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RIGHT TO SERVICE AND THE ROLE OF CONTROLLING AUTHORITIES EVALUATING THE EFFECTIVENESS OF LEGAL MECHANISMS UNDER THE PAYMENT OF GRATUITY ACT, 1972

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I. ABSTRACT

The Payment of Gratuity Act 1972 was legislated to safeguard the welfare and social security of employees across India. Its primary objective is to ensure the timely payment of gratuity to workers employed in various sectors such as factories, mines, oilfields, plantations, ports, Railway companies, shops, and other establishments. This Act establishes a framework for the obligatory provision of gratuity as a form of social security to employees upon retirement, reaching superannuation, experiencing physical incapacity, or enduring impairment of body parts. Gratuity serves as a financial reward bestowed upon an employee for their service and loyalty to their employer, akin to a retirement benefit plan. Unfortunately, instances of forfeiture, denial, and delay of gratuity are prevalent within industrial organizations. These occurrences often stem from grievances held by employers against employees, financial constraints faced by employers, lack of awareness, and reluctance to engage in legal proceedings due to financial limitations. Consequently, a considerable number of cases remain pending before the Controlling Authority, a quasi-judicial body tasked with resolving disputes and enforcing the provisions outlined in the Gratuity Act. There is a need for a Citizen Charter to ensure the time-bound delivery of gratuity orders by the Controlling Authority.

II. KEYWORDS

Controlling Authority, Gratuity, forfeiture, denial, and delay, Right to Service; Employee Welfare; Social Security.

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III. INTRODUCTION

The Payment of Gratuity Act, 1972, stands as a cornerstone of labour welfare legislation in India, designed to provide financial security to employees across various industries. By mandating the provision of gratuity payments upon retirement, superannuation, physical incapacity, or bodily impairment, the Act ensures a measure of social security for workers, rewarding them for their loyalty and service. Covering a broad spectrum of sectors, including factories, mines, oilfields, plantations, and railway companies, it establishes a legal framework to safeguard employee entitlements.

Despite its well-intentioned objectives, the practical implementation of the Act often reveals significant gaps. Instances of denial, forfeiture, and delay in gratuity payments remain widespread, fuelled by factors such as employer grievances, financial difficulties, lack of awareness, and employees' hesitation to pursue legal remedies due to cost constraints. These challenges result in a growing backlog of cases before the Controlling Authority, the quasi-judicial entity responsible for adjudicating disputes and enforcing the Act's provisions.

This study delves into the effectiveness of the legal mechanisms established under the Payment of Gratuity Act, 1972, with a particular focus on Kottayam. This study analyzes the implementation of the Payment of Gratuity Act, 1972, from 2018 to 2023, prior to the enactment of the Code on Social Security, 2020, and the enforcement of the Kerala Social Security Rules, 2021, 2021, on 21st November 2025. By analysing the region-specific implementation, challenges, and outcomes, the research aims to shed light on the strengths and shortcomings of the Act in ensuring timely and equitable gratuity payments. There is a need for a Citizen Charter or rights to service to ensure the time-bound delivery of gratuity orders by the Controlling Authority.

A. STATEMENT OF PROBLEM

The enduring backlog of Gratuity cases before the Controlling Authority appears to have a detrimental impact on industrial culture. Consequently, this industrial climate may adversely affect the state's social welfare outlook, contribute to heightened

employee dissatisfaction, and result in understaffing and decreased productivity within the industry. Table 1 illustrates a significant decline in filed cases before the Controlling Authority, plummeting from 857 in 2018 to 229 in 2023. Notably, the table also indicates the presence of pending cases dating back to 2005, leaving marginalized employees deprived of justice for extended periods, with some even passing away during the proceedings.

These cases are often handled by the nominees. Table 2, on the other hand, presents a breakdown of pending cases specifically from 2018 to 2023 at the Controlling Authority in Kottayam. It lists the number of pending cases for each year within this time frame, including data for earlier years such as 2017, 2016, and a cumulative count from 2015 to 2005. For instance, in 2023, there were a total of 790 pending cases, with the breakdown for each year provided in the table.

Table 1.1: List of pending cases at Controlling Authority, Kottayam²

Year	2023	2022	2021	2020	2019	2018	2017	2016	2015-2005
Pending Cases:	206	101	191	24	167	40	23	6	30
Total:790									

Table 1.2: List of filed cases from 2018 to 2023 at controlling authority, Kottayam³

Year	2023 up to Sept.	2022	2021	2020	2019	2018
Total filed cases	229	228	334	163	447	857

This study is crucial for examining whether factors such as lack of awareness regarding gratuity, delay or denial of right to service of Controlling Authority, reluctance to pursue legal remedies, or other variables play a pivotal role in gratuity

², RTI Reply, SPIO to Deputy labour Office Kottayam, (12.10.2023). No. A(1)866/23

³ *Id.*

enforcement. By delving into the nuances of gratuity, the research aims to gauge employees' sentiments towards the enforcement of their gratuity entitlements and their overall industrial environment. The analytical insights garnered from this study have the potential to serve as a potent diagnostic tool for identifying and rectifying the challenges encountered by employees regarding gratuity. Ultimately, the findings of this study can contribute towards the establishment of a more robust and efficient gratuity payment system.

B. Scope of the Study

This study aims to thoroughly investigate the implementation of the Payment of Gratuity Act, with a specific focus on delays and employee dissatisfaction concerning employer and controlling authority attitudes to the time bound delivery of right to service. It seeks to understand the reasons behind payment delays, factors contributing to employee dissatisfaction, and how both employers and controlling authorities perceive gratuity entitlements.

The study will analyze delays, including administrative hurdles and resource limitations, assess employee dissatisfaction factors such as transparency and fairness, and evaluate employer and controlling authority behaviors regarding legal compliance and responsiveness. It will also explore instances of gratuity denial or forfeiture, examining legal grounds and implications for employees and employers. Recommendations will be provided based on the study's findings, aiming to improve Act implementation, employer-employee relations, and controlling authority effectiveness.

By delving into these aspects, the study aims to contribute to a better understanding of the issues surrounding gratuity entitlements, facilitate dialogue between stakeholders, and inform policy interventions aimed at promoting greater efficiency, fairness, and compliance in gratuity administration, i.e. time bound delivery of gratuity order by Controlling Authority.

C. Review of Literature

The Payment of Gratuity Act, 1972, is a significant legislative measure aimed at providing financial security to employees in India upon their retirement. "This act has been the subject of various scholarly analyses, shedding light on its provisions, implications, and challenges. The analysis conducted by the FMSF Research Team in October 2011 offers valuable insights into the Payment of Gratuity Act, 1972"⁴. Their study provides a comprehensive examination of the act, exploring its key provisions and assessing its impact on both employers and employees.

In their article titled "Employment Relations & Managerialist Undercurrents - The Case of Payment of Gratuity Act, 1972," Joseph and Jagannathan (2011) delve into the intricate dynamics of employment relations surrounding the act"⁵. They highlight the presence of managerialist undercurrents and advocate for inclusive governance paradigms to ensure the act's effectiveness in safeguarding the interests of workers.

"Maniar (2017) addresses the challenges faced by unorganized labor in their article "Unorganized labour - Issues and Challenge"⁶. They emphasize the need to extend the coverage of the Payment of Gratuity Act, 1972, to provide equitable social security for all workers, particularly those in the unorganized sector.

Kar (2014) examines "the Unorganized Workers Social Security Act, 2008, as an approach to providing basic and contingent social security to marginalized workers"⁷. While not directly focusing on the Payment of Gratuity Act, Kar's analysis contextualizes the broader efforts aimed at enhancing social security for vulnerable segments of the workforce.

"Sarah Pauly's brief study on the Payment of Gratuity Act, 1972, published in the International Journal of Innovative Research in Engineering and Management in

⁴ FMSF RESEARCH TEAM, *Analysis Of Payment Of Gratuity Act 1972* (2011) (E-book). available at: https://www.fmsfindia.org.in/ebook_download/16 (last visited 10 Jan., 2025).

⁵ Joseph, J., & Jagannathan, S, 'Employment Relations & Managerialist Undercurrents - The Case of Payment of Gratuity Act, 1972', 47(2) IJIR, 253-263 (2011).

⁶ Maniar, N, 'Unorganized labour - Issues and Challenges'. IJRAR- Int. J. Res. Anal. Rev (2017).

⁷ Kar, S. 'The Unorganized Workers Social Security Act, 2008 - An Approach to Provide Basic & Contingent Social Security to the Unorganized Workers in India', SSRN Electron. J (2014).

January 2022, offers insights into judicial interpretations and responses to the act"⁸. Pauly's research highlights the complexities and challenges in gratuity-related litigations, advocating for a more cohesive legal framework to address these issues.

Furthermore, "Suresh C. Srivastava's examination of the approaches of Indian judiciary towards gratuity, published in the Indian Journal of Industrial Relations in 2007, provides additional perspectives on the act"⁹. Srivastava's analysis sheds light on judicial interpretations and responses to the act, revealing nuances in the application of its provisions.

D. Review of Judicial Interpretation

The abovesaid scholarly literature surrounding the Payment of Gratuity Act, 1972, offers a comprehensive understanding of its significance in ensuring financial security for retired workers in India. Through various analyses, researchers have highlighted both the strengths and challenges of the act, paving the way for potential reforms and improvements in the future.

"Only if they are satisfied that the financial condition of the employer is satisfactory and the burden of the gratuity scheme can be borne by him that they proceed to frame schemes of gratuity and thereby secure for the employees the retirement benefit in the form of gratuity"¹⁰. In *Indian Hums Pipe Co. v. Its workmen* (1959 (II) Labour (Law Journal 830) their Lordships of the Supreme Court observe at page 832 as follow: "The principal point which calls for our decision is whether a scheme of gratuity can be framed by industrial tribunals for workmen who are entitled to the benefits of S. 25F of the Act. This question was subsequently raised before industrial tribunals and has generally been answered in favour of the employees.

"It cannot be contended that Trust is not carrying on any service. If that is so, Trust is an establishment within the meaning of the Kerala Payment of Subsistence Allowance Act. Consequently, the Trust would also be an 'establishment' within the meaning of

⁸ Pauly, S, 'Brief Study on Payment of Gratuity Act, 1972'. International Journal of Innovative Research in Engineering and Management, 9(1) Special Issue-1 IJIREM, (2022).

⁹ Srivastava, S. C, 'Gratuity: The Approaches Of Indian Judiciary', 7(3) IJIR, 331-354 (2007).

¹⁰ *Nilgiris Tea Estates Ltd v Workmen of Stagbrook Estate And Others* [1961] KHC 387.

S.1(3)(b) of the Act. As a result, the employees like the deceased claimant, whose legal representative is the appellant, is entitled to the benefit of the Payment of Gratuity Act"¹¹. It is held that a temple does not come within the definition of Section 1(3)(b) of the Act of 1972. "Therefore, question No. 1 is answered by holding that the appellant - temple being a temple, does not answer to the description ' commercial establishment' under S.2(e) of the Act of 1961 and hence, the Act of 1972 is not applicable to it. It is accordingly answered"¹².

"The amendment seeks to bring equality and give fair treatment to the teachers. It can hardly be categorized as an arbitrary and high-handed exercise"¹³. The Division bench of Supreme Court again affirmed that "teachers were brought within the purview of "employee" as defined in S.2(e) of the Payment of Gratuity Act by Amending Act No. 47 of 2009 with retrospective effect from 03/04/1997"¹⁴

"Cochin University of Science and Technology, an educational institution, is an establishment under S.1(3)(c). University is 'employer' under the Act"¹⁵. that the Gratuity Act, a Central legislation, was aimed at providing gratuity to employees engaged inter alia in shops and other establishments and that the two Acts are not supplemental to each other; nor are the provisions in pari materia. "We have gone through the provisions and rulings as referred to in the judgment under challenge and we concur with the finding and the observations"¹⁶.

"That retrenchment implies the discharge of surplus labour was explained in Barsi Light Railway Co. Ltd. v. K. N. Joglekar, - AIR 1957 SC 121. Nonetheless, it amounts to termination of service. We are of opinion that the retrenchment of the employee respondents falls within the scope of S.4(1) of the Payment of Gratuity Act, and the

¹¹Seetha K v Managing Trustee and Others (2016) 5 KHC 479.

¹²Mookambika Temple, Kollur v Raviraja Shetty and Others [2020] KHC 3283.

¹³Independent Schools' Federation of India (REGD) v Union of India and Another [2022] KHC 6866 (Supreme Court).

¹⁴Birla Institute of Technology v State of Jharkhand and Others [2019] KHC 6290.

¹⁵Cochin University of Science and Technology - CUSAT, Ekm v Dr P V Sasikumar and Others (2022) 4 KHC 567 (Kerala High Court).

¹⁶Lourdes Hospital and Others (M/s) v Dr Abraham Mathew and Another (2019) 1 KHC 250 250 (Kerala High Court).

employee respondents are therefore entitled to gratuity under the provision¹⁷. Supreme Court held that Manner of calculating gratuity payable under the Act to employees who work for 26 days a month is not perverse although a month is usually understood to be 30 days"¹⁸. "Whoever, for the purpose of avoiding any payment to be made by himself or of enabling any other person to avoid such payment, knowingly makes or causes to be made any false statement or false representation shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to ten thousand rupees or with both"¹⁹.

"The rate notified by the Central Government on the abovesaid provision is 10% per annum. So, the said interest at the rate of 10% per annum is the upper limit and the same rate need necessarily be the rate in all cases"²⁰. "The Supreme Court division bench includes P. N. Bhagwati, Ranganath Misra, JJ ruled that "No gratuity payable under this Act and no gratuity payable to an employee employed in any establishment, factory, mine, oilfield, plantation port, railway company or shop exempted under S.5 shall be liable to attachment in execution of any decree or order of any civil, revenue, or criminal Court."

"In the absence of any notification within the meaning of S.5 of the Act the amendment is not relevant for consideration. S.14 has overriding effect and S.13 gives total immunity to gratuity from attachment"²¹.

"The right to a property may not be a fundamental right but it nevertheless is a valuable right, constitutionally protected in terms of Art.300A of the Constitution of India. Art.300A being apposite is extracted herein"²². "The right to receive gratuity is a statutory right. It is not sub-servient to the common law rights of the employer to terminate the services of an employee. In order to forfeit the statutory right of gratuity, qualified by expression 'to the extent of damage or loss so caused' in sub-section (6)

¹⁷ *State of Punjab v The Labour Court, Jullundur and Others* (1980) 1 SCC 4 (Supreme Court).

¹⁸ *Digvijay Woollen Mills Ltd v Mahendra Prataprai* [1980] KHC 185 (Supreme Court).

¹⁹ *The Payment of Gratuity Act, 1972* (39 of 1972), S. 9

²⁰ *Mohan Nair P G v Omallur Service Co-operative Bank Ltd No Q 228 and Others* [2022] KHC 433.

²¹ *"Calcutta Dock Labour Board and Another v Sandhya Mitra and Others* [1985] KHC 559 (Supreme Court).

²² *Manager, Harrisons Malayalam Ltd v K Balan and Others* (2009) 4 KHC 264 (Kerala High Court).

(b), the quantum of forfeiture has to be determined, and thus it requires an order, which can only be passed after giving opportunity to the employee. When the forfeiture, even if by an express and reasoned order is challenged before the Controlling Authority under the Act, the employer must satisfy the authority in proceedings under S.7(4) of the Act, with the justification of forfeiture"²³. In the present case, there is no conviction of the respondent for the misconduct which according to the Bank is an offence involving moral turpitude. Hence, there is no justification for the forfeiture of gratuity on the ground stated in the order dated 20/04/2004 that the "misconduct proved against you amounts to acts involving moral turpitude".

At the risk of redundancy, we may state that the requirement of the statute is not the proof of misconduct of acts involving moral turpitude, but the acts should constitute an offence involving moral turpitude and such offence should be duly established in a court of law"²⁴. The Supreme Court Division Bench held that "in order to deny gratuity to an employee, it is not enough that the alleged misconduct of the employee constitutes an offence involving moral turpitude as per the report of the domestic inquiry. There must be termination on account of the alleged misconduct, which constitutes an offence involving moral turpitude"²⁵.

"The Controlling Authority has in fact confined the adjudication of claims in relation to workmen who were employed at the two factories at Madras but declined to entertain the claims of employees who were working either at the branch office at Madras or at the office attached to the factories in question. That being so the contention relating to jurisdiction of the Controlling Authority under S.3 of the Act must fail"²⁶. "The Appellate Authority under the Payment of Gratuity Act cannot

²³*Dhanalakshmi Bank Ltd v N R Ramachandran and Another* [2012] KHC 270 (Kerala High Court).

²⁴*Union Bank of India and Others v C G Ajay Babu and Another* [2018] KHC 6592.

²⁵*Jorsingh Govind Vanjari v Divisional Controller Maharashtra* [2016] KHC 6813 (Supreme Court).

²⁶*Jeewanlal Ltd and Others v E Govindan and Others* [1984] KHC 735 (Supreme Court).

condone an application for condonation of delay beyond the period of 60 days as contemplated under S.7(7) of the Act”²⁷.

The gratuity payable to an employee should not exceed Rs. 20,00,000, but if there is an award, agreement, or contract specifying a higher amount, it is permissible. As per the Payment of Gratuity (Amendment) Act, 2018, an increase in the gratuity ceiling from Rs. 10,00,000 to Rs. 20,00,000 follows the enhancement from Rs. 3,50,000 to Rs. 10,00,000 in 2010. Under the Code on Social Security, the gratuity tax-exemption limit presently stands at ₹20 lakh for private-sector employees, while it has been enhanced to ₹25 lakh for Central Government employees with effect from January 2024²⁸. “An employee who is governed by the Provisions of the Act cannot claim any amount above the maximum amount of gratuity payable under the Act, unless a higher amount is payable by virtue of any award, agreement or contract between the employer and employee”²⁹.

The formula for calculating gratuity is as follows:

- Gratuity=Last drawn salary×15/26×Number of years of service
- Where: Last drawn salary=Basic Salary+ Dearness Allowance
- The ratio 15/26 represents 15 days out of the 26 working days in a month. The years of service are rounded down to the nearest full year.

The Code on Social Security, 2020 was introduced by the Central Government to modernize India’s social security framework by consolidating and repealing nine major labour laws, including the Payment of Gratuity Act, 1972. The Code seeks to extend social security benefits to a wider workforce across both organized and unorganized sectors. Gratuity-related provisions are primarily contained in Chapter V, with additional references in definitions, offence and penalty provisions, and Section 164, which replaces the Payment of Gratuity Act.

²⁷ *Commanding Officer, Naval Base and Others v. Appellate Authority Under the Payment of Gratuity Act and Others* [2004] KHC 1073 (Kerala High Court).

²⁸ No. 28/03/2024-P&PW (B)/Gratuity/9559 - Government of India
<https://dppw.gov.in/sites/default/files/GratuityrAHHB.pdf>.

²⁹ *BCH Electric Limited v. Pradeep Mehra* [2020] (15) SCC 262

The Code introduces several significant changes to gratuity entitlements. Notably, gratuity becomes payable upon the completion of fixed-term employment without requiring five years of continuous service, and fixed-term employees are entitled to gratuity on a pro-rata basis. It also extends gratuity benefits to journalists after three years of service and provides seasonal workers gratuity equivalent to seven days' wages per season. The timeframe for filing gratuity-related claims has been extended from 90 to 180 days.

The major change introduced by the Code in comparison to the Payment of Gratuity Act is the removal of the employer's power to forfeit gratuity under Section 4(6). Consequently, gratuity can no longer be forfeited by the employer on grounds of moral misconduct or disciplinary action. As a result, denial of gratuity in cases involving moral turpitude or disciplinary proceedings, which was permissible under the earlier Act, is reduced in future.

The expanded definition of wages under the Code may result in higher gratuity payouts. The Code also strengthens enforcement through penal provisions, prescribing imprisonment, fines, or both for failure to pay gratuity, thereby emphasizing compliance and employee protection. Nevertheless, the Payment of Gratuity Act, 1972, continues to be applicable owing to pending cases before the Controlling Authority and the absence of retrospective operation of the Code on Social Security, 2020; hence, this study remains relevant.

E. Objectives of the Study

The study aims to achieve the following objectives:

1. To investigate the various factors contributing to forfeiture, denial, and delay of Gratuity.
2. To assess the level of employee awareness concerning Gratuity, the Controlling Authority, legal proceedings, and associated procedures.
3. To evaluate employer attitudes towards ensuring timely delivery of Gratuity from the perspective of employees.

4. To gauge employee satisfaction levels regarding the services provided by the Controlling Authority.
5. To evaluate the efficiency of the Controlling Authority in terms of case disposal time, order delivery, and stakeholder satisfaction.

F. Hypothesis

This analysis considers three demographic variables (age group, education, gender) and 15 dependent variables, such as employer's legal action, Employer's contention, Display of Rules at the establishment and the evidence is in the custody of the applicant, Awareness of Gratuity, Application of Gratuity before the employer within 30 days, and Delay of application before the Controlling Authority. Delay of the case and the delivery of the final order, Cost of the case, Number of postings of the Gratuity Case hereinafter may 'GC', and Mental distress due to the Gratuity Case. The current study, the researcher has formulated several hypotheses, which will undergo testing to determine their validity. Thus, the 13 null hypotheses and 13 alternative hypotheses have been formulated and are:

1. There is no significant relationship between age and awareness of Gratuity (Ho) There is a significant relationship between age and awareness of Gratuity (Ha).
2. There is no significant relationship between education and awareness of Gratuity (Ho).
3. There is a significant relationship between education and awareness of Gratuity (Ha).
4. There is no relationship between the demographic (Age, Education) and other variables of the employees/applicants' employees, other variables and their perceptions (Duration of case, employer's legal action, Employer's contention, delivery of order) regarding awareness of Gratuity Act (Ho).
5. There is a relationship between the demographic (Age, Education) and other variables of the employees/applicants' employees, other variables and their perceptions (Duration of case, employer's legal action, Employer's contention, delivery of order) regarding awareness of Gratuity Act (Ha).

6. There is no relationship between the demographic variables (Age, Gender, Education) of the employees, other variables and their perceptions (Display of Rules/information, Delay of application filing, delivery of order) regarding mental distress due to the Gratuity Case (GC) (Ho).
7. There is a relationship between the demographic variables (Age, Gender, Education) of the employees, other variables and their perceptions (Display of Rules/information, Delay of application filing, delivery of order) regarding mental distress due to the Gratuity Case (GC) (Ha).
8. There is no relationship between the Display of Rules/information of the Gratuity Act and their perception of Awareness of Gratuity (Ho).
9. There is a relationship between the Display of Rules/information of the Gratuity Act and their perception of Awareness of Gratuity (Ha).
10. There is no relationship between the Display of Rules at the establishment and Application of Gratuity before the employer within 30 days (Ho).
11. There is a relationship between the Display of Rules at the establishment and Application of Gratuity before the employer within 30 days (Ha).
12. There is no relationship between the Display of Rules at the establishment and Delay of application before the Controlling Authority (Ho).
13. There is a relationship between the Display of Rules at the establishment and Delay of application before the Controlling Authority (Ha).
14. There is no relationship between the Applicant's Delay of the case and the delivery of the final order (Ho).
15. There is a relationship between the Applicant's Delay of the case and the delivery of the final order (Ha).
16. There is no relationship between the Applicant's Delay of the case and Cost of the case (Ho).
17. There is a relationship between the Applicant's Delay of the case and Cost of the case (Ha).
18. There is no relationship between the Applicant's Delay of the case and Mental distress due to the Gratuity Case (Ho).

19. There is a relationship between the Applicant's Delay of the case and Mental distress due to the Gratuity Case (Ha).
20. There is no relationship between the satisfaction with the controlling authority and their perceptions of the number of postings (Ho).
21. There is a relationship between the satisfaction with the controlling authority and their perceptions of the number of postings (Ha).
22. There is no relationship between the satisfaction with the controlling authority and their perceptions of the case duration (Ho).
23. There is a relationship between satisfaction with the controlling authority and their perceptions of the case duration (Ha).
24. There is no relationship between the satisfaction with the controlling authority and their perceptions of the delivery of the order (Ho).
25. There is a relationship between satisfaction with the controlling authority and their perceptions of the delivery of the order (Ha).

G. Methodology

This study adopts a non-doctrinal approach to analyze the effectiveness of the legal mechanism under the Payment of Gratuity Act, 1972, with a specific focus on Kottayam. The research is empirical in nature and relies on primary data collected through a structured questionnaire survey administered to stakeholders, including employees, employers, and officials involved in gratuity case management. The primary data were gathered using a detailed questionnaire designed to explore various factors influencing the effectiveness of the Act.

The questions covered areas such as awareness of the Act, procedural delays, stakeholder participation, and satisfaction levels with the existing legal mechanisms. Responses were categorized into positive and negative responses for analytical purposes. All analysis done by SPSS software and descriptive statistics uses for summarizing the responses, while inferential statistical techniques such as the Chi-Square test and correlation analysis were used to examine relationships between variables. These statistical methods helped identify significant patterns and relationships affecting the implementation and effectiveness of the Act in the region.

This methodological framework enables a comprehensive understanding of the factors influencing the effectiveness of the Payment of Gratuity Act, 1972, in Kottayam, providing a robust foundation for the study's findings and recommendations.

IV. THE SAMPLE: AN OVERVIEW

The sampling technique used in this study randomly. The survey used a structured questionnaire with a five-point Likert scale, and the response rate exceeded 70%. A sample of 100 applicants is being surveyed as respondents. The survey was conducted through direct visits to the controlling authority and via telephone, along with consultations with the advocates representing gratuity case applicants. Primary data will be obtained from ongoing gratuity cases before the controlling authority during a specific period (January-February 2024).

While a sample size of 100³⁰ would have been adequate, it was determined using a formula to reflect a proportion of the population with a 95% confidence level and a $\pm 5.0\%$ (0.05) precision. The survey's margin of error is set at 5%, considering time and budget constraints that limit the sample size. Simple random sampling was used in the survey to infer the characteristics of the entire population, ensuring that each member had an equal chance of selection at any stage of the sampling process. The research is aimed at analyzing the objectives of this study through data analysis, as discussed below. Major observations from the survey have been presented as follows, with the assistance of graphs, tables, and the chart.

A. Data Validity and Reliability

In this study, the validity and reliability of the data were tested by distributing eight pilot questionnaires to eight applicants before data collection commenced. The researcher verified whether the respondents comprehended the questions and assessed the reliability of the provided data.

³⁰ $S = Z^2 \times PQ/e^2$ (S=sample size, Confidence Level:95%, Margin of Error:10%, Population Proportion:50%, $S = (1.96)^2 (0.5) (0.5) / (0.05)^2 = 97$).

B. Cronbach's alpha for different variables

Reliability was computed only for a specific set of items since they needed to be one-dimensional. The calculation was performed using SPSS software.

Table 1: Test of Reliability statistics of different variables

Case Processing Summary			Reliability Statistics	
	N	%	Cronbach's Alpha	N of Items
Cases	Valid	100	100.0	.580
	Excluded ^a	0	.0	
	Total	100	100.0	
a. Listwise deletion based on all variables in the procedure.				

The results indicate values greater than 0.58, suggesting good reliability.

C. Demographic & Profile Characteristics

This frequency distribution is based on survey questions about Demographic & Profile Characteristics of the Respondents

D. Age Group

As depicted in Table 3, 77% of respondents fall into Group 5, comprising individuals aged above 60, i.e., retired employees. However, Group 3, representing individuals aged 30-39, consists of only 9 respondents, potentially indicating resigned employees.

Table 10.1: Age wise distribution of the frequency of respondents

Code No	Options	Frequency	Percent	Valid Percent	Cumulative Percent
1	18-29	1	1.0	1.0	1.0
2	30-39	6	6.0	6.0	7.0
3	40-49	9	9.0	9.0	16.0
4	50-59	7	7.0	7.0	23.0
5	60 Above	77	77.0	77.0	100.0
	Total	100	100.0	100.0	

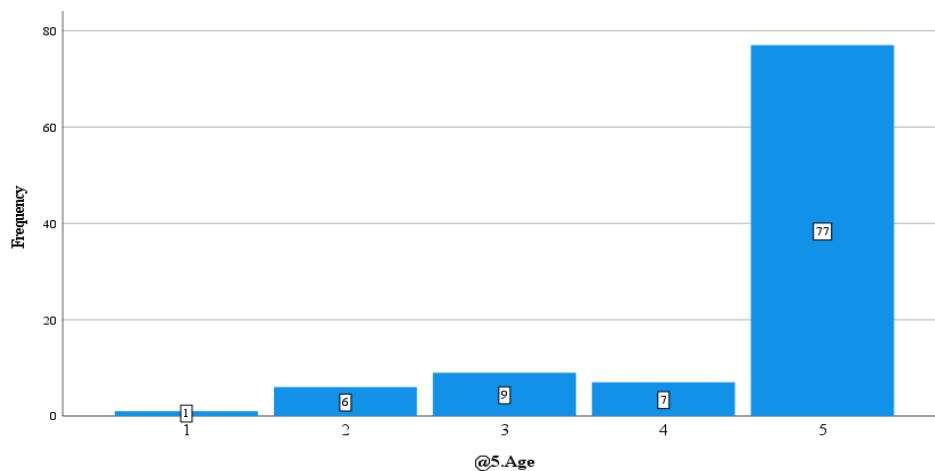


Figure 1: Age group wise distribution of the frequency of respondents.

E. Education

As depicted in Table 4, out of 100 respondents, 36 hold qualifications beyond a degree, 37 possess ITI/Diploma qualifications, and 15 have completed 10th grade or higher. Consequently, 90% of employees in Kottayam district have attained education beyond the 10th grade

Table 10.2: Education wise distribution of the frequency of respondents

Code No	Options	Frequency	Percent	Valid Percent	Cumulative Percent
1	Below 10	5	5.0	5.0	5.0
2	Above 10	15	15.0	15.0	20.0
3	Degree	7	7.0	7.0	27.0
4	ITI/Diploma	37	37.0	37.0	64.0
5	Above Degree	36	36.0	36.0	100.0
	Total	100	100.0	100.0	

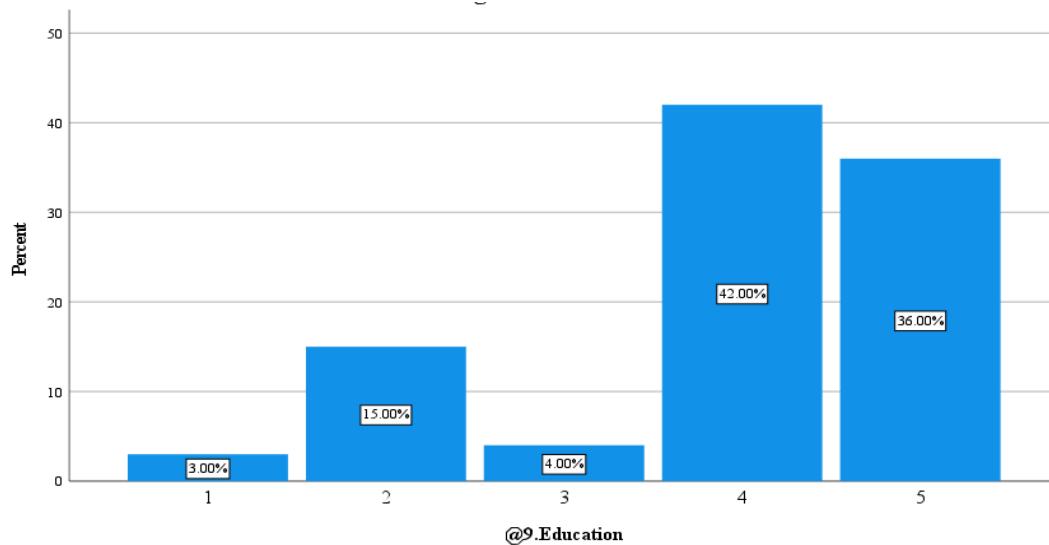


Figure 2: Education wise distribution of the respondents.

V. FACTORS THAT IMPACT THE FORFEITURE, DENIAL & DELAY OF GRATUITY

Based on the theoretical study, it is understood that the primary issues leading to the forfeiture of gratuity include vengeance, unfair gain, financial incapacity, and lack of awareness regarding the compulsory nature of gratuity payment. Consequently, employers may deny gratuity, delay its payment, provide it partially, withhold it, or even close down their establishments.

Table 5 reveals that 68 respondents have filed applications before the controlling authority due to delayed payment. However, the instances of withholding and denial are reported as 8 and 5, respectively. Further statistical analysis, including Chi-square tests and correlation, will be conducted to explore the specific factors contributing to forfeiture, denial, and delay as discussed in section 5 & 6.

Table 11.1: Circumstance to approach the Controlling Authority for gratuity amount

Code No	Options	Frequency	Percent	Valid Percent	Cumulative Percent
1	Denial of gratuity	8	8.0	8.0	8.0
2	Due to delay	69	69.0	69.0	77.0
3	Partially given only	9	9.0	9.0	86.0
4	Due to withholding	5	5.0	5.0	91.0
5	Close down	9	9.0	9.0	100.0
Total		100	100.0	100.0	

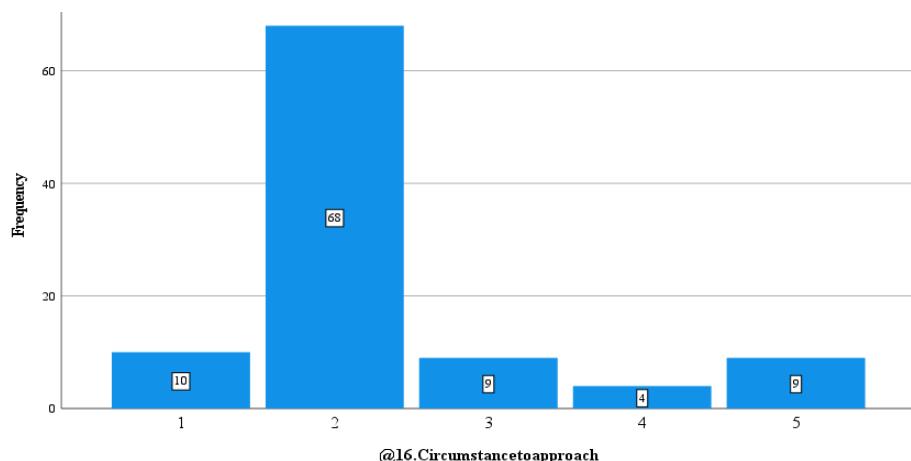


Figure 3: Circumstance to approach wise distribution of the frequency of respondents

Table 11.2: Reason for denying gratuity by your employer

Code No	Options	Frequency	Percent	Valid Percent	Cumulative Percent
1	Vengeance	2	2.0	2.0	2.0
2	unfair gain	35	35.0	35.0	37.0
3	financial incapacity	55	55.0	55.0	92.0
4	Lack of knowledge	3	3.0	3.0	95.0
5	Other	5	5.0	5.0	100.0
Total		100	100.0	100.0	

Table 11.2 indicates that 55 respondents experienced delayed gratuity due to their employers' financial constraints.

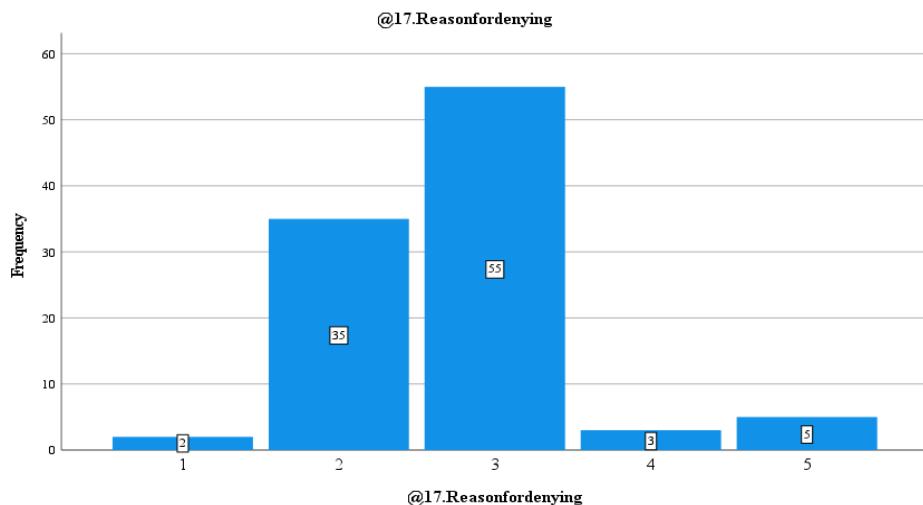


Figure 4: Circumstance to approach wise distribution of the frequency of respondents

Furthermore, Table 11.3 shows that employers have taken legal action against 5 respondents through industrial tribunal and domestic proceedings.

Table 11.3: Employer's legal action wise distribution of the frequency

Code No	Options	Frequency	Percent	Valid Percent	Cumulative Percent
1	Industrial Tribunal	1	1.0	1.0	1.0
5.0	Domestic Enquiry	4	4.0	4.0	5.0
6.0	Unknown	95	95.0	95.0	100.0
Total		100	100.0	100.0	

VI. FACTORS THAT IMPACT THE EFFICACY OF THE CONTROLLING AUTHORITY UNDER THE PAYMENT OF GRATUITY ACT 1972

The effectiveness of the controlling authority is gauged by the timeliness of order delivery. According to Table 12.1, the majority anticipate the Controlling Authority to issue orders promptly. 61% of respondents reported expenses incurring legal representation, with advocates typically receiving 20% of the gratuity amount after the order or its receipt. Conversely, if an applicant handles the case independently, it may extend for over a year, incurring expenses such as travel and loss of pay. Moreover, 53 respondents experienced mental distress due to the gratuity case, with

6% enduring significant mental distress. Further statistical analysis, encompassing Chi-square tests and correlation, were also discussed in following paragraph.

Table 12.1: Delivery of order, Cost of case, Mental distress, Number of postings wise distribution of the frequency

Code No	Options	Frequency			options	Frequency
		Delivery of order	Cost of case	Mental distress		
1	Not much	6	6	5	Less than 5	23
2	No	7	55	37	5-10	38
3	Neutral	30	27	5	10-15	28
4	Yes	52	7	47	15-20	6
5	Very Much	5	5	6	Above 20	5
Total		100	100	100		100

A. Chi-Square Analysis

Chi-square test was conducted to analyze the relationship between the demographic and other variables of the employees/ applicants' employees, other variables and their perceptions regarding awareness of Gratuity Act.

B. Age-Awareness

Table 13.1: Chi-square test of the Age wise Awareness of Gratuity

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	81.395	16	<.000
Likelihood Ratio	46.942	16	<.000
Linear-by-Linear Association	9.792	1	.002
N of Valid Cases	100		

Based on the provided SPSS results of the non-parametric chi-square tests, we can make logical inferences and explanations as follows:

1. Significant association between age and awareness (Chi-Square = 81.395, p < .0001).
2. Age group 5 shows highest awareness count.

3. Age impacts awareness: older individuals are more aware. Hence, Tailored awareness campaigns are essential for different age groups.

C. Education-Awareness

Table 13.4: Chi-square test of the Education wise Awareness of Gratuity

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	98.758	16	<.000
Likelihood Ratio	74.849	16	<.000
Linear-by-Linear Association	.804	1	.370
N of Valid Cases	100		

Table 9 shows that the Chi-square tests confirm a significant association between education and awareness levels, with both the Pearson Chi-Square (98.758) and Likelihood Ratio tests yielding very small p-values ($p < .0001$). Individuals with higher education levels tend to have higher awareness levels, implying that education plays a role in shaping awareness. While the association between education and awareness is significant, it may not follow a simple linear trend. Other factors could influence awareness levels in addition to education.

D. Display of Rules -Awareness

Table 13.5: Chi-square test of the Display of Rules/information of the Gratuity Act wise Awareness of Gratuity Act

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	89.051	8	<.000
Likelihood Ratio	109.750	8	<.000
Linear-by-Linear Association	67.426	1	<.000
N of Valid Cases	100		

Chi-square tests assess the association between these two variables at Table 15. There's a significant association between the display of information and awareness of law ($p < .0001$) (Chi-square =89.051). Improving the display of information may enhance awareness of Gratuity Act.

E. Delay of Application filing before CA -Awareness

Table 13.6: Chi-square test of the Delay of Application filing before CA wise Awareness of Gratuity Act

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	47.099	16	<.000
Likelihood Ratio	42.144	16	<.000
Linear-by-Linear Association	1.251	1	.263
N of Valid Cases	100		

Findings

1. Significant association between delay and awareness levels ($p < .0001$).
2. Higher delay levels correspond to lower awareness levels.
3. Pearson Chi-Square: 47.099, Likelihood Ratio: 42.144, both with $p < .0001$.
4. Linear-by-Linear Association shows no significant linear trend ($p = .263$).
5. Individuals experiencing longer delays tend to have lower awareness.
6. Strategies to reduce delays may lead to improved awareness.
7. Delay significantly impacts awareness levels.
8. Lack of linear trend suggests a more complex relationship between delay and awareness. Further exploration is needed.

Overall, these results suggest that demographic have significant associations with the awareness of Gratuity Act. These associations can be further explored to understand their implications and potential interventions to address pertinent issues.

Chi-square test was conducted to analyze the relationship between the demographic variables of the employees, other variables and their perceptions regarding mental distress due to the Gratuity Case.

1. **Null Hypothesis (H₀):** There is no relationship between the gender, age, and education of respondents, duration of the case, cost of the case, number of postings and their perception of mental distress due to the Gratuity Case

2. Alternative Hypothesis (Ha): There is a relationship between the gender, age, and education of respondents, duration of the case, cost of the case, number of postings and their perception of mental distress due to the Gratuity Case

Table 14.1: Chi-square test of the Age wise mental distress

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	44.063	12	<.000
Likelihood Ratio	38.575	12	<.000
Linear-by-Linear Association	6.012	1	.014
N of Valid Cases	100		

Findings

The Chi-square test for the relationship between age and mental distress yielded a Pearson Chi-Square value of 44.063 with 12 degrees of freedom, resulting in a p-value of .000. This indicates a significant association between age and mental distress.

F. Gender- mental distress due to GC case

Table 14.2: Chi-square test of Gender wise mental distress

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.982	3	.030
Likelihood Ratio	9.190	3	.027
Linear-by-Linear Association	3.659	1	.056
N of Valid Cases	100		

Findings

The Table 13 shows that the Chi-square test for the relationship between gender and mental distress due to the gratuity case yielded a Pearson Chi-Square value of 8.982 with 3 degrees of freedom, resulting in a p-value of .030. This indicates a significant association between gender and mental distress due to the delay of gratuity case.

Looking at the cross-tabulation between gender and mental distress, it's evident that there are variations in mental distress due to the gratuity case across different genders.

Based on the analysis, it can be inferred that gender significantly influences mental distress due to the delay of gratuity case. Specifically:

1. Males tend to experience higher levels of mental distress due to the gratuity cases compared to females. This might be due to various factors such as societal expectations, financial responsibilities, or coping mechanisms specific to gender roles.
2. The significant association between gender and mental distress highlights the importance of considering gender-specific factors in addressing issues related to gratuity case and mental health support.
3. While females also experience mental distress due to gratuity cases, the prevalence appears to be lower compared to males. However, it's essential to provide adequate support and resources to both genders to mitigate the negative impact of gratuity delays on mental health.

G. Education-mental distress due to GC case

Table 14.3: Chi-square test of the Education wise mental distress due to GC Case

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	76.785	12	<.001
Likelihood Ratio	78.931	12	<.001
Linear-by-Linear Association	.687	1	.407
N of Valid Cases	100		

Findings

The Table 14 shows that the Chi-square test for the relationship between education and mental distress due to the gratuity case yielded a Pearson Chi-Square value of 76.785 with 12 degrees of freedom, resulting in a p-value of .000. This indicates a significant association between education level and mental distress due to the gratuity case.

Looking at the cross-tabulation between education and mental distress, it's evident that there are variations in mental distress due to the gratuity case across different

education levels. Based on the analysis, it can be inferred that education level significantly influences mental distress due to the gratuity case. Specifically:

1. Individuals with ITI/Diploma qualifications exhibit the highest levels of mental distress due to the gratuity case. This could be attributed to factors such as expectations related to career advancement, financial stability, or reliance on gratuity payments for future plans.
2. The significant association between education level and mental distress highlights the importance of considering educational backgrounds when addressing issues related to gratuity delays and mental health support. Tailored interventions targeting individuals with ITI/Diploma qualifications may be necessary to address their unique needs and challenges in coping with the delay of gratuity cases.
3. While individuals with education levels above degree, degree, and above 10th grade also experience mental distress due to gratuity delays, the prevalence varies across these groups.

H. Duration of case-mental distress due to GC case

Table 14.4: Chi-square test of the Duration of case wise mental distress due to GC case

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	90.674	12	<.001
Likelihood Ratio	53.094	12	<.001
Linear-by-Linear Association	7.911	1	.005
N of Valid Cases	100		

Findings:

The Table 14.4 shows that the Chi-square test for the relationship between the duration of the case and mental distress due to the gratuity case yielded a Pearson Chi-Square value of 90.674 with 12 degrees of freedom, resulting in a p-value of .000. This indicates a significant association between the duration of the case and mental distress due to the gratuity case.

Looking at the cross-tabulation between the duration of the case and mental distress, it's evident that there are variations in mental distress due to the gratuity case across different durations of the case. Based on the analysis, it can be inferred that the duration of the case significantly influences mental distress due to the gratuity case. Specifically:

1. Cases with a duration of 2 exhibit the highest levels of mental distress due to the gratuity case. This suggests that prolonged delays in resolving gratuity cases can significantly impact on the mental well-being of individuals involved.
2. The significant association between the duration of the case and mental distress underscores the importance of timely resolution of gratuity cases to mitigate the negative psychological effects on individuals affected by such delays.

I. Cost of case -mental distress

Table 14.5: Chi-square test of the Cost of case wise mental distress due to GC case

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	60.124	9	<.000
Likelihood Ratio	59.942	9	<.000
Linear-by-Linear Association	26.953	1	<.000
N of Valid Cases	100		

Findings:

1. The Table 16 shows that the Chi-square test for the relationship between the cost of the case and mental distress due to the gratuity case yielded a Pearson Chi-Square value of 60.124 with 9 degrees of freedom, resulting in a p-value of .000. This indicates a significant association between the cost of the case and mental distress due to the gratuity case.
2. Looking at the cross-tabulation between the cost of the case and mental distress, it's evident that there are variations in mental distress due to the gratuity case across different costs of the case.

3. Based on the analysis, it can be inferred that the cost of the case significantly influences mental distress due to the gratuity case. Specifically:
4. The significant association between the cost of the case and mental distress highlights the importance of considering the financial implications of gratuity cases on the mental well-being of individuals involved.
5. Understanding the differences in mental distress due to the cost of the case can inform policymakers and stakeholders about the importance of managing expectations, providing financial support, and streamlining processes to reduce the psychological burden associated with gratuity cases of different costs.

Table 14.6: Chi-square test of the No of postings wise mental distress

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	110.696	12	<.000
Likelihood Ratio	107.223	12	<.000
Linear-by-Linear Association	14.127	1	<.000
N of Valid Cases	100		

Findings

The Table 14.6 shows that the Chi-square test for the relationship between the number of postings and mental distress due to the gratuity case yielded a Pearson Chi-Square value of 110.696 with 12 degrees of freedom, resulting in a p-value of .000. This indicates a significant association between the number of postings and mental distress due to the gratuity case. Based on the analysis, it can be inferred that the number of postings significantly influences mental distress due to the gratuity case. Specifically:

1. Cases with two postings exhibit the highest levels of mental distress due to the gratuity case. This suggests that individuals with multiple postings experience heightened stress and anxiety associated with gratuity delays, possibly due to prolonged wait times and uncertainty.
2. The significant association between the number of postings and mental distress underscores the importance of streamlining posting processes and expediting

gratuity case resolutions to alleviate the psychological burden on affected individuals.

J. Employer's legal action -mental distress

Table 14.7: Chi-square test of the Employer's legal action wise mental distress

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	31.866	6	<.000
Likelihood Ratio	16.029	6	.014
Linear-by-Linear Association	7.030	1	.008
N of Valid Cases	100		

Findings

Table 18 shows that the chi-square test results indicate a significant association between the type of legal action taken by the employer and the level of mental distress experienced by employees due to GC cases

1. Pearson Chi-Square value is 31.866 with 6 degrees of freedom, showing a highly significant association ($p < .000$).
2. The Likelihood Ratio value is 16.029 with 6 degrees of freedom, also indicating a significant association ($p = .014$).
3. The Linear-by-Linear Association value is 7.030 with 1 degree of freedom, suggesting a significant linear trend in the association between the type of legal action and the level of mental distress ($p = .008$).
4. The chi-square test results demonstrate a significant association between the type of legal action taken by the employer and the level of mental distress experienced by employees due to GC cases. This suggests that the type of legal action can impact on the mental well-being of employees involved in GC cases.
5. The significant Linear-by-Linear Association suggests that there is a linear trend in the association between the type of legal action and the level of mental distress. This implies that as the severity or intensity of legal actions taken by the employer increases, the level of mental distress experienced by employees tends to increase in a linear fashion.

In summary, the analysis reveals a significant association between the type of legal action taken by the employer and the level of mental distress experienced by employees involved in GC cases. This underscores the importance of addressing the psychological well-being of employees in the context of legal proceedings, with implications for organizational policies and practices.

K. Employer's Contention -mental distress

Table 14.8: Chi-square test of the Employer's Contention wise mental distress

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	63.975	15	<.000
Likelihood Ratio	37.945	15	<.001
Linear-by-Linear Association	14.587	1	<.000
N of Valid Cases	100		

Findings

1. Table 14.8 shows that the chi-square test results indicate a significant association between the contention raised by the employer and the level of mental distress experienced by individuals due to GC cases.
2. Pearson Chi-Square value is 63.975 with 15 degrees of freedom, showing a highly significant association ($p < .000$).
3. The Likelihood Ratio value is 37.945 with 15 degrees of freedom, also indicating a significant association ($p < .001$). The Linear-by-Linear Association value is 14.587 with 1 degree of freedom, suggesting a significant linear trend in the association between the contention raised by the employer and the level of mental distress ($p < .000$).
4. The chi-square test results reveal a significant association between the contention raised by the employer in GC cases and the level of mental distress experienced by individuals. This suggests that the nature of the contention can impact the psychological well-being of individuals involved in GC cases.
5. The significant Linear-by-Linear Association indicates a linear trend in the association between the employer's contention and the level of mental distress.

This implies that as the severity or complexity of the contention raised by the employer increases, the level of mental distress experienced by individuals tends to increase in a linear fashion.

In summary, the analysis reveals a significant association between the contention raised by the employer in GC cases and the level of mental distress experienced by individuals involved.

L. Delivery of Order -mental distress

Table 14.9: Chi-square test of the Delivery of Order wise mental distress

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	44.065	6	<.000
Likelihood Ratio	50.177	6	<.000
Linear-by-Linear Association	32.887	1	<.000
N of Valid Cases	100		

Findings

1. Table 14.9 shows that the chi-square test results indicate a significant association between the delivery of orders in GC cases and the level of mental distress experienced by individuals.
2. Pearson Chi-Square value is 44.065 with 6 degrees of freedom, showing a highly significant association ($p < .000$).
3. The Likelihood Ratio value is 50.177 with 6 degrees of freedom, also indicating a significant association ($p < .000$).
4. The Linear-by-Linear Association value is 32.887 with 1 degree of freedom, suggesting a significant linear trend in the association between the delivery of order and the level of mental distress ($p < .000$).
5. The chi-square test results reveal a significant association between the delivery of orders in GC cases and the level of mental distress experienced by individuals. This implies that the timely delivery (or lack thereof) of orders has an impact on the psychological well-being of individuals involved in GC cases.

6. The significant Linear-by-Linear Association suggests a linear trend in the association between the delivery of orders and the level of mental distress. This indicates that as the timeliness of order delivery increases, the level of mental distress tends to decrease in a linear fashion. Conversely, delays in order delivery may lead to higher levels of mental distress among individuals.

In summary, the analysis highlights a significant association between the delivery of orders in GC cases and the level of mental distress experienced by individuals. Timely order delivery is crucial for minimizing psychological burden and facilitating smoother resolution processes. Addressing delays and improving efficiency in order delivery procedures may help alleviate mental distress among stakeholders involved in GC cases.

Chi-square test to analyze the relationship between employees/applicant's satisfaction with the controlling authority and their perceptions of the number of postings, case duration and Delivery of Gratuity Order

- 1. Null Hypothesis (H₀):** There is no relationship between the satisfaction with the controlling authority and their perceptions of the number of postings and case duration
- 2. Alternative Hypothesis (H_a):** There is a relationship between satisfaction with the controlling authority and their perceptions of the number of postings and case duration

M. Applicant's Satisfaction with Duration of GC Case

Table 15.1 Chi-square test of the Satisfaction wise Duration of GC Case

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	70.516	12	<.000
Likelihood Ratio	39.339	12	<.000
Linear-by-Linear Association	3.326	1	.068
N of Valid Cases	100		

Findings

1. This table 4.60 presents a cross-tabulation of the duration of GC cases categorized by levels of satisfaction with the controlling authority.
2. The table shows the count of cases for each combination of satisfaction level and duration category.
3. There is a total of 100 cases analyzed.
4. Each cell represents the count of cases falling into the respective combination of satisfaction level and duration category.
5. This table 4.61 presents the results of the chi-square test conducted on the cross-tabulation data.
6. The Pearson Chi-Square value is 70.516 with 12 degrees of freedom, indicating a significant association between satisfaction level and duration of GC case ($p < .000$). The Likelihood Ratio value is 39.339 with 12 degrees of freedom, also showing a significant association between satisfaction level and duration of GC case ($p < .000$).
7. The Linear-by-Linear Association value is 3.326 with 1 degree of freedom, suggesting a trend in the association between satisfaction level and duration of GC case, although it is not statistically significant at conventional levels ($p = .068$).

The chi-square test results indicate a significant association between satisfaction with the controlling authority and the duration of GC cases. This implies that satisfaction levels are not independent of the duration of GC cases. In other words, there is a relationship between how satisfied individuals are with the controlling authority and the time it takes to resolve their cases.

These findings suggest that addressing factors related to satisfaction with the controlling authority could potentially lead to improvements in the efficiency or effectiveness of the process for resolving GC cases. Understanding and addressing the factors contributing to satisfaction or dissatisfaction with the controlling authority may help in streamlining processes and reducing the time taken to resolve cases.

Satisfaction with Number of posts.

Table 15.2: Chi-square test of the Satisfaction wise Number of postings

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	101.073	12	<.000
Likelihood Ratio	57.277	12	<.000
Linear-by-Linear Association	1.469	1	.226
N of Valid Cases	100		

Findings

1. This table 15.2 presents a cross-tabulation of the number of postings categorized by levels of satisfaction with the controlling authority.
2. The table shows the count of cases for each combination of satisfaction level and number of postings.
3. There is a total of 100 cases analyzed.
4. Each cell represents the count of cases falling into the respective combination of satisfaction level and number of postings.
5. This table 15.3 presents the results of the chi-square test conducted on the cross-tabulation data.
6. The Pearson Chi-Square value is 101.073 with 12 degrees of freedom, indicating a significant association between satisfaction level and the number of postings ($p < .000$).
7. The Likelihood Ratio value is 57.277 with 12 degrees of freedom, also showing a significant association between satisfaction level and the number of postings ($p < .000$).
8. The Linear-by-Linear Association value is 1.469 with 1 degree of freedom, suggesting no statistically significant linear trend in the association between satisfaction level and the number of postings ($p = .226$).
9. The chi-square test results indicate a significant association between satisfaction with the controlling authority and the number of postings. This suggests that satisfaction levels are not independent of the number of postings made. In other words, there is a relationship between how satisfied individuals are with the controlling authority and the frequency of postings made.

In summary, the analysis highlights a significant association between satisfaction with the controlling authority and the number of postings made, suggesting that individuals' satisfaction levels may influence their posting behavior. However, further investigation is needed to understand the nature of this relationship and its implications more fully.

N. Satisfaction with Delivery of Gratuity Order by Controlling Authority

Table 16.3: Chi-square test of the Satisfaction wise Delivery of Gratuity Order

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	57.419	6	<.000
Likelihood Ratio	38.522	6	<.000
Linear-by-Linear Association	9.274	1	.002
N of Valid Cases	100		

Findings:

1. Table 16.3 presents a cross-tabulation of the delivery of gratuity orders categorized by levels of satisfaction with the controlling authority.
2. The Table 16.3 chi-square test results indicate a significant association between satisfaction with the controlling authority and the delivery of gratuity orders.
3. Pearson Chi-Square value is 57.419 with 6 degrees of freedom, showing a highly significant association ($p < .000$).
4. The Likelihood Ratio value is 38.522 with 6 degrees of freedom, also indicating a highly significant association ($p < .000$). The Linear-by-Linear Association value is 9.274 with 1 degree of freedom, suggesting a significant linear trend in the association between satisfaction level and the delivery of gratuity orders ($p = .002$).
5. The chi-square test results reveal a significant association between satisfaction with the controlling authority and the delivery of gratuity orders. This suggests that satisfaction levels are not independent of the delivery of gratuity orders, indicating a relationship between satisfaction and the timeliness or effectiveness of order delivery.

6. The significant Linear-by-Linear Association indicates a linear trend in the association between satisfaction level and the delivery of gratuity orders. This implies that as satisfaction levels with the controlling authority increase, there tends to be an improvement in the timely delivery of gratuity orders. Conversely, lower satisfaction levels may correlate with delays or inefficiencies in order delivery.
7. These findings underscore the importance of satisfaction with the controlling authority in ensuring the prompt and effective delivery of gratuity orders. Higher satisfaction levels may indicate better communication, efficiency, and adherence to timelines in processing orders, which can contribute to overall stakeholder satisfaction and trust in the system.

In summary, the analysis highlights a significant association between satisfaction with the controlling authority and the delivery of gratuity orders. Addressing factors contributing to satisfaction levels may lead to improvements in order delivery processes, ultimately enhancing stakeholder satisfaction and trust in the system.

Summary, the analysis highlights a significant association between satisfaction with the controlling authority and the delivery of gratuity orders. Addressing factors contributing to satisfaction levels may lead to improvements in order delivery processes, ultimately enhancing stakeholder satisfaction and trust in the system. Top of Form

VII. ANALYSIS OF CORRELATION

Analyzing whether the display of gratuity rules at an establishment correlates with awareness of gratuity application and proceedings is intriguing. Similarly, investigating whether mental distress due to the GC Case is related to the number of postings and delay of the case is of interest. Conducting correlation analysis could help identify relationships with various factors affecting awareness of gratuity and mental distress due to the GC Case.

A. Correlation Analysis of the Display of Gratuity Rules at Establishments and other variables

- Null Hypothesis (Ho):** There is no relationship between the Display of Rules at the establishment and the custody of evidence, Awareness of Gratuity, Application of Gratuity before the employer within 30 days, and Delay of application before the Controlling Authority.
- Alternative Hypothesis (Ha):** There is a relationship between the Display of Rules at the establishment and the custody of evidence, Awareness of Gratuity, Application of Gratuity before the employer within 30 days, and Delay of application before the Controlling Authority.

Table 17.1: Correlation test according to the Gratuity awareness of respondents

Correlations						
	@20. displayedinformation	@22. Necessarydocuments	@24. Awareness	@25. Within30days	@26.Delay	
@20. displayedinformation	Pearson Correlation	1	.105	.825**	.321**	.249*
	Sig. (2-tailed)		.296	<.001	.001	.013
	N	100	100	100	100	100
@22. Necessarydocuments	Pearson Correlation	.105	1	.187	.216*	-.256*
	Sig. (2-tailed)	.296		.062	.031	.010
	N	100	100	100	100	100
@24. Awareness	Pearson Correlation	.825**	.187	1	.353**	.112
	Sig. (2-tailed)	<.001	.062		<.001	.266
	N	100	100	100	100	100
@25. Within30days	Pearson Correlation	.321**	.216*	.353**	1	-.450**
	Sig. (2-tailed)	.001	.031	<.001		<.001
	N	100	100	100	100	100
@26. Delay	Pearson Correlation	.249*	-.256*	.112	-.450**	1
	Sig. (2-tailed)	.013	.010	.266	<.001	
	N	100	100	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

From the SPSS correlations results provided in Table 22, several significant correlations can be observed:

- There is a strong positive correlation ($r = 0.825, p < 0.01$) between the variables "displayed information" and "awareness." This suggests that when information

regarding Gratuity is prominently displayed, it tends to enhance employees' awareness of Gratuity. There is also a moderate positive correlation ($r = 0.353, p < 0.01$) between "awareness" and "submission of application within 30 days." This indicates that higher levels of awareness about Gratuity are associated with a greater likelihood of employees submitting their applications within the specified timeframe.

2. Conversely, there is a moderate negative correlation ($r = -0.450, p < 0.01$) between "submission of application within 30 days" and "delay." This implies that delays in submitting Gratuity applications within 30 days are associated with increased delays in processing.
3. Additionally, a moderate negative correlation ($r = -0.256, p < 0.05$) is observed between "necessary documents" and "delay," suggesting that a lack of necessary documents may contribute to delays in Gratuity processing.

Overall, these correlations highlight the importance of adequately displaying information about Gratuity, ensuring awareness among employees, and timely submission of applications with the necessary documents to minimize delays in processing.

B. Correlation Analysis of Factors Affecting the Efficacy of the Controlling Authority

1. **Null Hypothesis (Ho):** There is no relationship between the Delay of the case and the delivery of the final order, Cost of the case, Number of postings of the GC Case, and Mental distress due to the GC Case.
2. **Alternative Hypothesis (Ha):** There is a relationship between the delay of the case and the delivery of the final order, Cost of the case, Number of postings of the GC Case, and Mental distress due to the GC Case.

Table 17.2: Correlation test according to the delay of Gratuity

Correlations						
		@27. Howlong	@33. Deliveryoforder	@35. Cost	@36. Nofpostings	@37. Mentaldistress
@27.Howlong	Pearson Correlation	1	-.055	.011	.666**	.283**
	Sig. (2-tailed)		.590	.913	<.001	.004
	N	100	100	100	100	100
@33.Deliveryoforder	Pearson Correlation	-.055	1	-.409**	-.094	-.576**
	Sig. (2-tailed)	.590		<.001	.355	<.001
	N	100	100	100	100	100
@35.Cost	Pearson Correlation	.011	-.409**	1	.324**	.522**
	Sig. (2-tailed)	.913	<.001		.001	<.001
	N	100	100	100	100	100
@36.Nofpostings	Pearson Correlation	.666**	-.094	.324**	1	.378**
	Sig. (2-tailed)	<.001	.355	.001		<.001
	N	100	100	100	100	100
@37.Mentaldistress	Pearson Correlation	.283**	-.576**	.522**	.378**	1
	Sig. (2-tailed)	.004	<.001	<.001	<.001	
	N	100	100	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

From the SPSS correlations results provided in the Table 23, several significant correlations can be observed:

1. There is a strong positive correlation ($r = 0.666$, $p < 0.01$) between the variables "how long" and "number of postings." This suggests that the duration of Gratuity processing is positively associated with the number of postings.
2. There is also a moderate positive correlation ($r = 0.283$, $p < 0.01$) between "how long" and "mental distress." This indicates that longer durations of Gratuity processing are associated with higher levels of mental distress experienced by the applicant. Conversely, there is a strong negative correlation ($r = -0.576$, $p < 0.01$) between "delivery of order" and "mental distress." This suggests that delays in the delivery of orders related to Gratuity processing are associated with higher levels of mental distress experienced by the applicant.
3. Additionally, there are moderate positive correlations between "cost" and "number of postings" ($r = 0.324$, $p < 0.01$) and between "cost" and "mental distress" ($r = 0.522$, $p < 0.01$). This indicates that higher costs incurred during Gratuity processing are associated with both a higher number of postings and higher levels of mental distress experienced by the applicant.

Overall, these correlations suggest that the duration of Gratuity processing, delays in the delivery of orders, costs incurred, and the number of postings made by the applicant are all factors that may influence the level of mental distress experienced during the Gratuity application process.

VIII. REVIEW OF RESEARCH OBJECTIVES

This section demonstrates the fulfillment of the research objectives as outlined in the current survey. The initial objectives established at the outset of the study are as follows:

Recommendations for law amendments and infrastructure development, such as the implementation of a dynamic website for e-filing and status updates, as well as the establishment of a help desk, are proposed.

These amendments, including compulsory insurance for all establishments or mandatory contributions to the labor welfare fund account, the elimination of Gratuity forfeiture by employers, and the establishment of a compulsory website for the Controlling Authority should be implemented. Hence, the current study has effectively accomplished its objectives and fulfilled its aims.

IX. SOME OBVIOUS DEFICIENCIES IN THE EXISTING SYSTEM

Based on the preceding discussions, it becomes apparent that numerous shortcomings exist within both the existing Payment of Gratuity Act and the labor department. These include:

1. Lack of awareness and insufficient publicity regarding Gratuity leading to a loss of trust between employees and employers.
2. Insufficient infrastructure and lack of initiative.
3. Varied mindsets among Controlling Authorities.
4. Absence of Information Technology in e-governance.
5. Failure to uphold rules, including the display of abstracts of the Act and Rules. ("The employer shall display an abstract of the Act and the Rules made there under as given in Form U in English and in the language understood by the

majority of the employees at a conspicuous place at or near the main entrance of the establishment”³¹).

6. Inefficiency of inspectors under Section 7A.
7. Absence of mandatory penal provisions.
8. Failure to implement compulsory publication of CA orders by electronic means³².

X. FINDINGS

This section presents an analysis of the empirical study results reports. It discusses the findings derived from the observed perspectives of stakeholders in public services, based on ten crucial parameters of the Payment of Gratuity Act. The outcomes of the study underscore the necessity for revising the Payment of Gratuity Act to address various challenges and deficiencies in the current system. A synthesis of the implications from different aspects leads to the formulation of the following suggestions:

1. Every Payment of Gratuity Act represents a solemn commitment by the respective government department to provide services to the intended beneficiaries. In essence, its fundamental components include: A comprehensive listing of model affidavits, replications, objections, and forms.
2. Information on the locations and operating hours of offices associated with service delivery of CA.
3. Contact details (including addresses and telephone numbers) of the officers responsible for Gratuity.
4. No Clear indication of the minimum and maximum time required for Gratuity delivery and need of Continuous reduction of delivery time by the Controlling Authority.
5. Active monitoring of Gratuity applications.

³¹ “The Payment of Gratuity Rules (Central, 1972 inserted vide GSR 2868, dt 22-11-1975, R. 20”,

³² The Right to information Act, 2005, S.4

XI. SUGGESTIONS AND RECOMMENDATIONS

Following the critical analysis of this study, the researcher presents the following suggestions and recommendations:

- 1. Change of Mind-set:** Employers often perceive Gratuity as a tool for vengeance, leading to delays and hardships for employees. To address this, employees should be encouraged to file applications promptly, and employers should refrain from delaying Gratuity on unreasonable grounds.
- 2. Awareness and Consultation:** Many employees are unaware of the process of filing applications, and there is a lack of information display in establishments. Advocates' support may be necessary for employees to navigate cases before the Controlling Authority.
- 3. Public Relations and Advertisement:** Service standards should be prominently displayed, and information should be readily available in both English and the local language.
- 4. Improvement of e-Governance:** Utilize advancements in Information Technology to create a dynamic website similar to ecourt.nic for filing applications, updating status, and delivering orders. This would enhance transparency and accessibility for applicants.
- 5. Compensation & Cost:** The Controlling Authority should consider compensating advocates' costs and legal expenses incurred by applicants. Additionally, inspectors should be more active in inspecting establishments and addressing cases.
- 6. Employee's Help Desk:** Establish help desks in Controlling Authority offices to assist applicants with their concerns.
- 7. Punishment:** Increase penalties for defaults in Gratuity payments, including the possibility of license cancellation for employers.
- 8. Time:** Cases under the Controlling Authority should be resolved and passing order within 90 days. This recommendation is also included in the VISION

STATEMENT OF CLC'(c) ORGANISATION, Vision 2030, in their 3-year action plan³³. Neither the repealed Act nor the new Code contains any such provision.

9. Fine: Introduce provisions for fines and compensation for delays in service. The severity of delays in Gratuity payments should be reflected in the fines imposed. Neither the repealed Act nor the new Code contains any such provision.

10. Compulsory Education: Introduce Gratuity Act or The Code on Social Security, 2020 as a topic in school syllabi and include related questions in establishment recruitment processes to enhance awareness.

There is a need for a Citizen Charter to ensure the time-bound delivery of gratuity orders by the Controlling Authority. Introduction of compulsory insurance for all establishments or mandatory payment to the labor welfare fund account.

Introducing penal provisions entail a reasonable increase in fines (currently set at 10,000 and 20,000), as well as the provision of compensation for delayed gratuity and litigation costs, alongside license cancellation. For example: at the rate of two hundred and fifty rupees per day for each day's delay of Gratuity amount.

The recommendations formulated under the repealed Payment of Gratuity Act, 1972, continue to hold relevance under the Code on Social Security, 2020, since the study examines enforcement and administrative mechanisms. It specifically addresses challenges faced by the Controlling Authority, now the Competent Authority, in ensuring timely adjudication and delivery of gratuity orders owing to delays in proceedings.

XII. LIMITATIONS OF THE STUDY

The study is limited by its narrow geographical focus on Kottayam district and its reliance solely on applicants before the Controlling Authority at Ettumanoor, excluding other regions and stakeholder perspectives. Its findings have limited generalizability due to changing work conditions, a restricted study period (Jan to March 2024), and the exclusion of current employees, employers, and officials.

³³ Ministry of Labour & Employment Government of India, ANNUAL REPORT, 50 (2022-23) available at <https://labour.gov.in/annual-reports> (last visited 10 Jan., 2025)

Additional analysis was constrained by time, financial resources, and report length. Moreover, the study examines only the pre-enforcement regime of the Payment of Gratuity Act, 1972, and does not assess the implementation of the Code on Social Security, 2020, which has since repealed the Act.

XIII. IMPLICATIONS FOR THE FUTURE RESEARCH

Future research should expand the study across diverse geographical regions in India using varied samples, incorporate employer perspectives, and employ quantitative analysis of public service and grievance data. Further studies may also examine identified issues through a comparative analysis of outcomes under the Payment of Gratuity Act and the Code on Social Security, 2020, including an evaluation of the transition process in Kerala and other States following the Code's notification.

XIV. CONCLUSION

The study underscores the multifaceted impact of the Payment of Gratuity Act, 1972, on employees and its critical dependence on the efficiency of legal mechanisms, stakeholder awareness, and organizational processes. The findings from the empirical analysis reveal significant associations between demographic factors, delays, and psychological distress, highlighting areas requiring immediate attention to improve the Act's effectiveness.

Key insights include the role of demographic variables such as age and education in influencing awareness levels and mental distress, with older, less-educated individuals facing greater challenges. Delays in filing gratuity applications, particularly within factories and educational institutions, point to systemic organizational inefficiencies that must be addressed. Moreover, prolonged case durations, high costs, and employer-related contentions amplify mental distress among employees, emphasizing the need for expedient and fair resolution mechanisms.

The strong correlations between awareness, timely application submission, and satisfaction levels further underscore the importance of fostering awareness among

stakeholders and reducing procedural delays. Satisfaction with the controlling authority is closely linked to efficient case management and timely delivery of gratuity orders, underscoring the importance of streamlined processes and stakeholder confidence in the system.

This study highlights critical reforms necessary for improving the legal mechanism under the Payment of Gratuity Act. Recommendations include reducing delays, enhancing awareness campaigns, and addressing organizational and systemic barriers that contribute to inefficiencies. Strengthening institutional capabilities and modernizing infrastructure will further support the Act's objectives.

In conclusion, the findings offer a pathway for transforming the gratuity delivery system in Kottayam into a more effective and equitable model and it may be adopted to all over India. By implementing the proposed reforms and fostering a culture of awareness, fairness, and efficiency, the Payment of Gratuity Act or such provisions in new code can better fulfil its promise as a cornerstone of financial security for employees.

The Act has been repealed by the new Code the Code on Social Security, 2020. However, the actual notification of the Code on Social Security, 2020 and the Kerala Code on Social Security (Draft) Rules, 2021 was only notified on 21/11/2025. The controlling authority or competent authority is not fully aware of this fact, nor is it clear whether the provisions will have retrospective effect. The study of the Payment of Gratuity Act remains relevant despite its repeal, as a large number of long-pending cases before the Controlling Authority continue to be adjudicated under the repealed Act. Furthermore, this study places special emphasis on the procedural lacunae and delays inherent in the gratuity adjudication mechanism, which still persist.

Notably, even under the Code on Social Security 2020, there is no prescribed time limit for the completion of proceedings by the Competent Authority. As a result, delays in the disposal of gratuity claims continue to affect employees, thereby underscoring the continuing significance of examining the gratuity framework and the need for procedural reforms. The objective of the study is therefore highly critical, as the

suggested provisions have not been incorporated either in the Code or in the corresponding Rules. Hence, studying remains highly relevant both at present and in the future.

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