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Cut gratuity period to one year: panel

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Parliamentary Committee on Labour has, in its latest report, recommended that the eligibility period for gratuity payable to an employee on termination of his employment should be reduced to one year from the present provision of five years.

The Committee made this recommendation in its report on Social Security Code, which has been evolved subsuming nine Central Labour laws. This comes in the wake of extensive retrenchment in all sectors in COVID-19 pandemic-induced economic slowdown. The committee, which is headed by Biju Janta Dal MP Bharatruhari Mahtab, submitted the report to Speaker Om Birla on Friday.

"Keeping in view the nature of India's Labour Market where most employees are employed for a short duration period only, making them ineligible for gratuity as per extant norms, the Committee desires that the time limit of five years as provided for in the Code for payment of gratuity be reduced to continuous service of one year," the report says.

It has also recommended that this facility be extended to all kinds of employees, including contract labourers, seasonal workers, piece rate workers, fixed term employees and daily/monthly wage workers.

The committee has stressed that there should be a robust redressal mechanism in case an employer does not pay up the dues.

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The Labour Ministry had informed the committee that the employee can then approach the Competent Authority. "The Committee is of the considered opinion that such a provision is against the interest of the affected employees/workers who may have to run from pillar to post to get their legitimate dues," the report notes. Instead, the panel has recommended that the Social Security Code should have provisions to hold the employer liable for payment of gratuity to the employees within a stipulated time frame.

"There should not be any leniency, as strong deterrent provisions would reduce wilful default and delinquent negligence on the part of employers in timely payment of gratuity to the needy and deserving employees," the report stated.

On similar lines, the Committee also flagged the concern that the threshold limit of 20 or more employees for EPFO registration can be used by the employers to exclude themselves from EPFO coverage. "The Committee desires that possibilities be explored to make the EPF Act applicable to all the workers, including self-employed," the report has said.

The panel has recommended that the social security code should empower the Central government to reduce the employee's contribution to EPF in exceptional circumstances like disasters in terms of the Disaster Management Act, including pandemics, because this would enable the Government to provide relief to the affected persons in COVID-19 like pandemics.