

# THE RULES OF THE

## INSTITUTE OF ECONOMIC GROWTH EMPLOYEES GROUP GRATUITY SCHEME

### SECTION - 1

#### DEFINITIONS, ELIGIBILITY and REQUIREMENTS FOR MEMBERSHIP

#### 1. DEFINITIONS:

In these Rules, where the context so admits the masculine shall include the feminine, the singular shall include the plural and the following words and expressions shall unless repugnant to the context, have the following meanings:-

i) The Institute shall mean Institute of Economic Growth.

ii) The Employer shall mean the Institute as defined in (i) above subject to the prior approval of the Commissioner of Income Tax shall include any Institute, Agency or body which may by amalgamation or otherwise take over the whole or substantially the whole of the business of the Institute and which may enter into a Deed in such a form as the Trustees shall require undertaking to continue the obligation of the Institute under these presents and releasing the Institute from all further liabilities thereof.

iii) "Corporation" shall mean the Life Insurance Corporation of India established under Section 3 of the Life Insurance Corporation Act, 1956.

iv) "Scheme" of Fund shall mean the Institute of Economic Growth Employees Group Gratuity Scheme described in these Rules.

v) "Rules" shall mean the Rules of the Scheme as set out below and as amended from time to time.

vi) "Trustees" shall mean the Trustees for the time being of the Scheme.

vii) "Employees" shall mean the teaching and non teaching employees participating in the Gratuity Fund other than personal and domestic servants and shall be deemed to include the Directors who are whole time bonafide employee of the Institute.

viii) "Member" shall mean an employee who has been admitted to the membership of the Scheme.

ix) "Beneficiary" shall mean the member and in case of death of the member, the spouse, children or dependants of the member or in case the member has no family, any person or persons nominated by the member.

x) "Effective Date" in relation to the Scheme shall mean the November 1, 2011 being the date as from which the Scheme takes effect.

xi) "Annual Renewal Date" in relation to the Scheme shall mean November 1, 2011 and in each subsequent year the 1<sup>st</sup> November.

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xii) "Normal Retirement Date" shall mean in respect of each member the date on which the member completes the age of 65 years for teaching and 60 years for non-teaching.

xiii) "Service" shall mean continuous service rendered by the Member to the Employer including periods of authorised leave. For the purpose of the Scheme, a period of 6 months and over shall be reckoned as one year.

xiv) "Anticipated Service" shall mean in relation to a Member who dies while in service before the Normal Retirement Date the service which he would have completed had he lived up to his Normal Retirement Date.

xv) "Salary" includes Basic Pay plus Grade Pay/Academic Pay plus Dearness Allowance admissible on the date of eligibility for payment of gratuity if the terms of employment so provide but excludes all other Allowances and perquisites. In the case of monthly rated employees a day's salary will be calculated as  $1/26^{\text{th}}$  of the monthly salary.

xvi) "Entry Date" shall mean (a) in relation to the Original Members the Effective Date and (b) in relation to new members, the date of submission of first contribution by the Employer to the Corporation on behalf of the new member.

xvii) "Contribution" means any sum credited by an employer out of his own money to the individual account of the employees and shall not include any sum credited as interest.

xviii) "Trust" means the Trust under which the Fund is established.

## 2. THE TRUSTEES TO ACT FOR THE EMPLOYER AND MEMBERS:

The Trustees will act for and on behalf of the Employer and members in any matter relating to the Scheme and every act done by agreement made with the notice given to the Corporation by the Trustees shall be binding on the Employer and the member.

## 3. ELIGIBILITY:

(a) "Permanent Employees who are aged not less than 18 year for all employees and not more than 60 years for non teaching and 65 years for teaching" shall be eligible to participate in the Scheme. Employees in the above category/categories who are in the service of the Employer on the Effective Date shall join the Scheme as from that date. Presents employees who are not in the above category/categories on the Effective Date and employees appointed by the Employer after the Effective Date shall join the Scheme on the date of submission of first contribution by the Employer to the Corporation on behalf of the new Employee.

(b) No member shall withdraw form the Scheme while he is still an employee within the category stated above.

## 4. EVIDENCE OF AGE:

Evidence of age of every employee satisfactory to the Corporation shall be furnished before he is admitted to the Scheme and if the age of the Member is conclusively proved later to have been incorrectly stated in the evidence submitted, the Corporation shall make appropriate adjustment in the benefits having regard to its normal practice.

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5. **EVIDENCE OF INSURABILITY:**

For the purpose of effecting Term Assurance in respect of the Member, evidence of insurability satisfactory to the Corporation shall be required prior to the employee's entry into the Scheme and on each occasion when an increase in sum assured is to be granted.

**SECTION II**

**CONTRIBUTION AND SCHEME OF INSURANCE**

6. **CONTRIBUTIONS:**

There shall be paid by the Employer to the Trustees in respect of each Member the Contributions mentioned in sub-paragraph (i) below annually in advance on the date of entry of the Member into the Scheme and on the relevant Annual Renewal Dates and the contributions mentioned in sub-paragraph (ii) below in one lump sum on the date of entry or in not more than five equated annual installments commencing from the date of entry into the Scheme and the Trustees shall pay the same to the Corporation for providing the gratuity benefits to the Members under a Scheme of Insurance.

- i) Ordinary Annual Contribution: The ordinary annual contribution shall be such amount as shall be determined and recommended by the Corporation within the limits stipulated under Rule 103 of the Income Tax Rules, 1962 for securing the benefits herein below described. The contribution shall not be more than 8-1/3 % of the salary of each member and may be varied from time to time on the basis of an evaluation of the benefits to be made at intervals of not more than Three years. The contributions will be paid throughout the future service of the members.
- ii) Initial Contribution: The Employer shall pay any sums by way of initial contributions in respect of Members relating to their past service with the Employer as shall be determined and recommended by the Corporation within the limits stipulated under Rule 104 of the Income Tax Rules 1962 for securing the benefits relating to such past services and on paying such sums shall advise the Trustees as to their allocation to all or specified members.

Provided that the contributions payable by the Employer in any year in respect of any member in terms of sub-paragraph (i) above shall not exceed 8-1/3% of the salary, paid to the member during the year and that the initial contribution referred to in sub-paragraph (ii) above shall not exceed 8-1/3% of the salary paid to the member for each year of his past service with the Employer.

7. **SCHEME OF INSURANCE:**

- i) The Trustees shall enter into a Scheme of Insurance with the Corporation for providing the benefits to the members. Subject to the provisions of Rule 5, an Assurance will be effected on the life of each member under One Year Renewable Term Assurance Plan for a sum assured equal to the difference between (a) fifteen days salary as on the date of entry into the Scheme or the Annual Renewal Date as the case may be for each year of his Anticipated Service subject to a maximum of Rs.10 LACS (Rupees ten lacs only) AND (b) fifteen days salary as on the date of entry into the Scheme or the Annual Renewal Date, as the case may be, for each year of service subject to a maximum of Rs. 10 LACS (Rupees ten lacs only).

Provided that the Corporation may, in the case of any member restrict the sum assured for which the assurance is to be effected to a smaller amount on the basis of the evidence

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of health submitted in respect of the Member. The assurance will be renewed on the Annual Renewal Dates for appropriate sums assured.

- ii) After appropriating the required amounts towards the premium payable year to year for the life assurance benefit received from the Trustees as provided in Rule 6, the balance of the Contributions will be held by the Corporation in the running account for the credit of the Trustees. The Corporation will allow interest on the balances remaining in the above mentioned running account for each financial year ending 31<sup>st</sup> March at a rate to be determined by the Corporation at the close of the year.
- iii) When gratuity becomes payable to a member on his retirement or cessation of service, or to his Beneficiary in the event of his death, the Corporation shall pay to the Trustees the benefits payable according to the Rules out of the balance in running account and also under the Term Assurance in case of death.

### SECTION – III

#### BENEFITS

**8. BENEFITS ON RETIREMENT AT OR AFTER NORMAL RETIREMENT DATE, EARLY RETIREMENT DUE TO ILLHEALTH AND DEATH WHILE IN SERVICE AFTER NORMAL RETIREMENT DATE :**

UPON retirement of a member on or after Normal Retirement Date or upon death whilst in service after Normal Retirement Date or upon retirement owing to ill-health or incapacitation, the benefits payable will be equal to fifteen days' salary for each completed year of service, subject to a maximum of Rs.10 LACS (Rupees ten lacs only).

**9. BENEFITS ON DEATH BEFORE NORMAL RETIREMENT DATE:**

Upon the death of a member whilst in service before Normal Retirement Date, the benefits payable will be equal to fifteen days' salary as on the date of death for each year of his Anticipated Service, subject to a maximum of Rs.10 LACS (Rupees ten lacs only). Provided that in respect of a member for whom the Term Assurance effected in terms of Rule 7 is insufficient to provide the above stated benefits, the benefit payable will be equal to the total of :

- i) The sum assured under the Term Assurance on the date of death; and;
- ii) Fifteen days salary for each year of service upto the date of death subject to maximum of Rs.10 LACS (Rupees ten lacs only)

**10. BENEFITS ON LEAVING SERVICE:**

Upon a member leaving the service of the Employer after completion of five years of continuous service the benefits payable will be equal to fifteen days' salary as on the date of leaving service for each year of service, subject to a maximum of Rs. 10 LACS (Rupees ten lacs only). The member will not be entitled to any benefits if he leaves the service before completing five years of continuous service.

**11. FORFEITURE OF GRATUITY:**

- (a) Gratuity shall be wholly forfeited in case of termination of service of the member (i) for riotous or disorderly conduct or any other act of violence on his part or (ii) for any act which constitutes an offence involving moral turpitude provided such offence is committed by him in the course of his employment.

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- (b) In case of termination of service for any act, willful, omission or negligence of the member causing any damage or loss or destruction of property belonging to the Employer gratuity payable under the Scheme shall be forfeited to the extent of the damage or loss so caused.
- (c) The gratuity forfeited in the aforesaid manner or otherwise shall remain in the running account only held by the Corporation to the credit of the Trustees and shall be utilised in the payments of the gratuity to the eligible employees.

## **12. PAYMENT OF GRATUITY**

Gratuity under these rules shall be paid to the Employees on the date of eligibility for payment of gratuity as per, The Payment of Gratuity Act, 1972.

## **SECTION IV**

### **MISCELLANEOUS PROVISIONS**

#### **13. RESTRAINT ON ANTICIPATION OR ENCUMBRANCE:**

- (a) The benefits assured under the Scheme are strictly personal and can not be assigned, charged or alienated in any way.
- (b) Penalty if employee assigns or charges interest in Fund :  
If an employee assigns or create a charge upon his beneficial interest in a fund the Income Tax Officer shall give notice to the employee that if he does not secure cancellation of the assignment or charge within two month's of the date of receipt of the notice the consideration received for such assignment or charge shall be deemed to be income received by him in the previous year in which the fact became known to the Income Tax Officer and shall be assessed accordingly.

**14. Except as provided** in these Rules, no member or his Beneficiary shall have any legal claim, right or interest in the Scheme PROVIDED ALWAYS THAT the Trustees shall administer the Scheme for the benefit of the members and their Beneficiaries in accordance with the provisions of these Rules.

#### **15. JURISDICTION:**

The Master Policy issued under the Scheme shall be an Indian Contract subject to the laws of India, the Income Tax Act, 1961, the payment of Gratuity Act, 1972 and to any legislation subsequently introduced. All benefits under the Scheme shall be payable only in India. Should anything contained in these Rules, or in any amendment made thereof be repugnant to any provision or provisions of the Income Tax Act, 1961, or the Income Tax Rules, 1962, or the Trust Act, it shall be in-effective to the extent of such repugnance, Any such repugnance in so far as it relates to Income Tax Act, 1961 and Rules thereunder shall be removed by the Trustees if so directed by the Commissioner of Income Tax.

#### **16. MASTER POLICY:**

The Corporation will issue a single Master Policy to the Trustees to provide for the benefits to the members under the Scheme.

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**17. INCOME TAX AND OTHER TAXES:**

- (a) In any case where the Corporation or the Trustees are liable to account to the Income Tax Authorities for income tax on any payment made under the Rules, the Corporation or the Trustees as the case may be shall deduct a sum equal to such tax from any such payment made and shall not be liable to the members for the sum so deducted.
- (b) If the Gratuity Fund and Scheme for any reason cease to be approved by the Commissioner of Income Tax, the Trustees shall nevertheless remain liable to tax on any benefits paid to any Member or his Beneficiary.
- (c) Gratuity deemed to be Salary: Where any gratuity is paid to an employee during his life time, the gratuity shall be treated as salary paid to the employee for the purpose of this Act.
- (d) Contributions by Employer when deemed to be income: Where any contribution by an Employer (including the interest thereon, if any) are repaid to the Employer, the amount so repaid shall be deemed for the purpose of Income Tax to be the income of the Employer of the previous year in which they are so repaid.

**18. APPOINTMENT OF BENEFICIARY/IES , NOMINEE(S):**

1. An employee may be allowed by the trustees of the gratuity fund to make a nomination conferring on one or more persons the right to receive the amount of gratuity in the event of his death, before that amount becomes payable or, having become payable, has not been paid. Such a nomination shall be made in Form No. 40A or in a form as near thereto as may be necessary.
2. If an employee nominates more than one person under sub-rule(1) , he shall, in his nomination, specify the amount or share payable to each of the nominees in such manner as to cover the whole of the amount of gratuity that may be payable in the event of his death.
3. Where an employee has a family at the time of making a nomination, the nomination shall be in favour of one or more persons belonging to his family. Any nomination made by such employee in favour of a person not belonging to his family shall be invalid.
4. If at the time of making a nomination the employee has no family, the nomination may be in favour of any person or persons, but if the employee subsequently acquires a family, such nomination shall forthwith be deemed to be invalid and the employee may be allowed to make a fresh nomination in favour of one or more persons belonging to his family.
5. A nomination made by an employee may, at any time, be modified by him after giving a written notice to the trustees of his intention of doing so in Form No. 40B or in a Form as near thereto as may be. If the nominee predeceases the employee, the interest of the nominee shall revert to the employee, who may thereupon make a fresh nomination in respect of such interest.
6. A nomination or its modification shall take effect to the extent it is valid on the date on which it is received by the trustees.

[Explanation: For the purpose of this rule, "family" means the employee's spouse, legitimate children, step-children, deceased son's widow, deceased son's legitimate children, deceased son's step-children, dependent parents, sisters, minor brothers and the dependent parents of the employee's spouse.]

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**19. INTERPRETATION OF RULES:**

It shall be a condition of membership of the Scheme that on any question arising on any point of interpretation of these Rules or any point relating to admission of new Members and cessation of Membership, 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.

**For and on behalf of the Trustees**

**Institute of Economic Growth Employees' Group Gratuity Scheme**

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**APPENDIX 1**  
**FORM OF APPOINTMENT OF BENEFICIARY**  
**(NOMINATION)**

The Trustees,  
Institute of Economic Growth Employees' Group Gratuity Scheme  
University of Delhi Enclave,  
Delhi-110007

Dear Sirs,

I \_\_\_\_\_ a member of Institute of Economic Growth Employees' Group Gratuity Scheme hereby agree to abide by the Rules of the said Scheme and do also hereby appoint in terms of Rule 18 of the Rules the Beneficiary/ies Nominee/s mentioned hereunder to receive the benefits, payable under the Scheme, in the event of my death before the amount become payable has not been paid.

I hereby direct that the benefits under the Scheme, payable in respect of me, shall be paid to the said Beneficiary/ies Nominee/s in proportion indicated against their respective names as given below:

Sr.No.	Name of full with Full address of Nominee/s/Beneficiary/ies	Relationship with the Member (Employee)	Age of Nominee/s Beneficiary/ies	Proportion by which gratuity (total benefits) will Be shared by Each Nominee Beneficiary.
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____

I hereby certify that the persons(s) mentioned hereinabove is/are my wife/children/lawfully adopted child/dependant parents/ husband.

I hereby declare that I have no family and should I acquire family hereafter the appointment of Beneficiary/Nominee should be deemed as cancelled.

My father/mother/parents/sister ('s)/minor brother(s) is/are not dependant on me.

My husband's father/parents is/are not dependent on me.

I also declare that this appointment of Beneficiary/ies/Nominee/s made herein shall have the effect of my revoking the appointment of Beneficiary/ies/Nominee/s made by me earlier.

I give below the particulars about myself:

1. Full Name : \_\_\_\_\_
2. Sex : \_\_\_\_\_
3. Religion : \_\_\_\_\_
4. Father's Name : \_\_\_\_\_
5. Husband's Name : \_\_\_\_\_  
(for married woman only)



6. Martial Status : \_\_\_\_\_  
 (Whether married, unmarried, widow or widower)
7. Date of birth : \_\_\_\_\_
8. Permanent Address : \_\_\_\_\_  
 \_\_\_\_\_

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

(Signature of Member/Employee)

Two witness to the Signature

	<u>Name</u>	<u>Address</u>	<u>Signature</u>
1.	_____		
2.	_____		

**Certificate**

Certified that the above appointment of Beneficiary Nominee has been signed by Shri/Shrimati \_\_\_\_\_ before me after he/she has read the entries, the entries have been read to him/her by me and that the said appointment of Beneficiary/Nominee is recorded under the Scheme on \_\_\_\_\_.

Place:

Date :

Signature of Trustee's  
 For Self and Co-Trustees of  
**Institute of Economic Growth Group Gratuity Scheme**

**NOTE:**

Where an Employee Member has a family at the time of appointing a Beneficiary/Nominee, the Nomination should be made in favour of Members of his family only. Any Nomination made by such Employee in favour of any other persons not belonging to his family shall be invalid.

An Appointment of Beneficiary/Nominee made by the Member may be changed at any time, after giving a written notice to the Trustees of his intention to do so. If the Nominee predeceases the Member (Employee), the interest of the Nominee shall revert to the Member (Employee) or his estate.

The appointment of Beneficiary/Nominee or any change thereof made from time to time shall take effect to the extent it is valid on the date on which it is received by the Trustees.

For the purpose of the Scheme, "Family" means Member's (Employee's) spouse, legitimate children/Step children parents, sisters and minor brothers' dependant upon him.