

Gratuity under the 10th BP Settlement signed

07/07/2015 10:20 by admin

References are being made to us regarding Gratuity under the 10th BP Settlement signed recently on 25-5-2015. Gratuity in the Banks is payable to employees and officers both under the Gratuity Act, 1972 as well as under the provisions of our Bipartite Settlement for employees and as per OSR for officers whichever is higher. (other than in SBI where Gratuity is paid only under the Act with a ceiling of Rs. 10 lacs).

Eligibility :	As per Bipartite Settlement	As per Gratuity Act
superannuation	On retirement on superannuation	On retirement on
On resignation after 5 years service	On resignation after 10 years service	On termination of service
On disablement of an employee	On becoming incapacitated	On death
On the death of an employee		
Eligible Amount:	As per Bipartite Settlement	As per Gratuity Act
One month Pay for each completed year of service (Max. 15 months)		
plus half month Pay for each year beyond 30 years service (No maximum)		Pay means Basic pay, Spl. Pay, Offg. Pay, PQP, increment portion of FPP.
Rs. 10 lacs)	Wage means Basic Pay, Spl. Pay, Spl. Allowance, PQP, Offg. Pay, DA, Increment portion of FPP.	15 Days wage x No. of years of service (Max. 15 months)
1 day = monthly wage/26 days		
Â PAYMENT OF GRATUITY FROM 1.11.2012		
In terms of Section 4 (5) of the Payment of Gratuity Act, 1972, Gratuity under Gratuity Act or BPS provisions whichever is higher is payable.		
Hence for every retiring employee, Gratuity has to be calculated both under the Act and under BPS and higher of the two will be paid.		
For those employees who have retired from November, 2012, Gratuity will be re-calculated both under the Act and as per 10th BPS and arrears/difference if any will be paid to them.		
Example: a) A Special Assistant (Graduate and CAIIB) with 8 Stagnation Increments and retiring in July, 2015 after 40 years service		
Eligibility as per the Act	Eligibility as per BPS	Eligibility as per Gratuity Act
Under 9th BPS	Under 10th BPS	Under 10th BPS
13,46,353	28110 x 20 =	58,342/ 26 x 15 x 40 =
Max. Rs. 10 lacs		
62,758 / 26 x 15 x 40 =	14,48,260	Rs. 5,62,000
Rs. 9,45,400	10 lacs	
b) A Daftary with 8 Stagnation Increments and retiring in July, 2015 after 40 years service		
Eligibility as per the Act	Eligibility as per the BPS	Eligibility as per Gratuity Act
Under 9th BPS	Under 10th BPS	Under 10th BPS
713,770	33,204 / 26 x 15 x 40 =	30,930/ 26 x 15 x 40 =
14890 x 20 = 2,97,800		
25000 x 20 = 5,00,000	766,250	713,770
Rs. 52,480 will be paid		
c) An Officer retiring in July, 2015 after 40 years service (with Old Basic pay Rs. 25,700 and revised Basic pay Rs. 42,020)		
Eligibility as per the Act	Eligibility as per BPS	Eligibility as per Gratuity Act
Under 9th BPS	Under 10th BPS	Under 10th BPS
12,49,615	54,150 / 26 x 15 x 40 =	54,150 / 26 x 15 x 40 =
Max. Rs. 10 lacs		
12,96,460	56,180 /	
Max Rs. 10 lacs		
10 lacs		
d) An Officer retiring in July, 2015 after 40 years service (with Old Basic pay Rs. 40400 and revised Basic pay Rs. 66070)		
Eligibility as per the Act	Eligibility as per BPS	Eligibility as per Gratuity Act
Under 9th BPS	Under 10th BPS	Under 10th BPS
85,123/ 26 x 15 x 40		

= 19,64,377 Max. Rs. 10 lacs		40,400 x 20 =	Rs 8,08,000	Â Â
Â Â	10 lacs	Â	Revised	88335 / 26 x 15 x
40	= 20,38,500 Max Rs. 10 lacs	85020 x 20 =	Rs 13,21,400	
Â	Â Â 13,21,400	Â	Difference of Rs.	
3,21,400 will be paid		Â Â e)Â <u>An Officer retiring in July, 2015 after 40 yearsâ€™ service</u> Â (
with Old Basic pay Rs. 52000 and revised Basic pay Rs. 85000)		Â		
Eligibility as per the ActÂ		Eligibility as perÂ BPS		