



**PARLIAMENT OF THE DEMOCRATIC  
SOCIALIST REPUBLIC OF  
SRI LANKA**

---

**PAYMENT OF GRATUITY  
(AMENDMENT)  
ACT, No. 41 OF 1990**

---

**[Certified on 29th November, 1990]**

*Printed on the Orders of Government*

---

**Published as a Supplement to Part II of the Gazette of the Democratic  
Socialist Republic of Sri Lanka of November 30, 1990**

---

**PRINTED AT THE DEPARTMENT OF GOVERNMENT PRINTING, SRI LANKA**

**TO BE PURCHASED AT THE GOVERNMENT PUBLICATIONS BUREAU, COLOMBO**

**Price : 45 cents**

**Postage : Re. 1.00**

**Payment of Gratuity (Amendment)  
Act, No. 41 of 1990**

[Certified on 29th November, 1990]

L.D.—O. 54/89

**AN ACT TO AMEND THE PAYMENT OF GRATUITY ACT, No. 12  
OF 1983**

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

1. This Act may be cited as the Payment of Gratuity (Amendment) Act, No. 41 of 1990. Short title.

2. The following new sections are hereby inserted immediately after section 7 of the Payment of Gratuity Act, No. 12 of 1983 (hereinafter referred to as the "principal enactment") and shall have effect as sections 7A, 7B and 7C of the principal enactment:—

Insertion of  
new sections  
7A, 7B and 7C  
in Act, No. 12  
of 1983.

"Payment of  
gratuity to  
workmen of  
public  
corporations  
or Govern-  
ment Owned  
Business  
undertakings  
converted  
into public  
companies.

7A. (1) Where by an Order made under subsection (2) of section 2 of the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act, No. 23 of 1987 declaring that a company is incorporated to take over the functions of a public corporation or take over and carry on a Government Owned Business Undertaking, any workmen of that corporation or undertaking who becomes a workman of that company and who becomes, upon the making of that Order, entitled to the payment of any gratuity under this Act, shall, notwithstanding anything in the preceding provisions of this Act, be paid such gratuity either in cash or in the form of bonds issued by the Central Bank of Sri Lanka.

(2) Every bond referred to in subsection (1) shall carry interest at the current rate of interest payable on medium term government bonds issued by the Central Bank of Sri Lanka and shall be encashable—

(a) on the expiration of a period of ten years from the date of the Order under subsection (2) of section 2 of the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act, No. 23 of 1987, in respect of that company; or

(b) on the termination of the services (whether by retirement, death, operation of law or otherwise) of such workmen by such company;

(c) on the date on which shares in such company are first offered for sale to the public, whichever is earlier.

(3) Any bond referred to in subsection (1) may be surrendered before maturity by the holder for the purchase of any shares in the company offered for sale.

(4) Every such bond shall be issued in such manner, and subject to such terms as may be prescribed.

**Rules.**

7B. The Minister may make rules in respect of any matter required by this Act to be prescribed.

**Special provisions relating to workmen in certain companies.**

7c. In determining for the purposes of section 5(1) of this Act, whether a workman in any company which takes over the functions of a public corporation or takes over and carries on any Government Owned Business Undertaking has completed five years of service in such company, his period of service with the public corporation or the Government Owned Business Undertaking shall be included."

**Retrospective effect of the amendment.**

3. The amendment made to the principal enactment by this Act, shall be deemed for all purposes to have come into operation on May 15, 1987.

**Sinhala text to prevail in case of inconsistency.**

4. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.