |
| 5.     | Bill in LS Dec 2015 | Rs. 21000                         | Rs. 7000                            |

## PRODUCTIVITY LINKED BONUS FOR RAILWAY EMPLOYEE

### SALIENT FEATURES OF THE PLB SCHEME ARE AS UNDER: -

- a) The output for a year is reckoned by the equated net tonne kilometres by adding together:-
- i) Total goods revenue net tonne kilometres.
  - ii) Non-suburban passenger kilometres converted by a factor of 0.076.
  - iii) Suburban passenger kilometres converted by a factor of 0.053.
- b) The input is taken as the non-gazetted staff strength (excluding RPF/RPSF personnel), increased by the incremental increase/decrease in capital (over average of last three years) during the year.
- c) Highest PLB amount of 78 days' wages was paid for the financial years 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15.
- d) The wage calculation ceiling prescribed for payment of PLB to the eligible non-gazetted railway employees is 3500/- p.m. The maximum amount payable per eligible railway employee is Rs. 8975 for 78 days.

|    | Year    | Days | Amount   | Difference over Previous year |
|----|---------|------|----------|-------------------------------|
| 1  | 2001-02 | 59   | Rs. 4849 |                               |
| 2  | 2002-03 | 59   | Rs. 4849 | NIL                           |
| 3  | 2003-04 | 59   | Rs. 4836 | Rs. -13                       |
| 4  | 2004-05 | 59   | Rs. 4849 | Rs. 13                        |
| 5  | 2005-06 | 65   | Rs. 5342 | Rs. 493                       |
| 6  | 2006-07 | 70   | Rs. 5753 | Rs. 411                       |
| 7  | 2007-08 | 73   | Rs. 8399 | Rs. 2646                      |
| 8  | 2008-09 | 75   | Rs. 8630 | Rs. 231                       |
| 9  | 2009-10 | 77   | Rs. 8860 | Rs. 230                       |
| 10 | 2010-11 | 78   | Rs. 8975 | Rs. 115                       |
| 11 | 2011-12 | 78   | Rs. 8975 | NIL                           |
| 12 | 2012-13 | 78   | Rs. 8975 | NIL                           |
| 13 | 2013-14 | 78   | Rs. 8975 | NIL                           |
| 14 | 2014-15 | 78   | Rs. 8975 | NIL                           |

- Amount paid as bonus never shown meaningful increase over last 15 years.
- Only between 2006-07 and 2007-08 there was a visible increase in bonus amount.
- If bonus is linked with inflation at the rate of average 12% per year from 2001-02, it should have become Rs.24000 now, even without considering any productivity improvement.
- Bill passed in Lokshaba is a very late action taken by the Government.
- Railways should not try to put any rider on this very late action.

**After enactment of the present bonus bill, wage calculation ceiling prescribed for payment of PLB to non-gazetted railway employees will be increased to 7000/- p.m. The maximum amount payable per eligible railway employee can also go upto Rs.21,000.**

**But, Railway Board is having proposals to revise the calculation formula for PLB which may reduce the expected benefit.**