

2. CORPORATION BANK EMPLOYEES' GRATUITY FUND

REGULATION 46: GRATUITY

- (1) Every officer shall be eligible for Gratuity on: –
- (a) Retirement
 - (b) Death
 - (c) Disablement rendering him unfit for further service as certified by a Medical Officer approved by the Bank
 - (d) Resignation after completing ten years of continuous service or
 - (e) Termination of service in any other way except by way of punishment after completion of 10 years of service.
- (2) The amount of Gratuity payable to an officer shall be one month's pay for every completed year or service, subject to maximum of 15 months' pay.

Provided that where an officer has completed more than 30 years of service, he shall be eligible by way of Gratuity for an additional amount at the rate of one half of a month's pay for each completed year of service beyond thirty years.

Provided further that pay for the purpose of Gratuity for an officer who ceased-to-be in service during the period 1.7.1993 to 31.10.1994 shall be with regard to Scale of Pay as specified in Sub-regulation (1) of Regulation 4.

Provided also that 'Pay' for the purpose of Gratuity of an officer who ceased to be in service during the period 1.4.1998 to 31.10.1999 shall be with regard to Scale of Pay as specified in sub-regulation (2) of Regulation 4.

Note: If the fraction of service beyond completed years of service is six months or more, gratuity will be paid prorata for the period.

CORPORATION BANK EMPLOYEES' GRATUITY FUND REGULATIONS (as amended upto 31st March, 1999)

1. For the proper administration of the Trust creating a Gratuity Fund for the benefit of the employees of the Corporation Bank known as "**Corporation Bank Employees' Gratuity Fund**", the following rules are framed which shall come into force with effect from 1st December, 1962.

SHORT TITLE AND DEFINITIONS

2. The Fund shall be called "**CORPORATION BANK EMPLOYEES' GRATUITY FUND**".
- In these Regulations unless there is anything repugnant to the subject or context, "**THE BANK**" means Corporation Bank.
- "**THE FUND**" means Corporation Bank Employees' Gratuity Fund.
- "**THE TRUSTEE**" means and includes the present Trustees or the survivor or survivors among them or the Trustee or Trustees for the time being of the Fund.
- "**THE EMPLOYEES**" mean the permanent employees of the Bank and any Director of the Bank if such Director is a whole-time bona fide employee of the Bank and does not beneficially own shares in the Bank carrying more than 5% of the total voting power.

CONSTITUTION OF FUND

3. The Fund shall consist of all contributions made by the Bank from time to time either in cash or kind and all securities purchased therewith or investments made therefrom and of interest accrued or received thereon and all kinds of accumulations thereof.
4. To achieve the objects of the Fund, the Trustees may accept any contribution either in cash or in kind which the Bank may determine to contribute from time to time but, such contribution together with any amounts in hand shall in no case be less than the amount of gratuity payable by the Bank under its rules and regulations to the employees during the year or any particular time. The ordinary annual contribution by the Bank of the Fund shall not, however, exceed $8\frac{1}{3}\%$ of the salary of each employee during the year.
5. The Trustees shall be entitled, with the consent of the majority of the Trustees, to borrow, if need be, against the assets of the Fund or otherwise by way of an overdraft, loan or otherwise as may be necessary for effectually carrying out the objects of the Fund and they shall have, for the said purpose, powers to pledge the credit and assets of the Fund's properties.
6. No moneys or assets belonging to the Fund shall be receivable by the Bank under any circumstances nor shall the Bank have any lien or charge on the Fund.

CONSTITUTION OF BOARD OF TRUSTEES

7.
 - a) The Fund shall be vested in a Board of Trustees consisting of not less than two and not more than five Trustees to be appointed by the Board of Directors of the Bank from time to time, from only among the Directors and/ or employees of the Bank. The determination of the number of Trustees shall be at the sole discretion of the Board of Directors of the Bank, subject, however, to the conditions that the minimum shall not be less than two.
 - b) A Trustee shall vacate his office as Trustee of the Fund when he ceases to be a Director or an employee of the Bank, or when he ceases to reside in India.
 - c) The Trustees may retire at any time on giving seven days' notice in writing to the Bank and to the other Trustees of his desire to do so.

SECRETARY

8. The Trustees may, from amongst themselves, appoint a Secretary for the purpose of carrying out the day-to-day administration of the Fund and he shall hold that office at the pleasure of the Trustees.

MEETINGS OF TRUSTEES-QUORUM-DELEGATION OF POWERS

9. The Trustees may appoint and nominate anyone amongst themselves as Chairman for such time as they determine and such Chairman shall continue as such until another Chairman is appointed in his place. He shall preside over all meetings of the Trustees in case he is present at such meetings.
10. Each Trustee present at a meeting shall be entitled to one vote on any matter and in case of equality of votes, the Chairman shall have a second or casting vote. The decision of the majority of the Trustees at a meeting shall be final and binding on all.

11. The Trustees may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Two Trustees shall form a quorum for a meeting of the Trustees provided one of them is from amongst the Directors of the Bank.

If, at any meeting, the Chairman is not present within thirty minutes of the time appointed for the meeting, the Trustees present may choose one among them to be Chairman for such meeting.

12. Notice of a meeting of the Trustees may be sent to the Trustees at their registered address for the time being in the record of the Trust, either by delivering it in person or sending it by pre-paid post and / or posting, it shall be deemed to have reached him in the ordinary course of post.
13. All meetings of the Trustees shall be held at the Head Office of the Bank at Mangalore or at such place as the Trustees for the time being may, from time to time, decide.
14. The minutes of the meetings of Trustees shall be entered in a book to be kept for the purpose and shall be signed by the Chairman of the meeting or in the following meeting shall be read over and shall be so entered and signed and as also other matters transacted at such meeting.
15. The Trustees may, from time to time, by resolution authorize any one or more of them to sign and endorse for transfer or for conversion or for payment of G.P. Notes, securities issued by the Government of India, State Governments and all other securities held by the Trustees and to sign or endorse cheques, drafts, interest warrants or receipts for interest and to hold all securities, etc. under safe custody.

ACCOUNTS AND REGISTERS

16. The accounts of the Fund shall be made up yearly as at 31st March and the Trustees shall prepare a Balance Sheet showing the receipts and payments, dealings and transactions during the year in such form as is considered suitable by them. For the said purpose, the Trustees shall appoint an Auditor or Auditors who shall have access to all books of accounts, registers, vouchers and documents connected with the Trust.
17. The following registers shall be maintained by the Trustees:
 - a) A register for keeping minutes of all meetings of the Trustees.
 - b) A register for recording names of all Trustees from time to time with their full address
 - c) A register for recording names of all persons who receive Gratuity out of the Fund together with the amount paid to each of them.
 - d) Books of accounts as may be required for maintenance of accounts of the Fund.
 - e) Register of Investment
 - f) Register of Nominations.
18. The accounts of the Fund and the Registers shall be maintained at such office of the Bank as the Trustees may, from time to time, decide.

INVESTMENT OF FUNDS

19. The moneys contributed to the Fund or received or accruing by way of interest or otherwise to the Fund shall, within fifteen days from the date of contribution, receipt or accrual, as the case may be, either :
 - a) be deposited: -

- i) in the Post Office Savings Bank Account;
OR
 - ii) in a special account to be opened for the purpose in the State Bank of India or in a Scheduled Bank;
OR
 - b) be invested in the securities mentioned or referred to in clauses (a) to (e) of Section 20 of the Indian Trusts Act, 1882 (2 of 1882) payable both in respect of capital and interest in India.
20. In pursuance of Regulation No.19, all or any moneys of the Fund in the hands of the Trustees of the Fund from time to time, shall preferably be deposited with the Corporation Bank (being a Scheduled Bank), in a special account opened for the said purpose and the Trustees may authorize any two amongst themselves to operate upon the said account or accounts.

ELIGIBILITY FOR AND QUANTUM OF GRATUITY PAYABLE

21. Every employee of the Bank shall be entitled to receive gratuity on -
- a) Retirement on attaining superannuation.
 - b) On the employee becoming physically and / or mentally disabled at any time to continue further in service;
 - c) On termination of service after a total service of 10 years;
 - d) On death while in the service of the Bank, the amount of gratuity being payable to the heirs, executors, administrators or assigns of the employee, or in case he has executed a nomination paper in the prescribed form, to his nominee as hereinafter provided in these Regulations;
 - e) On voluntary retirement or resignation after 10 years of continuous service;
 - f) On retrenchment.
22. In cases coming under sub-clause (a) to (e) of Regulation No.21, **gratuity shall be payable at the rate of one month's pay for each completed year of service and proportionately on pro-rata for the part of the year of service, not being less than 6 months subject to a maximum of fifteen months with effect from 01.11.1987.**

In cases coming under sub-clause (f), i.e. on retrenchment, the employee shall be entitled to receive Gratuity at the rate of half-month's salary for every completed year of service and proportionately on pro-rata for the part of the year of service not being less than six months, subject to a minimum payment of two months' salary.

Provided however, any cases coming under sub-clause (a) to (d) of Regulation No.21, Gratuity shall be payable to the whole-time Director, irrespective of the period of his service as a whole-time Director, at the rate prescribed by the Central Government in the order of appointment of such whole-time Director.

23. When an employee has put in a service of over 30 years, he shall be paid an **additional amount at the rate of half-month's pay for each completed year of service beyond 30 years. To this extent, the maximum provided under Regulation No.22 shall be increased.**

24. There will be no forfeiture of gratuity for dismissal on account of misconduct except in cases where such misconduct causes financial loss to the Bank and in that case to that extent only.
25. Length of service of an employee shall be calculated from the day of his initial appointment, whether permanent or temporary, in the Bank till its cessation.
26. For the purpose of these Regulations, 'Pay' will mean the average of the full amount of Basic Pay and special allowance and officiating allowance, if any, payable to an employee during the twelve months next preceding death, disability, retirement, resignation or termination of service as the case may be.
In the case of retrenchment, 'salary' means, the Basic Pay and all other allowances drawn during the month preceding retrenchment.
27. Notwithstanding anything contained in Regulations Nos. 22, 23, 25 and 26, the Board of Directors of the Bank may, at their entire discretion, in special cases, sanction gratuity in excess of the prescribed limit in such manner and to such extent as they deem fit.
28. Nothing in the Regulations shall be deemed to restrict in any way the right of the Bank to terminate the services of an employee nor shall his being an employee be used by the employee as a ground for increasing damages in any action brought by such employee against the Bank in respect of the termination of his employment and no expression or intention on the part of the Bank herein-contained shall create any legal obligation or importance or any legal liability on the Bank to the employee.

CALCULATION OF GRATUITY

1. *The quantum of Gratuity payable is higher of the amounts as calculated under the Corporation Bank Employees' Gratuity Fund Regulations and the Payment of Gratuity Act, 1972.*
2. **The Gratuity payable is calculated as follows:**
 - A. **Under the Gratuity Fund Regulation:** *Gratuity payable to an officer shall be one month's pay for every completed year of service, subject to a maximum of 15 months' pay. Provided that where an officer has completed more than 30 years of service, he shall be eligible by way of Gratuity for an additional amount at the rate of one-half of a month's Pay for each completed year of service beyond thirty years. Pro-rata gratuity is payable on part of the year of service not being less than 6 months. Hence, Gratuity is calculated as follows:*

Gratuity = Last drawn Basic Pay + PQP + FPP (increment portion) X No. of years of service

For example: Mr. 'A' retired after completion of a service of 38 years and 7 months. His last drawn Basic Pay was Rs.34200/-, PQP was Rs.1030/- and FPP of 965/- (increment component Rs.900/-). Gratuity payable to Mr. A will be :

Gratuity for service upto 30 years:

(Rs. 34200 + Rs. 1030 + Rs. 900) = Rs. 36130 x 15 = Rs. 541950

Gratuity for service above 30 years:

$$\frac{Rs. 36130 \times 8 \times 7}{2 \times 12} = Rs. 165,596$$

Rs.707546 (A)
=====

Note: For the purpose of calculation, Average Pay for the last 12 months is taken into account.

B. Under the Payment of Gratuity Act, 1972 :
Section 4: Payment of gratuity:

- (2) For every completed year of service or part thereof in excess of six months, **the employer shall pay gratuity to an employee at the rate of fifteen days' wages based on the rate of wages last drawn by the employee concerned :**

Explanation:- In the case of a monthly rated employee, the fifteen days' wages shall be calculated by dividing the monthly rate of wages last drawn by him by twenty-six and multiplying the quotient by fifteen.

- (3) The amount of gratuity payable to an employee shall not exceed **Ten lakhs rupees** [enhanced from Rs.3.50 lakhs w.e.f.24th May, 2010].
- (5) Nothing in this section shall affect the right of an employee to receive better terms of gratuity under any award or agreement or contract with the employer.
- (6) Notwithstanding anything contained in sub-section (1),-
- (a) **the gratuity of an employee**, whose services have been terminated for any act, willful omission or negligence causing any damage or loss to, or destruction of, property belonging to the employer, **shall be forfeited to the extent of the damage or loss so caused;**
- (b) **the gratuity payable to an employee may be wholly or partially forfeited-**
- (i) if the services of such employee have been terminated for his riotous or disorderly conduct or any other act of violence on his part, or
- (ii) if the services of such employee have been terminated for any act which constitutes an offence involving moral turpitude, provided that such offence is committed by him in the course of his employment.

From the above it is clear that Gratuity under the Act is calculated at 15 days wages based on the wages last drawn for every completed year of service or part thereof in excess of six month. Wages will include Basic Pay and DA.

In the example given above, the gratuity payable under the Act to **Mr. 'A'** will be calculated as follows:

$$[\text{Basic Pay} + \text{PQP} + \text{FPP (inc. component)} + \text{DA}] \times (15 / 26) \times \text{No. of yrs. Service i.e.} \\ (\text{Rs.34200} + \text{Rs.1030} + \text{Rs.900} + 16276 (\text{DA})) = \text{Rs.52406} \times 15/26 \times 39 \\ = \text{Rs.1179135 (B)}$$

Gratuity Payable in this case will be Rs.10,00,000 lakhs (Max. under the Act) as it is more than the Gratuity payable under the Gratuity Fund Regulations.

Income – Tax payable on gratuity amounts

29. The Trustees shall be responsible for the deduction of tax from the Gratuity payable under these Regulations and for crediting the tax so deducted to the Government revenue.

Appointment of nominees and powers of the Trustees to deal with the amounts of deceased members

30. Every employee of the Bank is at liberty to nominate in writing any person or any number of persons in the prescribed form annexed to these Regulations, to whom the amount payable shall

be paid in the event of his death while in the service of the Bank or before his claim on the Fund shall have been discharged and may, from time to time, change such nomination in writing.

In the event of the death of the nominee prior to the death of the employee and no other person having in the interval been nominated by the employee, the amount payable to the employee shall be dealt with in accordance with Regulation No.33.

31. On the death of an employee who shall have made a nomination in accordance with Regulation No.30, the full amount payable to him according to these Regulations shall be paid to the nominee irrespective of the period for which the employee may have served and such payment shall be a good discharge to the Trustees against all claims whatsoever in respect of the said Fund by any one whomsoever claiming through the said employee or otherwise.
32. If the nominee is a minor, the employee shall, at the time of the nomination state the age of the nominee and shall also appoint in writing a person of full age to whom the amount payable is to be paid on behalf of the minor nominee attains the age of majority. If any person so appointed predeceases the employee before the minor nominee attains his majority, the employee shall forthwith similarly appoint another person of full age to receive the amount on behalf of the minor nominee and, from time to time, forthwith make a fresh appointment when this is necessitated by the death of the person appointed to receive payment on behalf of the nominee.

The nomination made, as aforesaid, remains in full force and effect until the nominee's death or until his nomination or appointment has been revoked.

33. On the death of an employee not survived by a nominee, the full amount due to the employee according to these Regulations shall be paid to his heirs, executors or administrators or at the absolute discretion of the Trustees, the amount or any part or parts thereof may be paid to the widow, child or children or to the guardian or guardians or such widow or child or to any other person or persons on their behalf without any representation to the estate of such deceased employee or any succession certificate being obtained and in such proportion as the Trustees may think fit and such payment shall be a good discharge to the Trustees against all claims whatsoever in respect of the said Fund by anyone whomsoever claiming through the deceased employee or otherwise.
34. No employee or beneficiary or any other person claiming right from such persons shall have any legal right or claim against any Trustees personally so long as the Trustees shall administer the Fund to the best of their judgement in accordance with the provisions of these Regulations.

Transfer of interest in the Fund prohibited

35. Save as herein provided with regard to the nomination, no employee shall be entitled in any way to assign or charge or in any way deal with his beneficial interest in the Fund or any part thereof and any such transaction or transfer shall, in no way be recognized by the Trustees and any such transaction or transfer shall be invalid and the Trustees shall not be bound by any notice to them of any such transaction or transfer nor shall such interest in the Fund of any employee be liable to attachment by any Court of Law in execution of any decree or otherwise against the employee or any person whether before or after any amount has become payable under these Regulations.

Unclaimed amounts

36. Any amounts payable to an employee under these Regulations and remaining unclaimed for a period of three years from the date when such amounts have become payable shall lapse to the Fund; the Trustees may, however, at their absolute discretion, reconsider such cases and order payment of such lapsed amounts at any time thereafter.

Responsibilities of Trustees with regard to moneys, securities, etc.

37. A Trustee or Trustees, for the time being, shall not at any time be made liable for any more money than shall actually have come into his or their own proper hands or for the loss or variation in price of securities or for the failure of any bank or company or dishonesty of any employee or other person with whom any part of the Trust property may be deposited or be placed in charge or be liable for any other than his own immediate and respective willful acts, deeds or defaults and every such Trustee shall be at liberty from and out, all or any part of the trust moneys, in the first place, to reimburse himself all sums of moneys, costs, charges, damages, expenses and demands whatsoever which he can, shall or may, reasonably bear, sustain or put into in any manner howsoever by reason of or on account of his acceptance or execution of the Trust anything herein before contained to the contrary thereof in any wise notwithstanding.
38. The Bank shall, from time to time, on every appointment of any new Trustee or Trustees, cause the Fund to be vested in his or their name or names under his or their legal control, jointly with any continuing or other Trustee or Trustees or solely as the case may be, to be so invested.

Powers to alter Regulations, etc.

39. With the prior approval of the Commissioner of Income-tax, the Bank may, at any time, give notice in writing to the Trustees and to all employees of the Bank of their intention to amend or alter the Rules and Regulations of the Fund and such amendment or alteration in Rules and Regulations shall not affect the benefits already created for the employees under these Regulations.
40. Notice of amendment, modification or termination shall always affect from the date of notice when such notice has been served on the Trustees. The notice to employees shall be in such form and manner that maybe deemed sufficient. The Trustees shall comply with and carry out all directions as given by the Board of Directors of the Bank from time to time in relation to any matter provided herein and contained in these Regulations, or under the Regulations and the certificate of the Bank as to the admission of an employee or as to the death of any employee or his retirement or dismissal from service of the Bank shall constitute an act and sufficient authority and shall be conclusive of all the facts set out therein. Every such certificate or direction shall be notified in writing signed by any Director or other persons authorized on this behalf by the bank and any such notification purporting to contain any such direction or certification shall be complete protection to the Trustees in respect of any matter therein referred, notwithstanding any error in such notification.

Winding up

41. Where the Bank's business or undertaking is to be wound up or discontinued, the Trustees shall, with the prior approval of, and subject to such conditions as maybe imposed by the Commissioner of Income-Tax, make satisfactory arrangements for the payment of gratuity to the existing beneficiaries.
42. Any arrangements for the winding up of the Fund, or for the amalgamation with another Fund, shall be subject to the prior approval of and to such conditions as may be imposed by the Commissioner of Income-Tax.

Effect of repugnance

43. Where there is repugnance between any of these Regulations and any provisions of the Indian Income-Tax Act, or of the Rules made there under, Regulations shall to the extent of the repugnance be of no effect.

CORPORATION BANK EMPLOYEES GRATUITY FUND

FORM OF NOMINATION

[Regulation No.30]

I hereby declare that in the event of my death before, I am entitled to get payment of the amount of Gratuity from the Fund, all the amounts so due to me shall be distributed among the persons mentioned below in the manner shown against their names.

The amount due to nominee who is a minor at the time of my death should be paid to the person whose name appears in Column No.5.

Name and Address of the nominee or nominees	Relationship of the nominee(s) with the employee	Whether major or minor; if minor, state his age & date of birth	Amount of share of shares	Name & Address of the person to whom payment is to be made on behalf of the minor	Sex, Parentage of person mentioned in Col. No. 5	Remarks
1	2	3	4	5	6	7

Station :

Date :

.....

Signature of the Employee

Witnesses:

1.

Name :

2.

File No.