



# Standing Committee Report Summary

## The Payment of Gratuity (Amendment) Bill, 2007

- The Standing Committee on Labour submitted its 26<sup>th</sup> Report on 'The Payment of Gratuity (Amendment) Bill, 2007' on February 26, 2008. The Chairperson was Shri Suravaram Sudhakar Reddy.
- The Bill amends the definition of "employee" to include teachers of private educational institutions after the Supreme Court order of 2004 stated that teachers in private educational institutions do not fall within the purview of the definition of "employee" under the Payment of Gratuity Act, 1972. However, the new definition does not explicitly include teachers in private educational institutions. The Committee suggests that the new definition of "employee" should explicitly include teachers in private educational institution.
- The Payment of Gratuity Act, 1972 states that it is applicable to all those establishments which employ a minimum of 10 people. The Committee recommends that the ceiling of 10 or more persons should be removed so that gratuity is payable to all employees irrespective of the number of persons employed in an establishment.
- The Committee suggests that the law should be made applicable with retrospective effect i.e. from the date of notification in 1997 so that teachers are not deprived of their gratuity solely because of a legal lacuna in the law.
- The Committee recommends that contract workers should be brought within the purview of the Act by laying down specific provisions in the Act itself. If a contract worker has worked for five years, whether continuously or otherwise, in an organisation he should be entitled to gratuity under the Act.
- The Committee further recommends that the government should make an overall assessment of the contract labour system, review the systemic flaws and carry out reforms through legislation.

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