

ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

No.P1/327/(01)/2019-PO.I

Office of the Managing Director,
RTC House, PNBS, Vijayawada.

CIRCULAR NO.03/19-PD, DATED 08.01.2019

Sub: GRATUITY – Payment of Gratuity up to maximum ceiling limit of 20 months wages – Instructions reiterated – Reg.

- Ref: 1. Circular No.PD-44/1975-76, dated 30.07.1975
2. Circular No.PD-122/82-83 dated 08.02.1983
3. Board Resolution No.72/2012 dated 16.11.2012.

>>><

Instructions were issued vide circulars under reference 1st and 2nd cited to pay gratuity to the employees on cessation of service as per formula communicated by the Corporation limiting it to the maximum ceiling of 20 months wages i.e., 20 times the (pay + DA) last drawn. This method of payment of gratuity is in force in the Corporation as per the Payment of Gratuity Act, 1972, which is applicable to all categories of employees.

All employees who completed minimum 5 years of service are eligible for payment of gratuity for the completed years of service. In case of deceased/disabled employees, such minimum period of 5 years is exempted and they are eligible for payment of gratuity for the actual period of service in terms of years. The maximum ceiling limit in terms of amount adopted by the Government for its employees was Rs.50,000/- initially and the same was subsequently enhanced in several stages and is currently revised to Rs.20.00 lakhs w.e.f. 29.03.2018.

When an objection was raised by the AG Audit in 2012 regarding payment of gratuity in excess of the ceiling limit of Rs.10.00 lakhs fixed by the Government at that time (which is now revised to Rs.20.00 lakhs), it was replied that gratuity was being paid to the APSRTC employees in terms of Section 4(5) of the Gratuity Act according to which "nothing in this section shall affect the right of an employee to receive better terms of gratuity under any award or agreement or contract with the employer."

The observations of AG Audit were submitted before the Corporation Board with regard to upper monetary ceiling. Upon examining the issue, the Board, vide Resolution No.72/2012 dated 16.11.2012 approved the following.

1. Ratified the action taken by the Corporation for payment of gratuity with a maximum ceiling of 20 months wages and without imposing any monetary ceiling of Rs.10.00 lakhs that is followed in the Government, to its employees from the year 1987 onwards and
2. Approved to continue to pay gratuity to the employees of the Corporation without any ceiling limit and to continue the existing practice of payment of gratuity in terms of section 5 of Payment of Gratuity Act

According to the above Board Resolution, all employees are eligible to draw gratuity up to maximum ceiling limit of 20 months wages without any cap on the amount as followed in the Government for its employees from time to time.

Please Turn Over

However, instances have come to the notice of Corporate Office that limiting the Gratuity amount of the retiring employees to 20 months wages as above, was not adhered to at certain units and gratuity in excess of 20 months wages was paid to some employees who completed 35 and above years of service. To give more clarity, the standing guidelines are now reiterated.

For the purpose of calculating years of service rendered, 6 months and above period shall be rounded to one year. For example, the employee who completes 33 years and 6 months service shall be deemed to have completed 34 years of service for the purpose of paying gratuity.

As per the gratuity formula, the employees who completed less than 35 years service are within the maximum ceiling limit of gratuity i.e. 20 months wages as illustrated in the table given below.

$(\text{Pay} + \text{DA last drawn}) \times (15 \text{ days} \times \text{No. of years of service completed}) / 26.$

S.No	Years of service completed	Gratuity Factor (Years of service X 15/26)	Factor to be rounded off to	Gratuity payable
1	33	19.04	19	19X(Pay+DA)
2	34	19.62	20	20X(Pay+DA)
3	35	20.19	20	20X(Pay+DA)
4	36	20.77	20	20X(Pay+DA)
5	37	21.35	20	20X(Pay+DA)

(Pay+DA) means the last drawn (Pay+DA) at the time of cessation of service.

Therefore, instructions are hereby reiterated that the maximum ceiling limit of gratuity i.e. 20 months wages shall be followed as given above. These instructions will come into force for strict adherence with immediate effect.


 29/1/19
 VICE CHAIRMAN &
 MANAGING DIRECTOR