

# PAYMENT OF GRATUITY ACT, 1972 & THE RULES

## CHECKLIST

### Sec. 1

#### **Applicability**

Every factory, mine, oil field, plantation, port, railways, company, shop, establishment or educational institutions employing 10 or more employees

### Sec. 2(s)

#### **Wages for Calculation**

@ 15 days' wages for every completed year as if the month comprises of 26 days at the last drawn wages.

### Sec. 2(e)

#### **Employee**

All employees irrespective of status or salary

Entitlement  
On completion of five years' service except in case of death or disablement

#### **Qualifying period**

On rendering of 5 years' service, either termination, resignation or retirement.

### Sec. 1

#### **Calculation Piece-rated employee**

@ 15 days wages for every completed year on an average of 3 months' wages

#### **Calculation Seasonal employee**

@ 7 days' wages for every completed year of service.

### Rule 4

#### **Display of Notice**

On conspicuous place at the main entrance in English language or the language understood by majority of employees of the factory, etc.

### Sec. 4(3)

#### **Maximum Ceiling**

**Rs.1000000**

### Rule 9

#### **Mode of payment**

Cash or, if so desired, by Bank Draft or Cheque

### Sec. 6 Rule 6

#### **Nomination**

To be obtained by employer after expiry of one year's service, in Form 'F'

### Rule 9

#### **Penalties**

- Imprisonment for 6 months or fine upto Rs.10, 000 for avoiding to make payment by making false statement or representation.
- Imprisonment not less than 3 months and upto one year with fine on default in complying with the provisions of Act or Rules.

### Sec. 8 Rule 8

#### **Recovery of Gratuity**

To apply within 30 days in Form I when not paid within 30 days

### Sec. 4(6)

#### **Forfeiture of Gratuity**

- On termination of an employee for moral turpitude or riotous or disorderly behavior.
- Wholly or partially for willfully causing loss, destruction of property etc.

### Sec. 13

#### **Protection of Gratuity**

Can't be attached in execution of any decree