

Bill Summary

The Payment of Gratuity (Amendment) Bill, 2017

- The Payment of Gratuity (Amendment) Bill, 2017 was introduced in Lok Sabha by the Minister for Labour and Employment, Mr. Santosh Kumar Gangwar on December 18, 2017. The Bill seeks to amend the Payment of Gratuity Act, 1972.
- The Payment of Gratuity Act, 1972 allows for the payment of gratuity to employees in any establishment, factory, mine, oilfield, plantation, port, railways, company, or shop employing 10 or more workers. Employees are paid gratuity if they have provided at least five years of continuous service at the time of termination.
- The 2017 Bill empowers the central government to (i) notify the period of maternity leave eligible for qualifying as continuous service; and (ii) determine the amount of gratuity available to employees.
- The maximum maternity leave, for the purpose of calculating continuous service under the Act, was based on the maternity leave provided under the Maternity Benefit Act, 1961. The maximum maternity leave under the 1961 Act was changed from 12 weeks to 26 weeks by the Maternity Benefit (Amendment) Act, 2017. The Bill removes the reference to 12 weeks in the 1972 Act and empowers the central government to notify the maximum maternity leave.
- Under the Act, the maximum amount of gratuity payable to an employee cannot exceed Rs 10 lakh. The Bill removes the existing ceiling and states that the ceiling may be notified by the central government.

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