

E-BAITH

THE PAYMENT OF GRATUITY ACT 1972

BUSINESS LAW

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GRATUITY ~ ~ GIFT

MEANING

A Lump sum payment paid by employer to his employee at the time of retirement or when he leaves the establishment

EXTENT AND APPLICABILITY

Except Jammu & Kashmir ***extend*** to the whole of India

APPLIES TO:

- 1) Every Factory ,mine ,oilfield , plantation , port and railway company
- 2) Every shop or establishment where 10 or more person employed in any day of 12 months proceeding
- 3) Other establishments or class of establishment in which 10 or more person employed
- 4) A shop or establishment where the act applicable

Establishment include Municipal Board

SALARY =BASIC +DA only

!! Not allowed any BONUS, COMMISSION, HRA, OT WAGES, and OTHER ALLOWANCES!!

Appropriate Government

- In relation to an establishment
- Belonging to or under the control of CG
- Having branches in more than one states
- Of a factory belonging to , or under the control of the CG
- Of a major port, mine, oil field or railway co ,CG
- In any other case, SG

Employee

- Any person other than Apprentice
- Employed on wages in any establishment, Factory ,mine ,oilfield , plantation , port, railway co or shop
- To do any skilled , semi-skilled or unskilled
- Who employed in managerial or administrative capacity
- Does not include any such person hold a post under CG or SG and is governed by any other act or providing for payment of gratuity

KEY

- ✓ Retirement ::Termination of the service of an employee otherwise then on superannuation
- ✓ Superannuation::Attain the age or contract period

CONTINIOUS SERVICE

	1YR	6MONTH
GENERAL	240 DAYS	120 DAYS
<6day/week (Underground ,mine)	190days	95days

Seasonal Not less than 75% of no. of operational days

WORKING DAYS INCLUDE

- 1) Lay off (with Industrial Dispute Act)
- 2) Leave with Salary/wages
- 3) Temporary disablement Caused by Accident
- 4) Maternity leave (not exceed 12 weeks)

Pay ability of gratuity

- on his superannuation
- on his retirement or resignation
- on his death or disablement due to accident or disease

Calculation of Gratuity payable

+ other than Seasonal Establishment

=LAST DRAWN SALARY * $\frac{15}{26}$ * No. of completed year of service or part excess 6months

+ piece rated employee

Daily wages calculated on averages of total wages received by him for a period of 3 months immediately preceding the termination. Over time work wages will not be added

+ Seasonal Establishment

=Wages * $\frac{7}{26}$ * No. of completed year of service or part excess 6months

Compulsory Insurance

- ✓ Gratuity Act prescribed provisions for compulsory insurance for employees which introduces employer's liability for payment towards the gratuity under the act from HC
- ✓ Employer of establishment belongs to CG or SG controls are exempted from operations of these provisions. (include Appropriate Government also)

- ✓ If employer fails to pay premium of insurance or to contribute to an approved gratuity fund. He shall be liable to pay gratuity including interest

PENALTY

Fine up to 10000 and in case of conducting offence with further fine extended to 1000/ day

Other key

- Powers of Inspectors
- Nomination for gratuity
- Appointment of Inspectors
- Forfeiture of gratuity