

**Payment of Gratuity Act, 1972**  
**&**  
**Payment of gratuity (Punjab) Rules, 1973**

**Object:** It is an Act to provide for a scheme for the payment of gratuity to employees engaged in factories, mines, oilfields, plantations, ports, railway companies, and shops or other establishments.

**Applicability of the Act:** Any employer of the above noted establishments where 10 or more persons are employed or were employed on any day of the preceding twelve months is liable to pay gratuity to its employees. Once the Act becomes applicable, it continues even if the number of employees falls below ten.

**Entitlement:** Gratuity is payable to an employee (nominee – in case of death of employee) who has rendered continuous services of five years or more on his termination of employment, superannuation, retirement or resignation. Completion of continuous service of five years is not necessary where the termination of employment is due to death or disablement.

**Calculation of gratuity amount:**  $W \times Y \times 15 \div 26$  [W = Last Wage drawn i.e. basic + DA; Y = number of completed years of continuous service (six months or less to be ignored and more than six months to be counted as full year)].

**Maximum Limit :** Rs. 3.5 lacs.

**Time Limit for application to employer:** Employee has to make an application in Form-I to his employer within 30 days from the date the gratuity becomes payable.

**Whom to apply in the case of non-payment by employer or dispute:** Application in Form - N is to be made to the “Controlling Authority” i.e. the Assistant Labour Commissioner or the Labour-cum-Conciliation Officer of the concerned area within 90 days on the expiry of 30 days period of the employer.

**Appeal :** An aggrieved party can file an appeal to the Appellate Authority i.e. Additional Labour Commissioner, Punjab within 60 days of the decision of the Controlling Authority.