

CHAPTER IV

WAGE POLICIES & RELATED MATTERS

(d) Others

**2. DPE/Guidelines/IV(d)/2
Ex-gratia payment in Central Public Sector Enterprises and Establishment to which Payment of Bonus Act, 1965 as amended does not apply in respect of the Financial Year 1996-97.**

The provisions of the Payment of Bonus Act, 1965 (as amended from time to time) do not apply to establishments in the public sector which do not fulfil the conditions stipulated in Section 20 thereof the proposal to pay ex-gratia in respect of the Financial year 1996-97 to the employees of the Central PSEs to which the Act did not apply due to their not satisfying the conditions laid down in Section 20 of the Act was under consideration of the Government. It has now been decided that all public sector enterprises under the administrative control of the Central Government those who come within the purview of Payment of Bonus Act as well as those who do not come within the purview of Bonus Act due to their not satisfying conditions stipulated in Section 20 of the Payment of Bonus Act should regulate payment of Bonus/ex-gratia, as the case may be, strictly in accordance with the Provisions of the Payment of Bonus Act for each financial year commencing from the financial year 1996-97.

2. The management of the public enterprises are now authorised to disburse Bonus/ex-gratia to their employees for each financial year within the Provision of the Act, till the Provisions of the Payment of Act remain unamended, without making specific reference to the Govt.

3. It is also clarified that employees of public sector enterprises who were not entitled to payment of bonus/ex-gratia under the provision of the Payment of Bonus Act on account of their wage/salary exceeding Rs.3500/- P.M. as per provisions of the Payment of Bonus Act, 1965 which was amended on 30-8-95 through an enactment by the Parliament would not be paid bonus or ex-gratia as the case may be by the PSEs.

4. No additional budgetary funds would be made available for the purpose of payment of ex-gratia in any of the PSE.

5. It is clarified that no ex-gratia, honorarium, reward, etc., would be paid by the public sector enterprises under the administrative control of the Central Government to their employees over and above entitlement under the provisions of the Bonus Act or the executive instructions issued by the DPE in respect of ex-gratia unless the amount is authorised under the duly approved incentive scheme in accordance with the prescribed procedure.

6. These instructions will not apply to MTNL as separate instructions would be issued by the Department of Telecommunications to this enterprise based on the productivity linked bonus formula evolved for all employees of Department of Telecommunications.

7. The administrative Ministries/Department may please advise the public sector enterprises under their administrative control on the above lines.

(DPE OM No. 2(22)/97-DPE(WC) dated 20th November, 1997)
