

THE PAYMENT OF GRATUITY ACT, 1972

ACT NO. 39 OF 1972

[21st August, 1972.]

An Act to provide for a Scheme for the payment of gratuity to employees engaged in factories, mines, oilfields, plantations, ports, railway companies, shops or other establishments and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Twenty-third Year of the Republic of India as follows:--

1.

Short title, extent, application and commencement.

1. Short title, extent, application and commencement.- (1) This Act may be called the Payment of Gratuity Act, 1972.

(2) it extends to the whole of India:

Provided that in so far as it relates to plantations or ports, it shall not extend to the State of Jammu and Kashmir.

(3) It shall apply to--

(a) every factory, mine, oilfield, plantation, port and railway company;

(b) every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a State, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months;

(c) such other establishments or class of establishments, in which ten or more employees are employed, or were employed, on any day of the preceding twelve months, as

the Central Government may, by notification, specify
in
this behalf.

1*[(3A) A shop or establishment to which this Act has
become
applicable shall continue to be governed by this Act
notwithstanding
that the number of persons employed therein at any time after it
has
become so applicable falls below ten.]

(4) It shall come into force on such date2* as the
Central
Government may, by notification, appoint.

2.

Definitions.

2. Definitions.- In this Act, unless the context
otherwise
requires,--

(a) "appropriate Government" means,--

(i) in relation to an establishment--

(a) belonging to, or under the control
of,
the Central Government,

(b) having branches in more than one State,

1. Ins. by Act 26 of 1984, s. 2.
2. 16th September, 1972; vide Notification No. S. O. 601(E),
dated
16-9-1972, see Gazette of India, 1972, Extraordinary, Pt.
II,
Sec. 3(ii), p. 1641.

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(c) of a factory belonging to, or under
the
control of, the Central Government,

(d) of a major port, mine, oilfield
or
railway company, the Central Government,

(ii) in any other case, the State Government;

(b) "completed year of service" means continuous service
for

one year;

as 1*[(c) "continuous service" means continuous service defined in section 2A;]

by (d) "controlling authority" means an authority appointed the appropriate Government under section 3;

apprentice) (e) "employee" means any person (other than an employed on wages 2*** in any establishment, factory, mine, oilfield, plantation, port, railway company or shop, to do any skilled, semi- skilled, or unskilled, manual, supervisory, technical or clerical work, whether the terms of such employment are express or implied, 3*[and whether or not such person is employed in a managerial or administrative capacity, but does not include any such person who holds a post under the Central Government or a State Government and is governed by any other Act or by any rules providing for payment of gratuity.]

1. Subs. by Act 26 of 1984, s. 3.
2. Omotted by Act 34 of 1994, s. 4 (w.e.f. 25-5-1994).
3. Subs. by Act 25 of 1984, s. 2 (w.e.f. 1-7-1984).

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(f) "employer" means, in relation to any establishment, factory, mine, oilfield, plantation, port, railway company or shop--

of, (i) belonging to, or under the control the Central Government or a State Government, a person or authority appointed by the appropriate Government for the supervision and control of employees, or where no person or authority has

the
 been so appointed, the head of the Ministry or
 Department concerned,

of,
 such
 of
 so
 the
 (ii) belonging to, or under the control
 any local authority, the person appointed by
 authority for the supervision and control
 employees or where no person has been
 appointed, the chief executive officer of
 local authority,

or
 over
 mine,
 or
 to
 manager,
 such
 (iii) in any other case, the person, who,
 the authority which, has the ultimate control
 the affairs of the establishment, factory,
 oilfield, plantation, port, railway company
 shop, and where the said affairs are entrusted
 any other person, whether called a
 managing director or by any other name,
 person;

(m)
 1948);
 (g) "factory" has the meaning assigned to it in clause
 of section 2 of the Factories Act, 1948 (63 of

to
 (h) "family", in relation to an employee, shall be deemed
 consist of--

himself,
 or
 the
 and
 (i) in the case of a male employee,
 his wife, his children, whether married
 unmarried, his dependent parents 1*[and
 dependent parents of his wife and the widow]
 children of his predeceased son, if any,

employee,
 whether
 and
 (ii) in the case of a female
 herself, her husband, her children,
 married or unmarried, her dependent parents

widow the dependent parents of her husband and the
and children of her predeceased son, if any.

1. Subs. by Act 22 of 1987, s. 2 (w.e.f. 1-10-1987).

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Explanation.--Where the personal law of an employee permits the adoption by him of a child, any child lawfully adopted by him shall be deemed to be included in his family, and where a child of an employee has been adopted by another person and such adoption is, under the personal law of the person making such adoption, lawful, such child shall be deemed to be excluded from the family of the employee;

(i) "major port" has the meaning assigned to it in clause (8) of section 3 of the Indian Ports Act, 1908 (15 of 1908);

(j) "mine" has the meaning assigned to it in clause (j) of sub-section (1) of section 2 of the Mines Act, 1952 (35 of 1952);

(k) "notification" means a notification published in the Official Gazette;

(l) "oilfield" has the meaning assigned to it in clause (e) of section 3 of the Oilfields (Regulation and Development) Act, 1948 (53 of 1948);

(m) "plantation" has the meaning assigned to it in clause (f) of section 2 of the Plantations Labour Act, 1951 (69 of 1951);

in
Act,
rules

(n) "port" has the meaning assigned to it
clause (4) of section 3 of the Indian Ports
1908 (15 of 1908);

(o) "prescribed" means prescribed by
made under this Act;

meaning
the

(p) "railway company" has the
assigned to it in clause (5) of section 3 of
Indian Railways Act, 1890 (9 of 1890);

the
on

(q) "retirement" means termination of
service of an employee otherwise than
superannuation;

an
of
conditions
which

1*[(r) "superannuation", in relation to
employee, means the attainment by the employee
such age as is fixed in the contract or
of service as the age on the attainment of
the employee shall vacate the employment;]

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2. Subs. by Act 25 of 1984, s. 2 (w.e.f. 1-7-1984).

1. Omitted by Act 22 of 1987, s. 2 (w.e.f. 1-10-1987).

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allowance.

(s) "wages" means all emoluments which
earned by an employee while on duty or on leave
accordance with the terms and conditions of
employment and which are paid or are payable
him in cash and includes dearness allowance
does not include any bonus, commission, house
allowance, overtime wages and any other

2A.

Continuous service.

of 2*["2A. Continuous service.- For the purposes
this Act,--

(1) an employee shall be said to be in continuous service for
a period if he has, for that period, been in
uninterrupted service, including service which may be interrupted on
account of sickness, accident, leave, absence from duty without
leave (not being absence in respect of which an order 3***
treating the absence as break in service has been passed in
accordance with the standing orders, rules or regulations governing
the employees of the establishment), lay-off, strike or a lock-
out or cessation of work not due to any fault of the
employee, whether such uninterrupted or interrupted service
was rendered before or after the commencement of this Act;

(2) where an employee (not being an employee employed in
a seasonal establishment) is not in continuous service
within the meaning of clause (1), for any period of one year or
six months, he shall be deemed to be in continuous service
under the employer--

(a) for the said period of one year, if the employee
during the period of twelve calendar months preceding the
date with reference to which calculation is to be made,
has actually worked under the employer for not less than--

(i) one hundred and ninety days, in the case of
an employee employed below the ground in a mine or in
an establishment which works for less than six days in
a week; and

(ii) two hundred and forty days, in any
other case;

the
calendar
to
has
not

(b) for the said period of six months, if
employee during the period of six
months preceding the date with reference
which the calculation is to be made,
actually worked under the employer for
less than--

employee
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(i) ninety-five days, in the case of an
employed below the ground in a mine or in
establishment which works for less than six days in
week; and

other

(ii) one hundred and twenty days, in any
case;

3*[Explanation.--For the purposes of clause (2), the number
of
an
of
an

days on which an employee has actually worked under
employer shall include the days on which--

permitted
(Standing
Disputes
the

(i) he has been laid-off under an agreement or as
by standing orders made under the Industrial Employment
Orders) Act, 1946 (20 of 1946), or under the Industrial
Act, 1947 or (14 of 1947), under any other law applicable to
the
establishment;

the
previous year;

(ii) he has been on leave with full wages, earned in
the
previous year;

caused
employment;
and

(iii) he has been absent due to temporary disablement
by accident arising out of and in the course of his
employment;
and

maternity
leave
leave

(iv) in the case of a female, she has been on
maternity
leave; so, however, that the total period of such maternity
leave
does not exceed twelve weeks.]

is

(3) where an employee, employed in a seasonal establishment,
is

(1), not in continuous service within the meaning of clause
for any period of one year or six months, he shall
be deemed to be in continuous service under the employer
for such period if he has actually worked for not less
than seventy-five per cent. of the number of days on which
the establishment was in operation during such period.]

3.

Controlling authority.

3. Controlling authority.- The appropriate Government may,
by notification, appoint any officer to be a controlling authority,
who shall be responsible for the administration of this Act and
different controlling authorities may be appointed for different areas.

4.

Payment of gratuity.

4. Payment of gratuity.- (1) Gratuity shall be payable to
an employee on the termination of his employment after he has
rendered continuous service for not less than five years,--

(a) on his superannuation, or

(b) on his retirement or resignation, or

(c) on his death or disablement due to accident or
disease:

Provided that the completion of continuous service of five
years shall not be necessary where the termination of the employment of
any employee is due to death or disablement:

4*[Provided further that in the case of death of the
employee,
gratuity payable to him shall be paid to his nominee or, if
no nomination has been made, to his heirs, and where any such nominees
or

heirs is a minor, the share of such minor, shall be deposited with the controlling authority who shall invest the same for the benefit of such minor in such bank or other financial institution, as may be prescribed, until such minor attains majority.]

Explanation.--For the purposes of this section, disablement means such disablement as incapacitates an employee for the work which he was capable of performing before the accident or disease resulting in such disablement.

(2) For every completed year of service or part thereof in excess of six months, the employer shall pay gratuity to an employee at the rate of fifteen days' wages based on the rate of wages last drawn by the employee concerned:

Provided that in the case of a piece-rated employee, daily wages shall be computed on the average of the total wages received by him for a period

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- 1. Ins. by Act 26 of 1984, s. 4.
- 2. Omitted by Act 22 of 1987 s. 3 (w.e.f. 1-10-1987).
- 3. Added by s. 3, ibid. (w.e.f. 1-10-1987).
- 4. Subs. by Act 22 of 1987, s. 4 (w.e.f.- - - -).

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of three months immediately preceding the termination of his employment, and, for this purpose, the wages paid for any overtime work shall not be taken into account:

Provided further that in the case of 1*["an employee who is employed in a seasonal establishment and who is not so employed throughout the year"], the employer shall pay the gratuity at the rate of seven days' wages for each season.

2*[Explanation.--In the case of a monthly rated employee, the fifteen days' wages shall be calculated by dividing the monthly rate of wages last drawn by him by twenty-six and multiplying the quotient

by fifteen.]

(3) The amount of gratuity payable to an employee shall not exceed 4*[one lakh rupees].

(4) For the purpose of computing the gratuity payable to an employee who is employed, after his disablement, on reduced wages, his wages for the period preceding his disablement shall be taken to be the wages received by him during that period, and his wages for the period subsequent to his disablement shall be taken to be the wages as so reduced.

(5) Nothing in this section shall affect the right of an employee receive better terms of gratuity under any award or agreement or contract with the employer.

(6) Notwithstanding anything contained in sub-section (1),--

(a) the gratuity of an employee, whose services have been terminated for any act, wilful omission or negligence causing any damage or loss to, or destruction of, property belonging to the employer, shall be forfeited to the extent of the damage or loss so caused;

(b) the gratuity payable to an employee 1*[may be wholly or partially forfeited]--

(i) if the services of such employee have been terminated for his riotous or disorderly conduct or any other act violence on his part, or

(ii) if the services of such employee have been terminated for any act which constitutes an offence involving moral turpitude, provided that such offence is committed by him in the course of his employment.

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4A.

Compulsory insurance.

6*[4A. Compulsory insurance.- (1) With effect from such date as may be notified by the appropriate Government in this behalf, every employer, other than an employer or an establishment belonging to, or under the control of, the Central Government or a State Government, shall, subject to the provisions of sub-section (2), obtain an insurance in the manner prescribed, for his liability for payment towards the gratuity under this Act, from the Life Insurance Corporation of India established under the Life Insurance Corporation of India Act, 1956 (9 of 1956) or any other prescribed insurer:

Provided that different dates may be appointed for different establishments or class of establishments or for different areas.

(2) The appropriate Government may, subject to such conditions as may be prescribed, exempt every employer who had already established an approved gratuity fund in respect of his employees and who desires to continue such arrangement, and every employer employing five hundred or more persons who establishes an approved gratuity fund in the manner prescribed from the provisions of sub-section (1).

(3) For the purpose of effectively implementing the provisions of this section, every employer shall within such time as may be prescribed get his establishment registered with the controlling authority in the prescribed manner and no employer shall be registered under the provisions of this section unless he has taken an insurance referred to in sub-section (1) or has established an approved gratuity fund referred to in sub-section (2).

(4) The appropriate Government may, by notification, make rules to give effect to the provisions of this section and such rules may provide for the composition of the Board of Trustees of the approved gratuity fund and for the recovery by the controlling authority of the amount of the gratuity payable to an employee from the Life Insurance Corporation of India or any other insurer with whom an insurance has been taken under sub-section (1), or as the case may be, the Board of Trustees of the approved gratuity fund.

(5) Where an employer fails to make any payment by way of premium to the insurance referred to in sub-section (1) or by way of contribution to an approved gratuity fund referred to in sub-section (2), he shall be liable to pay the amount of gratuity due under this Act (including interest, if any, for delayed payments) forthwith to the controlling authority.

(6) Whoever contravenes the provisions of sub-section (5) shall be punishable with fine which may extend to ten thousand rupees and in the case of a continuing offence with a further fine which may extend to one thousand rupees for each day during which the offence continues.

Explanation.--In this section "approved gratuity fund" shall have the same meaning as in clause (5) of section 2 of the Income-tax Act, 1961 (43 of 1961).]

5.

Power to exempt.

5. Power to exempt.- 7*[(1)] The appropriate Government may, by notification, and subject to such conditions as may be specified in the notification, exempt any establishment, factory, mine, oilfield, plantation, port, railway company or shop to which this Act applies

from the operation of the provisions of this Act if, in the opinion of the appropriate Government, the employees in such establishment, factory, mine, oilfield, plantation, port, railway company or shop are in receipt of gratuity or pensionary benefits not less favourable than the benefits conferred under this Act.

8*[(2) The appropriate Government may, by notification and subject to such conditions as may be specified in the notification, exempt any employee or class of employees employed in any establishment, factory, mine, oilfield, plantation, port, railway company or shop to which this Act applies from the operation of the provisions of this Act, if, in the opinion of the appropriate Government, such employee or class of employees are in receipt of gratuity or pensionary benefits not less favourable than the benefits conferred under this Act.]

9*[(3) A notification issued under sub-section (1) or sub-section (2) may be issued retrospectively a date not earlier than the date of commencement of this Act, but no such notification shall be issued so as to prejudicially affect the interests of any person.]

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1. Subs. by Act 25 of 1984, s. 3 (w.e.f. 1-7-1984).
 2. Ins. by Act 22 of 1987, s. 4 (w.e.f. 1-10-1987).
 3. Subs. by s. 4 *ibid.*, for "twenty months' wages" (w.e.f. 1-10-1997).
 4. Subs. by Act 34 of 199, s. 3, for "fifty thousand" (w.e.f. 24-5-1994).
 5. Sub-section (7) Ins. by Act 25 of 1984, s. 3 and Omitted by Act 34 of 1994, s. 3 (w.e.f. 25-5-1994).
 6. Ins. by 22 of 1987, s. 5, (w.e.f.).
 7. Re-numbered by Act 26 of 1984, s. 5.
 8. Ins. by s. 5, *ibid.*
 9. Ins. by Act 22 of 1987, s. 6 (w.e.f. 1-10-1987).

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6.

Nomination.

6. Nomination.- (1) Each employee, who has completed one year of service, shall make, within such time, in such form and in such manner, as may be prescribed, nomination for the purpose of the second proviso to sub-section (1) of section 4.

(2) An employee may, in his nomination, distribute the amount of gratuity payable to him under this Act amongst more than one nominee.

(3) If an employee has a family at the time of making a nomination, the nomination shall be made in favour of one or more members of his family, and any nomination made by such employee in favour of a person who is not a member of his family shall be void.

(4) If at the time of making a nomination the employee has no family, the nomination may be made in favour of any person or persons but if the employee subsequently acquires a family, such nomination shall forthwith become invalid and the employee shall make, within such time as may be prescribed, a fresh nomination in favour of one or more members of his family.

(5) A nomination may, subject to the provisions of sub-sections (3) and (4), be modified by an employee at any time, after giving to his employer a written notice in such form and in such manner as may be prescribed, of his intention to do so.

(6) If a nominee predeceases the employee, the interest of the nominee shall revert to the employee who shall make a fresh nomination, in the prescribed form, in respect of such interest.

(7) Every nomination, fresh nomination or alteration of nomination, as the case may be, shall be sent by the employee to his employer, who shall keep the same in his safe custody.

7.

Determination of the amount of gratuity.

7. Determination of the amount of gratuity.- (1) A person who is eligible for payment of gratuity under this Act or any person authorised, in writing, to act on his behalf shall send a written application to the employer, within such time and in such form, as may be prescribed, for payment of such gratuity.

(2) As soon as gratuity becomes payable, the employer shall, whether an application referred to in sub-section (1) has been made or not, determine the amount of gratuity and give notice in writing to the person to whom the gratuity is payable and also to the controlling authority specifying the amount of gratuity so determined.

1*[(3) The employer shall arrange to pay the amount of gratuity within thirty days from the date it becomes payable to the person to whom the gratuity is payable.

(3A) If the amount of gratuity payable under sub-section (3) is not paid by the employer within the period specified in sub-section (3), the employer shall pay, from the date on which the gratuity becomes payable to the date on which it is paid, simple interest at such rate, not exceeding the rate notified by the Central Government from time to time for repayment of long-term deposits, as that Government may, by notification specify:

Provided that no such interest shall be payable if the delay in the payment is due to the fault of the employee and the employer has obtained permission in writing from the controlling authority for the delayed payment on this ground.]

1. Subs. by Act 22 of 1987, s. 7 (w.e.f. 1-10-1987).

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(4) (a) If there is any dispute as to the amount of gratuity payable to an employee under this Act or as to the admissibility of

any claim of, or in relation to, an employee for payment of gratuity, or as to the person entitled to receive the gratuity, the employer shall deposit with the controlling authority such amount as he admits to be payable by him as gratuity.

2*[(b) Where there is a dispute with regard to any matter or matters specified in clause (a), the employer or employee or any other person raising the dispute may make an application to the controlling authority for deciding the dispute.]

3*[(c) The controlling authority shall, after due inquiry and after giving the parties to the dispute a reasonable opportunity of being heard, determine the matter or matters in dispute and if, as a result of such inquiry any amount is found to be payable to the employee, the controlling authority shall direct the employer to pay such amount or, as the case may be, such amount as reduced by the amount already deposited by the employer.]

4*[(d)] The controlling authority shall pay the amount deposited, including the excess amount, if any, deposited by the employer, to the person entitled thereto.

4*[(e)] As soon as may be after a deposit is made under clause (a), the controlling authority shall pay the amount of the deposit--

(i) to the applicant where he is the employee; or
(ii) where the applicant is not the employee, to the such 1*[nominee or, as the case may be, the guardian of nominee or] heir of the employee if the controlling authority is satisfied that there is no dispute as to the right of the applicant to receive the amount of gratuity.

(5) For the purpose of conducting an inquiry under subsection (4), the controlling authority shall have the same powers as are

vested in a court, while trying a suit, under the Code of Civil Procedure, 1908 (5 of 1908), in respect of the following matters, namely:--

- him
- (a) enforcing the attendance of any person or examining on oath;
 - (b) requiring the discovery and production of documents;
 - (c) receiving evidence on affidavits;
 - (d) issuing commissions for the examination of witnesses.

(6) Any inquiry under this section shall be a judicial proceeding within the meaning of sections 193 and 228, and for the purpose of section 196, of the Indian Penal Code (45 of 1860).

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- 1. Explanation Omitted by Act 25 of 1984, s. 4 (w.e.f. 1-7-84).
 - 2. Ins. by s. 4, ibid. (w.e.f. 1-7-1984).
 - 3. Subs. by s. 4, ibid. (w.e.f. 1-7-1984).
 - 4. Re-letted by s. 4, ibid. (w.e.f. 1-7-1984).

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(7) Any person aggrieved by an order under sub-section (4) may, within sixty days from the date of the receipt of the order, prefer an appeal to the appropriate Government or such other authority as may be specified by the appropriate Government in this behalf:

Provided that the appropriate Government or the appellate authority, as the case may be, may, if it is satisfied that the appellant was prevented by sufficient cause from preferring the appeal within the said period of sixty days, extend the said period by a further period of sixty days:

1*[Provided further that no appeal by an employer shall be admitted unless at the time of preferring the appeal, the appellant either produces a certificate of the controlling authority to the effect that the appellant has deposited with him an amount equal to

the amount of gratuity required to be deposited under sub-section (4), or deposits with the appellate authority such amount.]

(8) The appropriate Government or the appellate authority, as the case may be, may, after giving the parties to the appeal a reasonable opportunity of being heard, confirm, modify or reverse the decision of the controlling authority.

7A.

Inspectors.

2*[7A. Inspectors.- (1) The appropriate Government may, by notification, appoint as many Inspectors, as it deems fit, for the purposes of this Act.

(2) The appropriate Government may, by general or special order, define the area to which the authority of an Inspector so appointed shall extend and where two or more Inspectors are appointed for the same area, also provide by such order, for the distribution or allocation of work to be performed by them under this Act.

(3) Every Inspector shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code (45 of 1860).

7B.

Powers of Inspectors.

7B. Powers of Inspectors.- (1) Subject to any rules made by the appropriate Government in this behalf, an Inspector may, for the purpose of ascertaining whether any of the provisions of this Act or the conditions, if any, of any exemption granted thereunder, have been complied with, exercise all or any of the following powers, namely:-

(a) require an employer to furnish such information as he may consider necessary;

(b) enter and inspect, at all reasonable hours, with such assistants (if any), being persons in the service of the Government or local or any public authority, as he thinks fit, any premises of or place in any factory, mine, oilfield, plantation, port, railway company, shop or other establishment to which this Act, applies, for the purpose of examining any register, record or notice or other document required to be kept or exhibited under this Act or the rules made thereunder, or otherwise kept or exhibited in relation to the employment of any person or the payment of gratuity to the employees, and require the production thereof for inspection;

(c) examine with respect to any matter relevant to any of the purposes aforesaid, the employer or any person whom he finds in such premises or place and who, he has reasonable cause to believe, is an employee employed therein;

(d) make copies of, or take extracts from, any register, record, notice or other document, as he may consider relevant, and where he has reason to believe that any offence under this Act has been committed by an employer, search and seize with such assistance as he may think fit, such register, record, notice or other document as he may consider relevant in respect of that offence;

(e) exercise such other powers as may be prescribed.

(2) Any person required to produce any register, record, notice or other document or to give any information by an Inspector under sub-section (1) shall be deemed to be legally bound to do so within the meaning of sections 175 and 176 of the Indian Penal Code (45 of 1860).

(3) The provisions of the Code of Criminal Procedure, 1973 (2 of 1974) shall so far as may be, apply to any search or seizure under this section as they apply to any search or seizure made under the authority of a warrant issued under section 94 of that Code.]

8.

Recovery of gratuity.

8. Recovery of gratuity.- If the amount of gratuity payable under this Act is not paid by the employer, within the prescribed time, to the person entitled thereto, the controlling authority shall, on an application made to it in this behalf by the aggrieved person, issue a certificate for that amount to the Collector, who shall recover the same, together with compound interest thereon 1*[at such rate as the Central Government may, by notification, specify], from the date of expiry of the prescribed time, as arrears of land revenue and pay the same to the person entitled thereto:

4*[Provided that the controlling authority shall, before issuing a certificate under this section, give the employer a reasonable opportunity of showing cause against the issue of such certificate:

Provided further that the amount of interest payable under this section shall, in no case exceed the amount of gratuity payable under this Act.]

9.

Penalties.

9. Penalties.- (1) Whoever, for the purpose of avoiding any payment to be made by himself under this Act or of enabling any other person to avoid such payment, knowingly makes or causes to be made any false statement or false representation shall be punishable with

imprisonment for a term which may extend to six months, or with fine which may extend to 5*[ten thousand rupees], or with both.

(2) An employer who contravenes, or makes default in complying with, any of the provisions of this Act or any rule or order made thereunder shall be punishable with imprisonment for a term 5*[which shall not be less than three months but which may extend to one year, or with fine which shall not be less than ten thousand rupees but which may extend to twenty thousand rupees, or with both].

Provided that where the offence relates to non-payment of any gratuity payable under this Act, the employer shall be punishable with imprisonment for a term which shall not be less than 5*[six months but which may extend to two years] unless the court trying the offence, for reasons to be recorded by it in writing, is of opinion that a lesser term of imprisonment or the imposition of a fine would meet the ends of justice.

10.

Exemption of employer from liability in certain cases.

10. Exemption of employer from liability in certain cases.-
Where an employer is charged with an offence punishable under this Act, he shall be entitled, upon complaint duly made by him and on giving to the complainant not less than three clear days' notice in writing of his intention to do so, to have any other person whom he charges as

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1. Ins. by Act 25 of 1984, s. 4 (w.e.f. 1-7-1984).
2. Ins. by s. 5, *ibid.* (w.e.f. 1-7-1984).
3. Subs. by Act 22 of 1987, s. 8 (w.e.f. 1-10-1987).
4. Added by s. 8, *ibid.* (w.e.f. 1-10-1987).
5. Subs. by s. 9, *ibid.* (w.e.f. 1-10-1987).

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the actual offender brought before the court at the time appointed for

hearing the charge; and if, after the commission of the offence has been proved, the employer proves to the satisfaction of the court--

(a) that he has used due diligence to enforce the execution of this Act, and

(b) that the said other person committed the offence in question without his knowledge, consent or connivance,

that other person shall be convicted of the offence and shall be liable to the like punishment as if he were the employer and the employer shall be discharged from any liability under this Act in respect of such offence:

Provided that in seeking to prove as aforesaid, the employer may be examined on oath and his evidence and that of any witness whom he calls in his support shall be subject to cross-examination on behalf of the person he charges as the actual offender and by the prosecutor:

Provided further that, if the person charged as the actual offender by the employer cannot be brought before the court at the time appointed for hearing the charge, the court shall adjourn the hearing from time to time for a period not exceeding three months and if by the end of the said period the person charged as the actual offender cannot still be brought before the court, the court shall proceed to hear the charge against the employer and shall, if the offence be proved, convict the employer.

11.

Cognizance of offences.

11. Cognizance of offences.-(1) No court shall take cognizance of any offence punishable under this Act save on a complaint made by or under the authority of the appropriate Government:

Provided that where the amount of gratuity has not been paid, or recovered, within six months from the expiry of the prescribed time, the appropriate Government shall authorise the controlling authority to make a complaint against the employer, whereupon the controlling authority shall, within fifteen days from the date of such authorisation, make such complaint to a magistrate having jurisdiction to try the offence.

(2) No court inferior to that of a 1*[Metropolitan magistrate or a Judicial Magistrate of the first class] shall try any offence punishable under this Act.

12.

Protection of action taken in good faith.

12. Protection of action taken in good faith.- No suit or other legal proceeding shall lie against the controlling authority or any other person in respect of anything which is in good faith done or intended to be done under this Act or any rule or order made thereunder.

13.

Protection of gratuity.

13. Protection of gratuity.- No gratuity payable under this Act 2*[and no gratuity payable to an employee employed in any establishment, factory, mine, oilfield, plantation, port, railway company or shop exempted under section 5] shall be liable to attachment in execution of any decree or order of any civil, revenue or criminal court.

1. Subs. by Act 34 of 1994, s. 4 (w.e.f. 24-5-1994).
2. Ins. by Act 25 of 1984, s. 6 (w.e.f. 1-7-1984).

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14.

Act to override other enactments, etc.

14. Act to override other enactments, etc.-The provisions of this Act or any rule made thereunder shall have effect notwithstanding anything inconsistent therewith contained in any enactment other than this Act or in any instrument or contract having effect by virtue of any enactment other than this Act.

15.

Power to make rules.

15. Power to make rules.-(1) The appropriate Government may, by notification, make rules for the purpose of carrying out the provisions of this Act.

(2) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall, thereafter, have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.