No.ST/ACC/PF/GTY/AUDIT/F-364/2144
M.S.R.T.Corporation,Central Offices,
Maharashtra Vahatuk Bhavan,
Dr.Anandrao Nair Marg,BOMBAY-400008.
Date : 25th April, 1994.

The Dy.General Manager (P&IB), a.cs.

Sub : Excess payment of Gratuity on account of wrong computation of qualifying service.

Ref : 1) No.ST/ACC/PF/GTY/F-364/751
Dated 10.2.1994.
2) No.ST/ACC/PF/F-364/766
Dated 10.2.1994.
3) No.ST/ACC/GTY/F-364/1319
Dated 4.4.1994.

In continuation of the above mentioned references it is informed as under :- The Govt.Audit while auditing Gratuity claims for the year 1991-92 has observed as under.

Excess payment of gratuity on account of wrong computation of Qualifying Service :

"According to Section 4(1) of the Payment of Gratuity Act 1972, gratuity shall be payable to an employee if he/she has completed continuous service for not less than 5 years on the date of termination of service. Further, as per sub-section 2(a) of Section 2A, ibid an employee shall be deemed to be in continuous service for any period of one year under the employer, if the employee during the period of twelve calendar months preceding the date with reference to which calculation is to be made has actually worked under the employer for not less than 240 days.

However, it would be seen from the Annexure 'A' that while calculating the amount of gratuity payable the total period of absence on account of NND leave (leave, the cation therefor) has been deducted from the total service period in order to arrive at Net Qualifying Service whereas as per rules mentioned above, the absence for NND leave should have been calculated in the light of continuous absence during a period of twelve calendar months preceding the date of retirement/cessation of Service/death etc.

Non-compliance of the Rule has thus resulted in excess calculation of qualifying service resulting in overpayment of gratuity Rs.16,414/- (Satara - 8,486 + Solapur-Rs.4,461 + Aurangabad - Rs.2,069.25 + Parbhani-Rs.1,313). Similar cases needs review in other divisions also. Remarks of the Management may be furnished".

This issue was discussed with A.P.O. (GTY) and it was decided that this particular point has to be considered while issuing instructions.

Sd/-S.T.Kamble
for Chief Accounts Officer.

excess./\