

AS INTRODUCED IN LOK SABHA

22 APR 2010

Bill No. 49 of 2010

THE PAYMENT OF GRATUITY (AMENDMENT) BILL, 2010

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BILL

*further to amend the Payment of Gratuity Act, 1972.*

BE it enacted by Parliament in the Sixty-first Year of the Republic of India as follows:—

1. (1) This Act may be called the Payment of Gratuity (Amendment) Act, 2010.

Short title and commencement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

5 2. In section 4 of the Payment of Gratuity Act, 1972, in sub-section (3), for the words "three lakhs and fifty thousand rupees", the words "ten lakh rupees" shall be substituted.

Amendment of section 4 of Act 39 of 1972.

#### STATEMENT OF OBJECTS AND REASONS

The Payment of Gratuity Act, 1972 provides for payment of gratuity to the employees engaged in factories, mines, oilfields, plantations, ports, railway companies, shops or other establishments and for matters connected therewith or incidental thereto.

2. Sub-section (3) of section 4 of the Act provides that the amount of gratuity payable to an employee shall not exceed three lakh and fifty thousand rupees. This amount was fixed with effect from the 24th September, 1997 by amendment to the Payment of Gratuity Act, 1972. There have been representations from trade unions and individuals to remove or enhance the ceiling on the maximum amount of gratuity payable under the Act.

3. Based on the representations and wide consultation with all stakeholders, it is now proposed to enhance the ceiling of three lakh and fifty thousand rupees on the maximum amount of gratuity payable under sub-section (3) of section 4 of the Act to ten lakh rupees.

4. The Bill seeks to achieve the above objectives.

NEW DELHI;  
*The 8th April, 2010.*

MALLIKARJUN KHARGE

ANNEXURE

EXTRACT FROM THE PAYMENT OF GRATUITY ACT, 1972

(39 OF 1972)

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4. (1)

\* \* \* \* \*

\* Payment of  
gratuity.

(3) The amount of gratuity payable to an employee shall not exceed three lakhs and fifty thousand rupees.

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LOK SABHA

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further to amend the Payment of Gratuity Act, 1972.

*(Shri ~~Shri~~ Mallikarjun Kharge, Minister of Labour and Employment)*