

Forfeiture of Gratuity

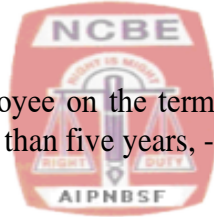
We have been receiving references from Circle Offices seeking clarifications to various issues pertaining to forfeiture of gratuity. The relevant provisions of gratuity under the Payment of Gratuity Act, 1972, Award and Punjab National Bank (Officers') Service Regulations, 1979 are mentioned hereunder :-

A. PAYMENT OF GRATUITY ACT, 1972

The gratuity payable under the Payment of Gratuity Act, 1972 is liable to full or partial forfeiture under different circumstances.

Section 4(1) of the Payment of Gratuity Act, 1972 deals with payment of gratuity whereas Section 4(6) of the said Act deals with forfeiture of gratuity.

Section 4(1) reads as under:-



“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.”

Section 4(6) provides as under:-

“Notwithstanding anything contained in sub-section (1)-

- (a) The gratuity of an employee, whose services have been terminated for any act, willful 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 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 of 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.”

B. DESAI AWARD AND BIPARTITE SETTLEMENT

Para 8.31 of the Desai Award states as under:-

“Gratuity shall become payable (i) on the death of an employee while in service of the bank, the amount of gratuity being payable to the heirs, executors, administrators or assigns of the employee or, in case he has executed a nomination paper in the form prescribed by the bank, to the nominee of the employee ; (ii) on an employee becoming physically or mentally incapable of further service ; (iii) on termination of his service by the employer ; and (iv) on voluntary retirement or resignation after ten years' continuous service.”