

# Gratuity

## 1.0 GRATUITY

### 1.1 Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 is applicable to all the employees of the Corporation. However the employees may opt for benefits under the said Act or the IOC Employees' Gratuity Rules, whichever is more beneficial.

### 1.2 IOC Employees' Gratuity Rules

#### 1.2.1 *Short title and application*

These rules may be called the "Indian Oil Corporation Limited (Refineries Division) Employees' Gratuity Rules" and shall be deemed to have come into force from the dates indicated hereunder:

|              |                 |
|--------------|-----------------|
| Non-Officers | 30th May, 1967  |
| Officers     | 18th July, 1973 |

#### 1.2.2 *Definitions*

In these rules, unless the context requires otherwise

a) *Corporation* means the Indian Oil Corporation Limited

b) *Emoluments* shall mean full pay which term includes basic pay, dearness allowance, protected pay, personal pay and non-practicing allowance admissible immediately preceding the date of separation from service. In cases where the employee has been paid half average pay, subsistence allowance/pay, full pay otherwise admissible shall be taken into account for the purpose of calculating the gratuity under these rules.

Note: Special Allowance will not form part of emoluments for payment of gratuity.

c) *Employee* means a person employed in one of the regular scales of pay of the Corporation.

d) *Family* shall include the following

- i) Wife in the case of a male employee
- ii) Husband in the case of a female employee
- iii) Sons
- iv) Unmarried and widowed daughters, including step-children and adopted children.
- v) Brothers below the age of 18 years and unmarried and widowed sisters, including step-brothers and step-sisters.
- vi) Father
- vii) Mother
- viii) Married daughters

- ix) Children of a predeceased son
- e) *Form* means a form appended to these rules.
- f) *Director* means the person appointed or authorised to act as Director of the Corporation for the time being.
- g) *Nomination* means nomination made under sub-clause 23.1.2.6.
- h) *Scheme* means the Gratuity Scheme of the Corporation.
- i) *Service* means service under the Corporation and includes service which is interrupted by sickness, accident, authorised leave, strike which is not illegal, or cessation of work not due to the employees fault. Study leave and special leave without pay for female employees to join their husbands at outstation/abroad/ child care leave will not count towards service for the purpose of gratuity either under the Corporation's Gratuity Scheme or under the Payment of Gratuity Act.

*Note.* The training period put in by Graduate Engineer/Officer/ Management Trainees before their placement in Grade 'A' shall be considered towards payment of Gratuity. Period of service as Apprentice shall not count towards service for the purpose of gratuity.

### 1.2.3 *Eligibility*

An employee who was in service of the Corporation on the date of applicability of these rules or thereafter will be eligible for the benefits under the scheme and these rules.

### 1.2.4 *Rates*

Subject to the other provisions of the scheme and these rules, gratuity will be paid to employees @15/26 of the monthly emoluments for every completed year of service or part thereof in excess of six months subject to a *maximum* of Rs.3.5 lakh for non-officers and Rs 10 lakh for officers.

*Note:* If the residual portion of service is exactly 6 months, gratuity amount equal to 15/52 of the monthly wages may be paid over and above the gratuity calculated @ 15/26 of the monthly wages for every completed year of service. In other words, gratuity for the residual portion of service less than a year will be payable as under:

| <b>Service Period</b> | <b>Entitlement</b>                |
|-----------------------|-----------------------------------|
| More than 6 months    | @ 15/26 of the monthly emoluments |
| 6 months              | @ 15/52 of the monthly emoluments |
| Less than 6 months    | Nil                               |

1.2.5

**Benefits**

Gratuity will be payable in various contingencies to the extent and subject to the conditions indicated below:

- a) In case of death of employee in service, the amount of gratuity will be as per the normal provision as outlined in sub-clause 23.2.2.4 or as worked out below, whichever is more:

|  |  |
|--|--|
| During first year of service                                     | 2 months' emoluments (actual)  |
| After 1 year but before 5 years'                                 | 6 months' emoluments(actual)   |
| After completion of 5 years service but before 20 years' service | 12 months' emoluments (actual)   |
| Service of 20 years or more                                      | Half a month's emoluments for completed half year or qualifying service provided the amount of death gratuity in no case exceed Rs.3.5 lakh for non-officers and Rs 10 lakh for officers (Half a month's emoluments would mean 15/26 of a month's emoluments.) |

**Illustration:**

An example for calculating the accelerated gratuity for death in respect of service period of 22 years and 10 months on emoluments of Rs.12, 000 is given below:

Normal Gratuity

To calculate 15/26 days for each completed year of service or part thereof in excess of 6 months (i.e. Rs. 12,000 x 15/26 x 23 = Rs.159230.77)

Accelerated Gratuity

Half a month's emoluments for completed half year of qualifying service (i.e. Rs.12,000 x 15/26 x 45 = Rs.3,11,538.46).

The least under normal -gratuity (i.e. Rs.1,59,230.77) is to be compared to the least under accelerated gratuity (i.e. Rs.3,11,538.46) and whichever is more (i.e. Rs.3,11,538.46) would-be the entitlement in this case.

- b) In case of permanent mental or physical disability, gratuity will be paid as follows:
  - i) If the service is less than 1 year, gratuity will be equivalent to 4 months' emoluments.
  - ii) If the service is 1 year or more but less than 5 years, gratuity will be equivalent to 6 months' emoluments.
  - iii) If the service is 5 years or more, gratuity will be equivalent to 10 months' emoluments or at the normal rate of 15/26 of monthly

emoluments for each completed year of service or part thereof in excess of 6 months, whichever is higher.

*Note:* In respect of the accelerated gratuity payable to permanently disabled employees, the method of calculation for payment of gratuity will be 15/26 of monthly emoluments subject, however, to the condition that the total gratuity payable would not exceed 20 months' salary or Rs. 3.5 lakh for non-officers and Rs 10 lakh for officers lakhs, whichever is less, in respect of employees covered by the Payment of Gratuity Act and who opt to receive benefit under the Act. (The monthly salary means the actual salary drawn for the last completed calendar month.)

- c) Gratuity will be paid at the rate and subject to the conditions mentioned in sub-clause 23.1.2.4 in the following cases :
  - i) Resignation or voluntary retirement or retirement as a result of superannuation or retrenchment on abolition of post or termination from service, under the contract of employment provided the service of the employee is 5 years or more.
  - ii) In the case of Government servants who are on deputation and are absorbed in the Corporation's service, and in the case of employees of other PSUs joining the Corporation, previous service with the Government/other PSU will be counted for computing the minimum qualifying service for determining eligibility-to gratuity under the Corporation's Gratuity Rules. Payment of gratuity by the Corporation will be for the period of service rendered in the Corporation from the date of absorption/joining, so, however, that the total of gratuity received by the employee from Government/other PSU and that payable by the Corporation does not exceed the amount of maximum gratuity admissible under the Corporation's Gratuity Rules.
- d) In case of termination, discharge or dismissal as a measure of disciplinary action, payment of gratuity will be regulated as follows:
  - i) If the service is less than 10 years, no gratuity is payable.
  - ii) If the service is 10 years or more but less than 15 years, gratuity will be paid @ 3/4th of the amount payable under sub-clause 23.1.2.4.
  - iii) If the service is 15 years or more, gratuity will be paid at the rate mentioned in sub-clause 23.1.2.4.
- e) Effective from 1.10.1982, an employee who resigns from his service with the Corporation and joins another Govt. Department/PSU, transfer of gratuity amount can be effected even if the employee has not completed the minimum eligibility period of 5 years for payment of gratuity under the Gratuity Rules. However, such transfer will be effected to the Govt. Department/PSU in which the employee has joined after resigning from the service of the Corporation subject to the condition that:
  - i) such Govt. Department/PSU agrees to accept the gratuity transfer and make payment to the employee when he leaves it; and
  - ii) in case the gratuity amount is not ultimately paid to the employee concerned for any reason whatsoever, the transferred amount shall be paid back to the Corporation.

The amount of gratuity to be transferred will be calculated as per normal provision under sub-clause 23.1.2.4. The proforma letters to be exchanged for transferring gratuity are given at Annexure 1 (a) and (b).

The above provisions will equally apply in the case of employees leaving Govt. Department/other PSU and joining IOC.

#### 1.2.6

#### *Nomination*

- a) Every employee shall make a nomination in Form No. P-28 (Annexure 2) conferring on one or more persons of his family, the right to receive gratuity in the event of his/her death while in service or after separation from service but before payment of gratuity is made, indicating the shares payable to each member. In the case of an employee having no family, the nomination may be made in favour of a person or persons, corporate or incorporate. If, after having made a nomination in favour of a person who is not a member of his/her family, the employee acquires a family, the nomination so made will automatically lapse and unless a fresh nomination is made, gratuity will be paid in accordance with the provisions of para (c) below.
- b) An employee may, at any time, revoke or change the nomination made vide para(a) above and make a new one which shall be effective from the date it is received by the Corporation.
- c) In the event of there being no nomination, the gratuity on death may be paid in the manner indicated below:
  - i) If there are one or more surviving members of the family as in (i) to (iv) in sub-clause 23.1.2.2 (d), the gratuity may be paid to all such members, other than any member who is a widowed daughter, in equal shares.
  - ii) If there are no such surviving members of the family but there are one or more surviving widowed daughters and/or one or more surviving members of the family as in (v) to (ix) in sub-clause 23.1.2.2(d), the gratuity may be paid to all such members in equal shares.

*Note* Under the payment of Gratuity Act, 1972, gratuity on the death of employee will be paid to his legal heirs as per provisions of the Act in case no nomination has been made by the employee during his life time. This will hold good even if gratuity is paid as per the Corporation's Rules.

#### 1.2.7 *Application for payment*

Application for the payment of gratuity shall be submitted in the prescribed form to the Head of office or to the office nominated to receive such applications/notices in which the employee was working immediately before gratuity became due.

## **Monetary compensation to an employee suffering death or permanent total disablement due to an accident**

- 1.0 Employees covered under the Workmen's Compensation Act, 1923 who meet with the accident while on duty are eligible for compensation under the said Act.
- 2.0 Ex-gratia lump-sum payment of 100 months pay is also payable to an employee suffering death or permanent total disablement due to an accident arising out of and in the course of employment. The lump-sum compensation would be exclusive of any other legally admissible benefits.

(To be filled in Triplicate)  
Form No. P - 28

| <b>EMPLOYEES' GRATUITY RULES NOMINATION FORM</b>   |  |   |                               |                              | Date   |
|--|--|---|-------------------------------|------------------------------|--|
|  |  |   |                               |                              | Place  |
| Name   |  |   |                               | Emp. No.                     |  |
| Designation  |  | Department                              |                               | Grade                        |  |
| Notwithstanding any previous nomination(s) made by me and in supersession thereof, I hereby nominate the person/persons named in the second column below to receive in the event of my death, the payment of gratuity payable on my death, under the Indian Oil Corporation Ltd. (Refineries Division) Employees' Gratuity Rules, in the proportion noted against each name in the fifth column below: |  |   |                               |                              |  |
| Sl. No   | Full Name(s) and Address(es) of the Nominee(s) | Nominee(s)'s relation with the employee | Present age of the nominee(s) | Share of gratuity to be paid | Contingencies on which the nomination shall become invalid |
| 1  | 2  | 3                                       | 4                             | 5                            | 6  |
|  |  |   |                               |                              |  |
|  |  |   |                               |                              |  |
|  |  |   |                               |                              |  |
|  |  |   |                               |                              |  |
|  |  |   |                               |                              |  |
|  |  |   |                               |                              |  |
|  |  |   |                               |                              |  |
| Signature  |  |   |                               |                              |  |
| Sl. No   | Name and addresses of Witnesses                |   |                               | Signature                    |  |
| 1  |  |   |                               |                              |  |
| 2  |  |   |                               |                              |  |
| <b>Note:</b>   |  |   |                               |                              |  |
| 1. Please specify contingencies on the happenings of which the nomination shall lapse or become invalid.   |  |   |                               |                              |  |
| 2. Nomination in favour of a person who is not a member of the employee's family will lapse on his/her acquiring a family.   |  |   |                               |                              |  |