

Clarification under section 8 of The  
Payment of Gratuity Act, 1972.



Government Of Gujarat  
Labour, Skill Development & Employment Department  
Circular No: CMO/102021/303909/M-3  
Sachivalaya, Gandhinagar.  
Dt.09/02/2022

**Circular :**

A query has been raised regarding the interpretation of the provision of section 8 of the Payment of Gratuity Act, 1972. In which clarification has been sought, on whether, the Controlling Authority is required to issue the certificate only with regard to the unpaid amount of gratuity by the employer to the person entitled thereto or the said authority is required to issue the certificate not only with regard to the unpaid amount of gratuity but also including the amount of compound interest on such unpaid amount of gratuity.

An opinion of the Legal department, Gujarat state has been sought on the said matter, and accordingly, it is hereby clarified that:

- (1) Under the provision of section 8 of the said Act, "that amount" means the amount of gratuity which is payable under the Act by the employer to the person entitled thereto but has not been paid by the employer within the prescribed time limit. And, the Controlling Authority is required to issue a certificate only with regard to the unpaid amount by the employer to the concerned person.
- (2) Further as provided in section 8, after the Controlling Authority issues the certificate of the unpaid amount, the duty is cast upon the District Collector to recover the said unpaid amount along with the compound interest at such rate as the Government of India may specify, from the date of expiry of the prescribed time, as arrears of land revenue and pay the same to the person entitled thereto.

However, as provided in section 8, before the Controlling Authority issues the certificate, he is required to give the employer a reasonable opportunity of showing cause against the issue of such certificate and while recovering the unpaid

amount along with the compound interest thereon, the District Collector shall ensure that the amount of compound interest, payable shall, in no case exceed the amount of gratuity payable under the Act.

(3) The offices /officers dealing with the said Act are directed to act accordingly.

This issues with the approval of the competent authority.

By order and in the name of the Governor of Gujarat,



(GAGUBHA RAJ)

Deputy Secretary to Government.

To,

- The Secretary to Governor, Rajbhawan, Gujarat State, Gandhinagar.(By letter)
- The Secretary to Hon'ble Chief Minister, Swarnim Sankul- 1, Sachivalaya, Gandhinagar.
- The PS to Hon'ble Minister, Labour, Skill Development and Employment, Swarnim Sankul- 2, Sachivalaya, Gandhinagar.
- The Joint Secretary to Chief Secretary, Block No.-1, 5th Floor, Sachivalaya, Gandhinagar.
- The Principal Secretary, Labour, Skill Development and Employment Department, Sachivalaya, Gandhinagar.
- ✓ The Labour Commissioner, Block No.11, Udhyog Bhavan, Sector-11, Gandhinagar.- with a request to intimate all the concerned offices.
- All District Collectors, Gujarat State. (By mail)
- Deputy Section Officer Select File.
- Branch Select File.