



**272. Mr. A has worked as a contract labourer for 10 years under the same contractor but for multiple principal employers during this period. Is Mr. A eligible for gratuity under the Payment of Gratuity Act, 1972?**

Based on the Payment of Gratuity Act, 1972, Mr. A may be eligible for gratuity under certain conditions:

**1. Continuous Service Requirement (Section 2A):**

- The Act defines "continuous service" as uninterrupted service, including periods of absence due to sickness, accident, leave, or cessation of work not due to the employee's fault.
- An employee is deemed to be in continuous service if they have completed at least five years of service, working for 240 days in a year (190 days in certain cases like mines).

**2. Eligibility for Gratuity (Section 4):**

Gratuity is payable upon superannuation, retirement, resignation, death, or disablement, provided the employee has rendered a minimum of five years of continuous service.

**3. Contract Labor and Principal Employer Consideration:**

- If Mr. A has been engaged by the same contractor continuously for 10 years, he may qualify for gratuity from the contractor.
- However, if the contractor has changed but the principal employer remained the same, the continuity may be questioned.
- If Mr. A has worked for multiple principal employers under the same contractor, his service continuity with the contractor is crucial in determining eligibility.

**4. Liability of the Contractor & Financial Protection:**

- The contractor is liable to pay the gratuity for contract labour employed by him and deputed to multiple principal employers.
- In such cases, the contractor must protect the gratuity liability appropriately.
- To manage this, the contractor should include a clause in the agreement with principal employers to collect the gratuity liability on a yearly basis.
- Additionally, the contractor must make provisions in his books to ensure that the gratuity liability is systematically managed in the long run.

**5. Supreme Court & High Court Rulings:**

Courts have often held that gratuity liability primarily rests with the contractor unless the principal employer directly employed the labourer or failed to ensure compliance with gratuity laws.

**Conclusion:**

Mr. A is likely eligible for gratuity from the contractor if his service is deemed continuous. If the contractor denies liability, Mr. A may seek legal recourse, and the principal employer may be held liable if they failed to ensure compliance. Proper financial planning by the contractor through contractual provisions with principal employers can help in effectively managing gratuity liabilities.

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