

12.59 hrs.

STATEMENT RE: APPLICABILITY
OF PAYMENT OF BONUS ACT
TO PUBLIC SECTOR UNDER-
TAKINGS.

The Minister of Labour and Employment (Shri D. Sanjivayya): Sir, with your permission, I would like to make the following statement on the issue of the payment of bonus.

Before the issue of the Payment of Bonus Ordinance, 1965 on the 29th May, 1965, the employees in the Public Sector Undertakings were not entitled to any payment of profit-sharing bonus. However, with the specific approval of the Cabinet, *ex-gratia* payments had been allowed in the past to employees drawing upto Rs. 500 p.m. in some undertakings. These *ex-gratia* payments covered roughly 38,000 employees out of total employment in the public sector of about 4 lakhs at the end of 1963-64.

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Only those establishments in the public sector which are not departmentally run and which compete with establishments in the private sector, were included within the purview of the Bonus Commission. The Bonus Commission recommended that if not less than 25 per cent of the gross aggregate sales turnover of a public sector undertaking consists of sales of services and/or products which compete with the products and/or services produced and sold by units in the private sector, then such undertakings should be deemed to be competitive and the bonus formula should apply to such units. The recommendation of the Commission was accepted, and has since been given effect to by Section 20 of the Bonus Ordinance as well as the Payment of Bonus Act, 1965.

On December 2, 1965 the Cabinet decided that:—

- (i) all non-competing public sector undertakings should pay *ex-gratia* to their employees

amounts which they would be liable to pay as bonus if they were to fall within the purview of the Payment of Bonus Act;

where such an undertaking has made *ex-gratia* payment in the past, the amount of such payment should be treated as absorbed in the amount determined as in (i) above. In other words, no claim of employees to payment determined on the lines of the Bonus Law as an addition to payment on the scale of *ex-gratia* payment in the past should be accepted. If the past *ex-gratia* payment had been higher than the amount worked out as in (i) above, the level of past *ex-gratia* payment should be maintained;

the principle in (ii) above should also be followed in the case of competing public sector undertakings.

the applicability of (ii) and (iii) above in individual cases should be conditional upon the maintenance of the level of performance of the undertakings.

This decision will not apply to the public sector undertakings which have been specifically excluded from the purview of the Payment of Bonus Act, 1965 under section 32 of that Act, and also to the departmentally run undertakings like Railways, Defence establishments, Government of India Press, Mints, Opium Factories, etc.

Shri Hari Vishnu Kamath (Hoshangabad): Is the Minister aware that more than, I believe, 1000 employees of the Press Trust of India have gone on strike on this issue of bonus, *inter alia*, some other demands? May I know what steps are being taken to normalise the situation?

Shri S. M. Banerjee (Kanpur): The Minister stated that railways and

defence will also be covered. I want to know whether only the defence employees working in the ordnance factories will be covered or all the civilian employees incidentally connected with defence production numbering about 3 lakhs will also be covered.

श्री मधु लिमये (मुंबेर) यह जानना चाहता हूँ कि सार्वजनिक क्षेत्र के उद्योगों में जो नगरपालिकाओं के अन्दर हैं, जैसे यातायात बन्दरू में वेस्ट का है या गैस का हो सकता है, बिजली का हो सकता है, क्या इन उद्योगों का शुमार होगा और उनके लिए भी यह बोनस का नियम लागू होगा ?

Shri Indrajit Gupta (Calcutta South West): Does this decision mean that those categories who were completely excluded from the purview of the Act such as LIC employees and Government Finance Corporation employees will all be eligible for this *ex-gratia* payment?

Shri A. P. Sharma (Buxar): Just now the Minister said about competing and non-competing industries, and said employees of both will be entitled for a certain amount of bonus. He has also said that railways, defence and other establishments managed by departments are excluded. May I know why that part of the railways and defence which is concerned with production like workshops should be excluded?

Mr. Speaker: No arguments need be advanced. Only questions.

Shri Bhagwat Jha Azad (Bhagalpur): Is the Minister aware that in 1962 and 1963 the management of the PTI gave to its employees a certain amount of bonus and now under this bonus law on which he has made a statement, they want to reduce what they have been already getting? Is it the intention of the law to punish those who have got a certain amount or to assure a minimum amount to those who are not getting it?

Shri A. N. Vidyalkar (Hoshiarpur): I wanted to ask this question as well. I also want to know whether the employees of State transport would be covered. What would be their position?

Shri Sivamurthi Swamy (Koppal): May I know whether State-sponsored industries and companies will also be covered. There are some Central and State combined industries. I want to know whether they are also covered.

Shri Joachim Alva (Kanara): I do not know what happens to Bharat Electronics, which has got practically a monopoly in electronics. I raised the objection on the last occasion that you should now allow other importers to counter-act the productive influence of Bharat Electronics. The point is, you cannot say the private sector is competing with us and the private sector shall have bonus and we shall not have. It is the right of the labourer to have his bonus....

Mr. Speaker: No arguments; only clarification.

Shri Joachim Alva: Also about the PTI, who have the monopoly of news.

Shri K. N. Pande (Hata): May I know if the realisation of bonus amount will be brought under the Industrial Disputes Act, because if there is a dispute, the employees are entitled to refer that matter to the courts under the Industrial Disputes Act? Then, there are some States which under the Cooperative Act have provided this clause that the banks under the Cooperative Act....

Mr. Speaker: It is too long for a clarification.

Shri K. N. Pande: I want to know whether the employees employed in cooperative banks are entitled to get bonus or not.

Shri Mohammad Elias (Howrah): The law has provided the minimum.

[Shri Mohammad Elias]

May I know if the *ex-gratia* amount will be more or less?

Shri Alvares (Panjim): I want him to clarify the position in regard to railway workers.

Mr. Speaker: There were so many questions. Has he been able to note them down?

Shri D. Sanjivayya: To the extent I remember, I will answer. If I forget, they will help me.

Let me first take up the PTI employees. On behalf of the management as well as on behalf of the employees representations have been made orally to me. Some papers have been handed over to me. I do not know whether I should take them as representations in writing. All the same, the point is they are demanding more bonus than offered by the employers on the plea that last year they got more money. But the plea of the employers is that they do not have so much money as they had last year. They are prepared to implement the provisions of the bonus legislation. The management are also prepared to allow the Government to refer this issue to adjudication. I thought it would be better if the employers and employees could come to an agreed settlement. Efforts are being made. In fact, even in the bonus legislation, under section 34(3) provision is made for such mutual agreement between the employers and employees to settle the question of bonus according to a formula other than the one mentioned or contemplated in the Act.

Shri S. M. Banerjee: Strike has taken place and unless he intervenes effectively, there is no hope.

Shri D. Sanjivayya: The Delhi Administration are in charge of labour relations here; we are not directly responsible for it.

Shri S. M. Banerjee: He should bring pressure on them; they are bad employers. (*Interruptions*).

Mr. Speaker: He should be allowed to exert that pressure; he is replying and Members should listen to him patiently.

Shri D. Sanjivayya: Meanwhile we have asked the Delhi Administration to look into the matter. I am not sure whether they have started conciliation. I hope conciliation would start. After conciliation starts, if a settlement is arrived at during the conciliation, it is well and good. If conciliation fails, a failure report will be submitted to the appropriate government and that government will again consider whether that particular issue is a fit one for reference for adjudication. That is all that I can say in that regard.

Shri Indrajit Gupta asked whether the institutions or establishments specifically excluded under section 32 would be covered by this decision. Probably, he did not carefully listen to what I said at the *fag* end of my statement. I have clearly stated that those institutions which are specifically excluded from the application of this Act, under section 32, will not be covered by this decision. They are excluded.

With regard to defence, let me say, if they are departmentally run this decision would not be made applicable, but if they are run through some corporation...

Shri S. M. Banerjee: Kindly follow my question. My question is a specific one. Ordnance factories are essentially controlled and run by the Central Government. I wanted to know whether only the ordnance factory units which are productive units will be covered by this new announcement or all employees connected or incidentally connected with defence production.

Shri D. Sanjivayya: That would again depend on this fact, namely, whether they are run departmentally or whether are managed through a corporation.

Shri S. M. Banerjee: There is no corporation in defence.

Mr. Speaker: Order, order. The hon. Minister should not yield; he should go on.

Shri Joachim Alva: I may mention that the departmental railway waiters have not been paid their wages for the last two months.

Mr. Speaker: Order, order.

Shri D. Sanjivayya: Railways are departmentally run. Post and Telegraphs also. I have already mentioned that.

Shri A. P. Sharma: The question was one of competing or non-competing workshops.

Shri D. Sanjivayya: Departmentally run public sector undertakings will not derive any benefit either under the Bonus Act or on account of the decision recently taken by the Government.

Shri A. P. Sharma: Whether they are competing or non-competing?

Shri D. Sanjivayya: They will not derive any benefit irrespective of the fact whether they are competing or non-competing. (Interruption).

Mr. Speaker: Let us proceed now.

Shri K. N. Pande: Sir, my point has not been answered.

Mr. Speaker: We will see some other time.

13.14 hrs.

RESOLUTION RE. REPORT OF
RAILWAY CONVENTION
COMMITTEE—contd.

Mr. Speaker: The House will now take up further consideration of the following Resolution moved by **Shri S. K. Patil** on the 8th December, 1965, namely:

"That this House approves the recommendations contained in the Report of the Committee appointed to review the rate of dividend which is at present payable by the Railway Undertaking to General Revenues as well as other ancillary matters in connection with the Railway Finance vis-à-vis the General Finance which was presented to Parliament on the 29th November, 1965."

Shri Alvares may continue his speech.

Shri Alvares (Panjim): Sir, yesterday we discussed the report of another Commission, the Finance Commission, which deals with the relation of finances that can be shared between the Union and the State Governments. The Railway Convention Committee is another of this type which deals with relations between the Union Government and one of its departmentally run undertakings—the Railway undertaking.

While appreciating the fact that the Railway undertaking is agreeable to pay a higher dividend on the capital-at-charge, one must realise that this is not sufficient. Much has been made of the fact that the Railways are paying a dividend. But let me remind the hon. Minister that the Deputy Chairman of the Planning Commission said sometime ago that all public sector undertakings must pay dividend on amount invested up to 10 per cent, otherwise it would be difficult to establish the viability of any particular undertaking. The Railways are there, whether they are viable or not,