

**National Bank for Agriculture and Rural
Development (Payment of Gratuity to Employees)
Rules, 1983 (Updated upto 23 January 2009)**

Whereas it is necessary to frame the rules governing the payment of gratuity to the employees of National Bank for Agriculture and Rural Development and establishment of Gratuity Fund, the Board hereby makes the following rules :

Short title and commencement

1. (1) These rules may be called the National Bank for Agriculture and Rural Development (Payment of Gratuity to Employees) Rules, 1983.
- (2) They shall come into force on 27 April 1983.

Power to interpret

2. The power to interpret these Rules vests in the Chairman (which expression shall include Managing Director), who may authorise the issue of such administrative instructions as may be necessary to give effect to these Rules.

Definitions

3. In these rules, unless there is anything repugnant in the subject or context -
 - (1) "Act" means National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981).
 - (2) "National Bank" means the National Bank for Agriculture and Rural Development established under the Act.
 - (3) "Fund" means National Bank for Agriculture and Rural Development Employees' Gratuity and Superannuation Fund referred to in Rule-4.
 - (4) "Year" means year ending 31 March.
 - (5) "Pay" means the 'Pay' admissible to an employee in the grade held as on the date of retirement and includes :-
 - (i) the substantive pay,
 - (ii) officiating pay,
 - (iii) special pay,
 - (iv) personal pay,
 - (v) special, personal pay, and
 - (vi) any other emoluments classified as 'Pay' by the Board.
- (5A) "Dearness Allowance" means allowance, as provided for in the para III (A) of Appendix II read with Rule 64 of National Bank for Agriculture and Rural Development (Staff) Rules, 1982.

- (6) "date of retirement" means -
- (a) in the case of an employee who retires or is retired in accordance with the terms and conditions of his Service, the date on which he so retires or is retired;
 - (b) in the case of any other employee, the date from which he ceases to be in the National Bank's service; and the expression "month of retirement" shall be construed accordingly.
- (7) **DELETED**
- (8) "Service in the National Bank" -
- (a) includes the period of an employee's continuous temporary service immediately preceding his confirmation;
 - (b) includes the period during which an employee is on duty or on leave duly authorised by a Competent Authority;
 - (c) does not include any period during which an employee is absent from duty without permission or overstays his leave, unless specifically permitted by the Competent Authority;
 - (d) shall be deemed to have commenced;
 - (i) in the case of a transferred employee from Reserve Bank of India on the date his service commenced with Reserve Bank of India;
 - (ii) in the case of an employee on deputation from an institution other than Reserve Bank of India, who is subsequently absorbed in the service of National Bank, on the date he is absorbed in the service of the National Bank on a regular basis;
 - (iii) in the case of an employee appointed on contract basis and subsequently appointed in National Bank's service on a regular basis, on the date of his initial appointment on contract basis.
- (9) "Substantive Pay" means the pay to which an employee is entitled in the scale of pay applicable to the post held by him substantively.
- (10) "Transferred employee" shall have the same meaning as assigned to it in the National Bank for Agriculture and Rural Development Employees' Provident Fund Regulations.

Constitution of Fund

4. The National Bank shall have a Fund to be called the National Bank for Agriculture and Rural Development Employees' Gratuity and Superannuation Fund and there shall be credited thereto -

- (a) all moneys appropriated by the National Bank, before the date of commencement of these Rules, for meeting the liability on account of gratuities, including additional gratuities, payable to officers and other employees of the National Bank;
- (b) the amounts as and when received from the Reserve Bank of India on account of its proportionate share of liability for gratuities in respect of such employees who have become members of the staff of National Bank by reason of sub-section (3), (4), (5) & (6) of Section 50 of the Act;
- (c) an amount equal to the amount paid from the Fund in any year under Rule 7 rounded off to the next higher lakh of rupees in succeeding year;
- (d) such amount, as in the opinion of the National Bank, may be necessary having regard to -
 - (i) the balance of the amount standing to the credit of the Fund;
 - (ii) the number of Officers and other employees of the National Bank;
 - (iii) the accrued liability of the National Bank for payment of gratuities, including additional gratuities or other superannuation benefits, and
 - (iv) any other relevant consideration.

Administration of the Fund

5. The Fund shall be held by the National Bank and subject to the provisions of these Rules, shall belong to the National Bank and be administered by the Board or its Executive Committee or a Committee set up by the Board for the purpose.

Interest

6. The National Bank shall credit to the Fund at the end of every year an amount calculated on the balance in the Fund at the end of that year, at the rate at which interest was last credited to the National Bank for Agriculture and Rural Development Employees' Provident Fund.

Disbursements from the Fund

7. The moneys in the Fund shall be utilised for making payments on account of gratuities including additional gratuities payable by the National Bank under these Rules or any law for the time being in force.

Statement of Accounts

8. The accounts of the Fund shall be made up as at the end of each year and an audited statement of accounts shall be submitted to the Board or the Committee set under Rule 5 not later than the end of September every year.

Conditions of grant

9. Subject to the terms, conditions and other provisions contained elsewhere in the Rules, gratuity will be granted to a permanent employee after termination of his service in the National Bank, or in the event of his death before receipt of gratuity, to such person or persons as may be determined in accordance with Rule 14, but nothing in these Rules shall be construed as conferring any right or benefit on any employee whose service in the National Bank is governed by a contract expressly stipulating his service to be for a specified period.

When not admissible

10. (1) No gratuity will be granted to or in the case of an employee if he has not completed service in the National Bank for a minimum period of ten years;
- (2) Notwithstanding anything contained in sub-rule (1), gratuity will be granted to, or in the case of, an employee who has not completed service in the National Bank for a minimum period of ten years, if
- (i) he dies while in service of the National Bank, or
 - (ii) he has retired or has been required to retire, either on account of certified permanent incapacity due to bodily or mental infirmity or owing to the abolition of his appointment on account of reduction of establishment, or
 - (iii) his service in the National Bank is terminated by the National Bank for reasons other than reduction of establishment.

Amount admissible

11. Without prejudice to the provisions of Rule 10, the amount of Gratuity admissible to an employee shall be :

a) a sum equal to one months' pay plus dearness allowance for each completed year of service in the Bank or part thereof in excess of six months, subject to a maximum of 20 months' pay plus dearness allowance or Rs. 9,00,000/- whichever is less for the first 20 years of service.

b) an additional sum equal to half months' pay plus dearness allowance for each completed year of service in the Bank or part thereof in excess of six months for service in excess of 20 years.

- (c) Notwithstanding clauses (a) and (b) above, an employee shall be entitled for payment of gratuity as per the payment of Gratuity Act, 1972, in case his entitlement thereunder is more than that of under this Rule.

***Payment of reduced amount
in certain cases***

12. (1) The National Bank may, while determining the amount of gratuity, payable to an employee, take into account any financial loss caused to the National Bank by reasons of the inefficiency or misconduct of such employee and grant a reduced amount of gratuity.

Provided that the difference between the amount of gratuity ordinarily admissible under the foregoing Rules and the amount of gratuity so reduced shall not exceed the amount of the financial loss caused to the National Bank.

- (2) Unless otherwise specifically permitted by the sanctioning authority, where residential accommodation has been allotted or provided by the National Bank, or Reserve Bank of India to an employee, no gratuity will be or become payable to the employee or to any person claiming through or under him, unless such employee, or as the case may be, the person claiming through or under him, delivers or arranges to deliver to the National Bank or Reserve Bank of India as the case may be, vacant possession of the residential accommodation after fully satisfying the terms and conditions on which such accommodation has been so allotted or provided.
- (3) Any amount due or recoverable from or in the case of an employee, whether on account of arrears of rent or other amounts payable to the National Bank or Reserve Bank of India in respect of residential accommodation allotted or provided by the National Bank or Reserve Bank of India or by way of outstanding towards any loan or advance granted by the National Bank or Reserve Bank of India or by reason of any over-payments made by, or of any liability loss or expense caused to the National Bank or Reserve Bank of India may be deducted from the amount of gratuity sanctioned to, or in the case of, the employee.
- (4) The provisions of this Rule shall have effect notwithstanding anything contained in the foregoing Rules.

Ground for forfeiture

13. Notwithstanding anything contained in these Rules, the gratuity payable to an employee shall be wholly forfeited at the discretion of the National Bank -

- (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.

Payment in case of death of the employee

14. In the event of the death of an employee before receipt of gratuity the amount of gratuity admissible shall be paid;

- (a) to the person who may have been nominated or deemed to have been nominated by the employee in terms of Regulation 24 of the NABARD Employees' Provident Fund Regulations and if there are more persons than one so nominated or deemed to have been nominated the amount of gratuity shall be distributed among such persons in the same proportion in which the employee has distributed the amount standing to his credit in the Provident Fund.

Provided that if the payment of gratuity is made under the proviso to Rule 11, the payment shall be made to the person who may have been nominated by the employee under Section 6 of the Payment of Gratuity Act, 1972 and

- (b) if no such nomination has been made or is subsisting, the person or persons to whom the amount of gratuity shall be paid shall be the persons, who in the opinion of the National Bank, are the heirs of the deceased or to any person on production of a probate or letters of administration evidencing the grant to him of administration to the estate of the deceased or a succession certificate granted under the Indian Succession Act, 1925.

Liability for tax

15. ***(1) Tax to be borne by the employee on the gratuity granted shall be restricted to tax on that portion of the taxable gratuity as is equivalent to the difference between the amount of National Bank's revised ceiling and the amount of the National Bank's previous ceiling as divided by the total gratuity granted and the balance of the tax shall be borne by the National Bank.***

- (2) DELETED.