

Brief on Payment of Gratuity (Amendment) Act, 2018

1. The Payment of Gratuity (Amendment) Bill, 2018 has been passed by the Lok Sabha and Rajya Sabha on 15.03.2018 and 22.03.2018 respectively and assented to by the Hon'ble President on 28th March, 2018.

2. The Government vide notification no. 1420(E) dated 29th March, 2018 has enhanced the gratuity ceiling under the Payment of Gratuity Act, 1972 from Rs. 10 Lakh to Rs. 20 Lakh with effect from 29th March, 2018.

3. A Large number of representations have been received in this Ministry from the Unions/Organizations /Individuals physically, through Social Media (Facebook/Twitter etc.) and PG Portal whereby the representatives are requesting to this Ministry that the effective date of Payment of Gratuity (Amendment) Act, 2018 will 01.01.2016 instead of 29.03.2018 at par with the Central Government employees'.

4. In this regard, it is informed that on earlier occasions also, the enhancement in gratuity ceiling under the Payment of Gratuity Act, 1972 has been implemented with prospective date only. Further, implementation of the same with retrospective effect will be administratively difficult and employers may not have sufficient liquidity to meet the arrear liabilities.