



FINANCE (PUC) DEPARTMENT

G.O. (P) No. 601/91/Fin., Thiruvananthapuram dated, 12th November 1991

Abstract.- Public Sector Undertakings/Boards/Corporations/Co-operative Institutions, etc.-
Payment of ex gratia and such other irregular payments to employees who are
not eligible for bonus-Avoidance of-Guidelines prescribed-Order issued.

Read.-

1. Circular No. 40/79/Fin., dated 30th April 1979.
2. Circular No. 16/81/Fin., dated 6th April 1981.
3. Circular NO. 54/82/Fin., dated 6th September 1982.
4. Lr. No. CE 3-8005/89, dated 9th November 1982
from the Director of Coir Development, Thiruvananthapuram.

ORDER

Bonus is being paid to the employees of PSUs/Boards/Corporations/Co-operative Institutions etc., every year as per the guidelines issued by the Labour Department in accordance with the provisions contained in the Payment of Bonus Act, 1965 and the guidelines/directions issued by the Finance Department in the circulars read above. In the Circulars read above, it has been specifically indicated that, under the Payment of Bonus Act, 1965, employees drawing above Rs. 1600 pm. (Rs. 2500 pm. as per the second amendment) are not eligible for bonus and that any payment such as exgratia payment or goodwill payment or by whatever name it is called, if allowed to employees who are not eligible for Bonus under the Bonus Act, will only defeat the purpose for which bonus is denied under the Payment of Bonus Act and will serve as a measure to overcome the limitation, laid down in the Act. The PSUs and other institutions were, therefore, directed to ensure that for payment of exgratia etc., the eligibility for the payments and the maximum quantum of payment should be determined strictly by the principles enunciated in the Bonus Act. In spite of these instructions, instances have been brought to the notice of Government, that certain PSUs/Corporations/Boards/Co-operative Institutions have paid exgratia etc., in lieu of bonus, to all officers, including those on deputation, drawing salary above the eligible limit as per the Bonus Act, at the same rates sanctioned for payment of bonus to other employees who are eligible for it.

2. In order to avoid such irregular payments of bonus/exgratia/goodwill payments etc., in future the following instructions are issued for strict compliance:

(i) The employees of the PSUs/Boards/Corporations/Co-operative Institutions etc., drawing upto Rs. 2500 pm. along will be entitled for bonus as provided in the Bonus Act.

(ii) Employees of the PSUs/Boards/Corporation/Co-operative Institutions etc., drawing salary above Rs. 2500 pm. will be eligible only for Special Festival Allowance as sanctioned by Government every year.

(iii) Payment in lieu of bonus by some other name or means shall not be made to these employees of PSUs/other organisations, who are not eligible for bonus.

(iv) Government officers drawing a salary of more than Rs. 2500 pm. on deputation to PSUs/other organisations will be eligible for Special Festival Allowance only.

(v) In cases where excess amounts have already been paid violating the provisions contained in the Bonus Act and the instructions issued by Government, the same should be recovered from the officers concerned if they are still in service.

3. The Chief Executive of the PSUs/Boards/Corporations/Co-operative Institutions etc., will be held personally responsible for any violation of the above instructions in future.

(By order of the Governor)

M. MOHAN KUMAR

Commissioner and Secretary (Finance)