

**UNION BANK OF INDIA
(EMPLOYEES')
GRATUITY FUND RULES**

**Human Resources Department
Employee Benefits Division (EBD),
Central Office, Mumbai**



UNION BANK OF INDIA
EMPLOYEE'S GRATUITY FUND RULES

1. These Rules shall be deemed to have come into operation with effect from 1st January, 1975

2. DEFINITIONS:

In these Rules, the headings shall not affect the construction and unless repugnant to the subject or context, the masculine shall include the feminine, the singular shall include the plural and vice versa and the following words and expressions shall have the meanings assigned to them as under:

- (a) **"BANK"** or **"EMPLOYER"** shall mean the Union Bank of India, and shall include any company, firm, association, undertaking or corporation which may be purchase, amalgamation or otherwise take over in whole or in part the business of the Bank and which shall enter into a Deed in such form as the Trustees shall require, undertaking to continue the obligations of the Bank under these presents and releasing the Bank from all further liabilities thereof;
- (b) **"EMPLOYEE"** shall mean an employee (other than a personal or domestic servant and other than an apprentice) including the Part-Timers in the permanent employment of the Bank at any of its offices in India, including the Managing Director and any whole time Director in the bonafide service of the Bank but shall exclude the Chairman / Managing Director or an Executive/Whole Time Director who is appointed as such by the Government of India or by any authority statutory or otherwise other than the Bank."
- (c) **"FUND"** shall mean the Union Bank of India Employee's Gratuity Fund as described in the Trust Deed;
- (d) **"TRUST DEED"** shall mean the Trust Deed executed by the Bank constituting the Fund and all amendments made to the Trust Deed From time to time;
- (e) **"COMMISSIONER OF INCOME TAX"** shall mean the person appointed as such under the Income Tax Act, 1961 and having jurisdiction over the Fund;
- (f) **"TRUSTEES"** shall mean the Trustees for the time being, of the Fund;
- (g) **"RULES"** shall mean the Rules of the Fund as set out herein below and as amended from time to time;



- (h) **“ELIGIBLE EMPLOYEE”** shall mean an Employee who is eligible to the benefits under the Fund as more particularly set forth in Rule 3 below;
- (i) **“MEMBER”** shall mean an eligible employee who has been admitted to the membership of the Fund and shall include any such person so long as he continues to be entitled to any benefit hereunder:

Provided that a Member at any time of his appointment as Chairman / Managing Director or as Executive / Whole Time Director of the Bank by the Government of India or any authority, statutory or otherwise, other than the Bank, shall, notwithstanding his being on the pay-roll of the Bank, he deemed to have ceased to be in the service of the Bank and shall automatically cease to be a Member of the Fund with effect from the date of such appointment; (*As amended by the Deed of Variation dated 30.06.1978).

- (j) **“BENEFICIARY”** shall mean the wife/husband and/or child or children and/or dependents of the member;
- (k) **“EFFECTIVE DATE”** in relation to the Fund shall mean the 1st day of January 1975, the date as from which the Scheme takes effect;
- (l) **“NORMAL RETIREMENT DATE”** shall in respect of each Member mean the date on which he shall attain the age of 60 years, provided however that in the case of a member who is an Officer Employee recruited whether as an Award Staff or as an Officer Employee (as referred to in the Union Bank of India (Officers') Service Regulations, 1979 of the Bank) on or after 19th July, 1969, the Normal Retirement Date shall mean the date on which he shall attain the age of 58 years while in the case of an Officer Employee recruited/promoted prior to 19th July, 1969 or recruited in service prior to 19th July, 1969 but promoted prior to 19th July, 1969 or recruited in service prior to 19th July, 1969 but promoted as an Officer on or after 19th July, 1969, the Normal Retirement Date shall mean the date on which he shall attain the age of 60 years.
- (m) **“SERVICE”** shall mean continuous service rendered by the Member to the Bank including the periods of authorized leave and the period of temporary appointment and the period of probation, if any, provided the Member was continued in service at the end of the temporary appointment without any break of service and similarly was confirmed at the end of the probation without any break of service for the purpose of calculating the Gratuity due under the Fund, service of a period of 6 months and over shall be reckoned as one year. In the case of a Member who



is not in uninterrupted service for one year, he shall be deemed to be in continuous service if he has been actually employed by the Employer during the year for not less than 240 days;
 “PROVIDED THAT with effect from 1st May 1986, the expression “Service shall also include, in case of those employees of the Miraj State Bank Limited who become members of this Fund in terms of Rule 3 their service with the Miraj State Bank Limited.”

- (n) “**SALARY**” shall mean for the purpose of calculating gratuity:
- (i) under Clause 1 (TABLE OF BENEFITS - I) of SCHEDULE ‘A’ in accordance with the Payment of Gratuity Act, 1972, the basic monthly salary, any Special Allowance which is treated by the Bank under its terms of service as a part of the Salary) and Dearness Allowance, and
- (ii) under clause 2 (TABLE OF BENEFITS - II) OF SCHEDULE ‘A’, in accordance with the Table of Benefits set out therein :
- (a) in the case of an Employee (including Officer Employee who has not opted for new Scales of Pay brought into force by the Bank with effect from 1st July, 1979), the basic monthly salary and Special Allowance which is treated by the Bank under its terms of service as a part of the Salary and Officiating Allowance which whenever granted is treated by the Bank under its terms of service as a part of the Salary but excluding Dearness Allowance, and
- (b) in the case of an Officer Employee as referred to in the Union Bank of India (Officers’) Service Regulations, 1979 of the Bank who has opted for the new Scales of Pay which have been brought into force by the Bank with effect from 1st July 1979, the basic monthly salary excluding Special Allowance and Dearness Allowance.

AND SHALL EXCLUDE Commission, Bonus, House Rent, Over-time Wages or any other allowance and perquisites.”

- (o) “**ACTUARY**” shall mean the Actuary who shall be a duly qualified Member of any professional association of Actuaries and who shall have been appointed as the Actuary for the Fund by the Bank from time to time on such terms as it thinks fit.

3. ELIGIBILITY AND MEMBERSHIP:

Employees in the service of the Bank who on the Entry date are aged not less than 18 year and not due to retire within a period of one year, shall be eligible to the benefits under the Fund as provided for in the Trust Deed and the Rules. Employees who are in the service of the Bank on the Effective Date and satisfy the above condition, shall become Members of the Fund as from that date. Present Employees in the services of the Bank



who do not satisfy the above condition on the Effective Date and the Employees appointed by the Bank in its service after the Effective Date, including the employees of the erstwhile Miraj State Bank Limited whose services have been taken over by the Bank on and from 1st May, 1986 in terms of the Scheme of Amalgamation sanctioned by the Government of India shall be eligible to the Benefits under the Fund on the date on which they satisfy the above condition and shall become Members of the Fund as from the date.

4. CONTRIBUTIONS:

***(a) Ordinary Annual Contributions:** The Bank shall pay to the Trustees in respect of each Member annually at the end of each financial year of the Bank, such contributions as are required to secure the benefits hereinafter described. The contributions shall be paid throughout the future service of the Member until his Normal Retirement Date or earlier under the Rules. The quantum of contribution will be determined on the basis of the Gratuity Liability that would be ascertained through an actuarial valuation effected by the Actuary. (*As amended by the Deed of Variation, dated 30.06.1978).

(b) Initial Contribution: The Bank may on the date of execution of the Trust Deed, its initial contributions in respect of all Members in consideration of their past service. The quantum of such contribution will be determined by the Bank on the basis of the Gratuity Liability in respect of the past service ascertained through an actuarial valuation to secure the benefits hereinafter described.

***(c) Additional Contributions:** In addition to the contributions payable under clause (a) of this Rule, the Bank shall pay to the Trustees from time to time as advised by the Actuary, for this purposes of the Fund, additional contributions of such amount as shall have been determined by the Actuary as a result of an actuarial valuation or otherwise. The Trustees shall have absolute and sole discretion to utilize out of these additional contributions any sum which, together with the contributions referred to in Clause (a) above, may be required to make up the whole of the amount of Gratuity due to the Member under the Rules. (*As amended by the Deed of Variation dated 30.06.1978).

***(d)** The aggregate of the contributions payable by the Bank in respect of every member under clauses (a), (b) and (c) of this Rule shall not exceed 81/3 percent of the aggregate Salary of the Member for each year. (*As amended by the Deed of Variation dated 30.06.1978).

(e) Bank Lending Member's Services and Continuity of Membership: In the event of the Member's services being lent by the Bank to the Central Government or a State Government or any other company, firm, association or concern, the Member's service for the purpose of this Rule will be



deemed to continue and the contributions payable by the Bank in respect of such service shall continue to be paid to the Trustees provided that the Bank recovers such contributions from the Central or State Government or company, firm association or concern, as the case may be, to which the Member's services are lent.

5. GRATUITY BENEFIT:

- (a) The Members shall be paid by the Trustees on behalf of the Bank and in discharge of its obligations the Gratuity Benefits from the Fund as laid down either according to the TABLE OF BENEFITS - I or according to the TABLE OF BENEFITS - II, whichever is more favorable, as contained in SCHEDULE 'A' and forming part of the Rules and subject to the conditions laid down in the said Schedule.
- (b) Gratuity will be paid only after an application is made in the prescribed form by the Member, or, if he is deceased, by his nominee or, failing them any one claiming the title to receive such Gratuity Benefit and is forwarded to the Trustees through the Bank through the Head of the Department in which the Member was last working.
- (c) Gratuity, if any, whenever payable, shall be paid in one lumpsum.

6. RESTRAINT ON ANTICIPATION OR ENCUMBRANCE:

The benefits provided under the Fund are strictly personal and cannot be assigned, charged or alienated in any way.

If a restraint or a prohibitory order is served on the Trustees in respect of any benefits available under the Rules to a Member or his Beneficiary or if a Member or his Beneficiary shall become bankrupt or attempt to assign charge or in any way encumber any benefits hereunder, he shall forfeit all rights and claims thereto and the same shall lapse to the Trustees but without prejudice to the powers of the Trustees at their absolute discretion to grant the benefit either immediately or after an interval to him or to his beneficiary.

7. WINDING UP OF THE FUND:

- (i) In the event of winding up of the Fund, the Trustees shall ascertain the amount of gratuity accrued and due to the Members of the Fund according to the provisions of these Rules by reference to the Salary of the Members and the length of service completed by them.
- (ii) The Trustees shall realise the value of the assets of the Fund and allocate the amount so realised in the manner described below after meeting the liabilities in respect of the outstanding claims, if any, pertaining to the Members who ceased to be in service of the Bank



prior to the date of such winding up.

- (iii) If the total amount so realised exceeds the total liability in respect of gratuity ascertained as above, the Trustees shall earmark for each Member the amount of Gratuity accrued and due to him under the Rules out of the monies realised and the excess, if any, shall be paid to the bank subject to the prior approval of the Commissioner of Income-tax and on such terms and conditions as shall be imposed by the Commissioner. If, however, the amount so realised is less than the said accrued gratuity as referred to above, the total amount shall be utilised to allocate to each Member in proportion to his accrued gratuity."

8. JURISDICTION:

*All benefits under the Fund shall be payable only in India. The Fund and the benefits payable thereunder shall be always subject to the Laws of India as in force from time to time, including the Income Tax Act, 1961 and the Payment of Gratuity Act, 1972. Should anything contained in these Rules or in any amendment thereof be repugnant to any provision or provisions of the Income Tax Act, 1961, or the Income Tax Rules, 1962, it shall be ineffective to the extent of such repugnance. Any such repugnance shall be removed by the Trustees if so directed by the Commissioner of Income Tax. (*As amended by the Deed of Variation dated 30.06.1978).

9. INCOME-TAX:

- (a) in any case where the Trustees are liable to account to the Income Tax Authorities for income tax on any payment made under the Rules, the Trustees shall deduct a sum equivalent to such tax from any such payment being made and the Trustees shall not be liable to the Members of the sum so deducted.
- (b) if the Fund for any reason ceases to be approved by the Commissioner of Income-Tax, the Trustees shall nevertheless remain liable to tax on any benefit paid to any Member or his Beneficiary.

10. NOMINATION OF BENEFICIARY:

- (a) Every member shall nominate one or more of his wife/husband, child/children or dependents as Beneficiary or Beneficiaries under the Rules to receive the Gratuity due under the Rules in the event of his death. If a member dies whilst in service, the Trustees shall hold the Gratuity in his respect in force UPON TRUST for payment to the Beneficiary or Beneficiaries as shall have been nominated by the Member in accordance with the remaining Clauses of this Rule.
- * (b) Every nomination made under this Rule shall be in writing signed by the member and attested by two witnesses and shall be in the prescribed form of Nomination appended hereto as Annexure I. the nomination so



made shall remain in full force and effect until the death of the Beneficiary nominated in the said nomination or until the same is revoked in writing by the Member. In the event of the revocation of the nomination once made, the member shall make a fresh nomination. (*As amended by the Deed of Variation dated 30.06.1978).

- * (c) A Member may from time to time or at any time without the consent of the Beneficiary change the Beneficiary by giving a written notice of the change to the Trustees in the form prescribed whereupon an acknowledgement of the notice of the change and registration of the name of the new Beneficiary will be given to the Member by the Trustees. (*As amended by the Deed of Variation dated 30.06.1978).
- (d) If a Beneficiary shall at the time of his nomination be a minor or otherwise under disability to give a legal receipt or discharge to the Trustees, the Member shall at the time of such nomination as aforesaid, appoint a person of full age who is capable of giving a legal receipt or discharge to the Trustees and to whom the Gratuity is to be paid for and on behalf of such Beneficiary.
- (e) If more than one Beneficiary is nominated and in such nomination the Member has failed to specify their respective interest, the Beneficiaries so named shall share the Gratuity equally. If the Beneficiary predeceases the Member, the interest of such Beneficiary shall terminate and his share shall be payable equally to such of the remaining Beneficiaries as survive the Member unless the Member has made written indication otherwise to the Trustees in the prescribed form.
- * (f) In the event of any Member failing to nominate a Beneficiary, the amount due on his death in respect of his service will be paid to the heirs, executors or administrators of such deceased Member on production to the satisfaction of the Bank, a succession certificate, probate of a will or letters of administration granted by a Court of competent jurisdiction provided that in any case the Bank may in its absolute discretion dispense with the production of succession certificate, probate or letters of administration, on the production of such other evidence as it may require and upon such terms as to indemnify or otherwise as they deem fit and the Trustees shall grant the Gratuity to such heirs, executors or administrators, subject always to the provisions of the Income Tax Act, 1961, in respect of the persons entitled to the Gratuity in the event of demise of the Member while in service. (*As amended by the Deed of Variation dated 30.06.1978).

If under any existing law or any law in force at any time hereafter, the amount payable under such law to the employees of the Bank or any of them who are Members of the Fund is more than that to which the Member or any of them are entitled under the Rules, then the Gratuity payable under the Rules shall be treated as a part of the entitlement of such employees or employee, as the case may be, under such law and



the employees or employee shall not be entitled to any double benefit.

11. INTERPRETATION OF RULES:

It shall be a condition of Membership of the Fund that on any question arising on any point of interpretation of these Rules, the decision of the Trustees shall be final. If the decision has any bearing on the provisions of Part "c" of the Fourth Schedule of the Income Tax Act, 1961, or the Rules made thereunder, it shall be forthwith reported to the Commissioner of Income Tax and if the Commissioner of Income Tax so requires, the Trustees shall review the decision.

SCHEDULE- 'A'

(See Rule 5)

1. TABLE OF BENEFITS - I

<u>Contingency</u> (Column 1)	<u>Gratuity Payable</u> (Column 2)
(i) Retirement or Superannuation of the Member at the Normal Retirement Date, provided the Member has completed at least Five years of service.	The amount of gratuity shall be calculated on the happening of any of the contingencies referred to in Column 1 of this Table, at the rate and in the manner laid down in the Payment of Gratuity Act, 1972, as amended from time to time. Provided that for the purpose of calculating the gratuity, the term 'Salary' shall mean the Salary as
(ii) Resignation of the Member from Service prior to the Normal Retirement Date including abandonment of service by him with our without Notice to the Bank, provided the Member has completed at least five years of service.	



defined in Sub Rule (n) (i) of Rule 2.

- (iii) Resignation of the Member from Service on his becoming physically or mentally incapable of further service.
- (iv) Retirement of the Member from service by the bank, provided he has completed Five years of service.
- (v) Termination of Service of the Member by the Bank for reasons other than by way of retrenchment provided the Member has completed Five years of service.
- (vi) Death of the Member while in service.

2. TABLE OF BENEFITS - II

<u>Contingency</u> (Column 1)	<u>Gratuity Payable</u> (Column 2)
i) Retirement or Superannuation of the Member at the Normal Retirement Date, provided the Member has completed at least Five years of service.	Amount calculated at the rate of one month's salary for each year of service, subject to a maximum of 15 months' salary and where a member has completed service of over 30 years, an additional amount calculated at the rate of half a month's salary for each year of service beyond 30 years of service,
ii) Voluntary or compulsory retirement or resignation of the Member from service prior to the Normal Retirement Date, including abandonment of Service by the	



Member with or without notice to the Bank, provided the Member has completed at least ten years of service:

- iii) Resignation of the Member from Service on his becoming physically or mentally incapable of further service as certified by a Medical Officer approved by the Bank. This should not be construed as if voluntary retirement is permissible after 10 years under Service Regulations.
- iv) Termination of Service of the Member by the Bank including termination on account of retrenchment.
- v) Termination of service in any other way except by way of punishment after completion of ten years of service.
- vi) Cessation of Service of a Member on his appointment as Chairman / Managing Director or Executive / Whole Time Director of the Bank by the Government of India or by any authority, statutory or otherwise other than the Bank:
- vi) Death of the Member while in service.

PROVIDED THAT for the purpose of calculating the gratuity the term 'Salary' shall mean (i) the average of the Salary as defined in Sub-Rule (n) (ii) (a) of Rule 2, payable during a period of 12 months immediately preceding the date on which the contingency concerned has occurred or (ii) the Salary as defined in Sub-Rule (n) (ii) (b) of Rule 2, last drawn by him when the contingency has occurred, as the case may be.

3. In case of termination of service of the Member on account of misconduct, Gratuity payable either under Clause 1 or Clause 2 above shall not be forfeited, except where such misconduct causes financial loss to the Bank (of which and of the amount of which the Bank shall be the sole judge and its decision final) and in that case the forfeiture of the Gratuity shall be to the extent of the financial loss only. The term 'misconduct' for this purpose shall, inter alia, include any act or willful omission / or negligence causing any damage or loss to or destruction of property belonging to the Bank. Gratuity payable under Clause 1 hereof shall be forfeited if the services of the Member have been terminated for his riotous or disorderly conduct or any other act or violence on his part or for any act which constitutes an offence involving moral turpitude, provided that such offence is committed by him in the course of his employment."

