

## NOC allocates Rs 770m bonus, decides not to distribute it



Nepal Oil Corporation (NOC), the state-run oil monopoly of the country, has allocated Rs 770 million as bonuses and other incentives for its staff.

The state-owned enterprise which has been running in profit of late allocated the hefty amount for distribution as bonuses to its employees as per the bonus provision of the four-decade-old Bonus Act of the corporation.

Based on NOC's profit of Rs 9.45 billion last year and also the income tax of Rs 3.41 billion paid to the government, the NOC has allocated Rs 770 million for staff bonuses and other incentives. The NOC is in profit for the past three years and the bonus amount allocated from the profits for employees has crossed over Rs 2.93 billion. However, the NOC has not distributed the bonus for the past three years.

Acting Executive Director of NOC Sushil Bhattarai said that the NOC has allocated Rs 770 million as bonus based on last year's profit but has not distributed the amount. "We allocated the amount as provisioned in the law. However, we have also made a decision of not distributing the bonus amount," he added.

He said there was no point in distributing the bonus since the Ministry of Finance has directed the NOC not to distribute the amount. According to the Bonus Act 2030 BS, the NOC can distribute at least 6 percent of the net profit or salary of three months to the employees in lump sum as bonus.

According to NOC officials, the NOC has to allocate the bonus even if it doesn't distribute it to its employees due to the compulsion of maintaining record in the audit report as per government rules. "Because of the bonus provision in the law, the balance sheet for the NOC has a bonus column. As our

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corporation is in profit, we have an obligation to allocate it for paper works,” said Narendra Sah, acting deputy director of the NOC. The NOC last week finalized its audit report for the last fiscal year.

After the NOC's decision to distribute hefty amount as bonus to its employees courted widespread criticism, it has not distributed bonus to its employees for three years now. The total bonus amount allocated in the fiscal years 2014/15 and 2015/16 is Rs 2.52 billion.

Source: My Republica, 25<sup>th</sup> January 2018