

# NATIONAL RESEARCH DEVELOPMENT CORPORATION

## GROUP GRATUITY TRUST RULES

### SECTION – I

#### DEFINITIONS, ELIGIBILITY & 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) **“COMPANY”** shall mean National Research Development Corporation and subject to the prior approval of the Commissioner of Income Tax shall include any firm agency or body corporate which may by purchase, amalgamation or otherwise take over the whole or substantially the whole of the business of the Company and which may enter into a Deed in such a form as the Trustees shall require undertaking to continue the obligations of the Company under these presents and releasing the Company from all further liabilities thereof.
- ii) **“CORPORATION”** shall mean the Life Insurance Corporation of India established under Section 3 of the Life Insurance Corporation Act, 1956.
- iii) **“SCHEME OR FUND”** shall mean National Research Development Corporation Employees Group Gratuity (Cash Accumulation) Scheme described in these Rules.
- iv) **“RULES”** shall mean the Rules of the Scheme as set out below and as amended from time to time.
- v) **“TRUSTEES”** shall mean the Trustees for the time being of the Scheme.
- vi) **“EMPLOYEES”** shall mean regular employees of the Company other than personal and domestic servants and shall be deemed to include whole time bonafide working directors who do not own beneficially shareholding carrying more than 5% voting rights in the Company.

- vii) **“MEMBERS”** shall mean an employee who has been admitted to the membership of the Scheme.
- viii) **“NOMINEE”** shall mean the person nominated by the member to receive the benefits in the event of his death.
- ix) **“EFFECTIVE DATE”** in relation to the Scheme shall mean the 1<sup>st</sup> December the date as from which the Scheme takes effect.
- x) **“ENTRY DATE”** shall mean (a) in relation to the original members, the Effective Date and (b) in relation to new Members admitted to the Scheme after the Effective Date, the 1<sup>st</sup> Day of the month which is coincident with or which next follows the date on which they become eligible.
- xi) **“ANNUAL RENEWAL DATE”** in relation to the Scheme shall mean the 1<sup>st</sup> December and the 1<sup>st</sup> December in each subsequent year.
- xii) **“NORMAL RETIREMENT DATE”** shall mean in respect of each member the date on which he completes the age of 60 years.
- xiii) **“SERVICE”** shall mean continuous service as defined in payment of Gratuity Act, 1972.
- 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 upto his Normal Retirement Date.
- xv) **“SALARY”** shall means gross monthly salary of the member, inclusive of dearness allowance, if the terms of employment so provide, but shall not include commission, house rent allowance, bonus, overtime and any other allowance and perquisite.

## **2. THE TRUSTEES TO ACT FOR THE COMPANY AND MEMBERS :**

The Trustees will act for and on behalf of the National Research Development Corporation 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 Company and the members.

### **3. ELIGIBILITY :**

- (a) The employees who are in the following category shall be eligible to participate in the Scheme.

Employees in the above category who are in the service of the Company on the Effective Date shall join the Scheme as from that date. Present employees who are not in the above category on the Effective Date and employees appointed by the Company after the Effective Date shall join the Scheme on the date on which they become eligible.

“Provided that, if on becoming the member of the Scheme, the Employer requests the Trustees to procure transfer of the equitable interest in respect of any member secured under the approved gratuity Scheme of any other company of which he was a member prior to joining Employers service, the trustees shall take necessary steps to procure such transfer. The amount so transferred shall be utilized by the Trustees to secure part of the benefits to be provided for the member in accordance with these Rules.

- (b) No Member shall withdraw from 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 of the age 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.

### **5. EVIDENCE OF INSURABILITY :**

For the purpose of effecting Terms 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. There shall be paid by the National Research Development Corporation either we use the term company or Trust to the Trustees in respect of each member the contribution 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 lumpsum on the date of entry or in not more than five annual instalments

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 an amount as shall be determined and recommended by the Corporation for securing the benefits hereinbefore described. The contribution shall be expressed as a percentage 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 five years. The contributions will be paid throughout the nature service of the members unless specified otherwise in the Rules.
- ii) **Initial Contributions:** The Company may pay any sums by way of initial contributions in respect of members relating to their past service with the Company as shall be determined and recommended by the Corporation for securing the benefits relating to such past service and on paying such sums shall advise the Trustees as to their allocation to all or specified members.

Provided that the contribution payable by the Company 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 Company. provided further that if the contributions are not sufficient to secure full benefits as described before, the benefits will be appropriately scaled down.

## 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 members 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 Services and (b) fifteen days' salary as on the days/on the day of entry into the Scheme or the Annual Renewal Date as the case may be for each year of service. 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 of health submitted in respect of that member. The assurance will be renewed on the Annual renewal Dates for appropriate sums assured.
- ii) After appropriating the required amount towards the premium payable year to year for the life assurance benefit the balance of the contributions will be held

by the Corporation in a running account for the credit of the Trustees. The Corporation will allow interest on the balance remaining in the 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 Nominee in the event of his death, the Corporation shall pay to the Trustees the benefits payable according to the Rules out of the balance remaining in the running account and under the Terms Assurance.

### **SECTION – III**

#### **BENEFITS**

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#### **8. BENEFITS ON RETIREMENT AT OR AFTER NORMAL RETIREMENT DATE, EARLY RETIREMENT DUE TO ILL-HEALTH 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.

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

- (a) Upon the death of a member whilst in service before Normal retirement date, the benefit payable will be equal to fifteen days' salary as on the day of death for each year of his Anticipated service, 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 benefits 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 up to the date of death;
- (b) In respect of a member for whom life cover has not been granted to the full extent, the benefits payable be equal to the total of;
  - i) the sum assured under Term Assurance on the date of death; and
  - ii) fifteen days' salary for each completed year of service upto the date of death.

## **10. BENEFITS OF LEAVING SERVICE :**

Upon a member leaving the service of the Company of his own free will after completion of five years of service the benefits payable will be equal to fifteen days' salary as on the day of leaving service for each year of service. The member will not be entitled to any benefits if he leaves the service before completing five years of service.

PROVIDED wherever a member leaves the services of the Company and joins the services of any employer who is created by any Act of Parliament, State Legislative, Central or State Government and Government Companies as defined under the Companies Act, the amount of gratuity already earned by the member irrespective of number of years of service rendered by him will be transferred to the new employer subject to that the new employer agreed to accept such amount.

PROVIDED further that wherever a member, join the services of the Company after leaving the services of any employer, who is created by any Act of Parliament, State Legislative, Central Government, State Governments and Government Companies as defined under the Companies Act, the company will accept the transfer and the amount of gratuity already earned by him under his previous employer.

## **11. FORFEITURE OF GRATUITY :**

- (a) Gratuity shall be wholly or partially forfeited in case of termination of service of the member (a) for riotous or disorderly conduct or any other act of violence on his part or (b) for any act which constitute an offence involving moral turpitude provided such offence is committed by him in the course of his employment.
- (b) In case of termination of service for any act, willful omission or negligence of the member causing any damage or loss to or destruction of property belonging to the Company, gratuity payable under the scheme shall be forfeited to the extent of the damage or loss so caused.

**12.** The gratuity payable in respect of any member under the scheme will be paid only in a lumpsum, subject to maximum as specified in payment of Gratuity Act, 1972 as amended from time to time\*.

*\* The present maximum limit for payment of gratuity is Rs. 3.50 lakhs.*

## **SECTION- IV**

### **MISCELLANEOUS PROVISIONS**

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

The benefits assured under the Scheme are strictly personal and cannot be assigned, charged or alienated in any way.

**14.** Except as provided in these Rules, no member or his Nominee 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 Nominees 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 including 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 it shall be ineffective to the extent of such repugnance. Any such repugnance 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.

#### **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 Nominee.

## **18. NOMINATION :**

- (a) Every member shall make a nomination conferring on one or more persons the right to receive the benefits hereunder in the event of his death before the benefits become payable. Such a nomination shall be made according to the form given in the Appendix.
- (b) If a member nominates more than one person under clause (a) above, he shall in his nomination, specify the amount or share payable to each of the nominees in such manner as to cover the sole of the amount of gratuity that may be payable in the event of his death.
- (c) Where a member 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 member in favour of a person or persons not belonging to his family shall be invalid.
- (d) If, at the time of making a nomination, the member has no family, the nomination may be in favour of any person or persons but if the member subsequently acquires a family, such nomination shall forthwith be deemed to be invalid and the member shall make a fresh nomination in favour of one or more persons belonging to his family.
- (e) A nomination made by a member may, at any time, be modified by him after giving a written notice to the Trustees of his intention of doing so. If the nominee predeceases the member, the interest of the nominee shall revert to the member, who may thereupon make a fresh nomination.
- (f) 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.
- (g) If a Nominee is not appointed and the member does not leave a family, then the benefits shall lapse to the Fund.

### **FOR THE PURPOSE OF THIS RULE “FAMILY” MEANS :**

- i) in the case of a male member, himself, his wife his children, whether married or unmarried, his dependent parents and the dependent parents of his wife and the widow and children of his predeceased son, if any.
- ii) in the case of a female member, herself her husband, her children, whether married or unmarried, her dependent parents and the dependent parents of her husband and the widow and children of her predeceased son, if any.

**EXPLANATION :** Where the personal law of a member permits the adoption by him of a child, any child lawfully adopted by him shall be deemed to be in his family and where a child of a member has been adopted by another person and such adoption is, under the personal law of the person making such adoption, lawful, such child shall be deemed to be excluded from the family of the employee.

**19. INTERPRETATION OF RULES :**

It shall be a conditions of membership of these Scheme that on any question arising on any point of interpretation of these Rule 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 of 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 as requires, the Trustees shall review the decision.

**Maximum Gratuity Ceiling : Rs. 3.50,000/-**

**Formula for calculation of gratuity: Pay x completed years of service x 15/26.**

**NOMINATION**

1. I, Shri/Smt./Kum.....whose  
(Name in full here)  
particulars are given in the statement below, hereby nominate the person (s) mentioned below to receive the gratuity payable after my death as also the gratuity standing to my credit in the event of my death before the amount has become payable, or having become payable has not been paid and direct that the said amount of gratuity shall be paid in proportion indicated against the name (s) of the nominee (s).
2. I hereby certify that the person (s) mentioned is/are a member (s) of my family within the meaning of clause (h) of Section 2 of the Payment of Gratuity Act, 1972.
3. I hereby declare that I have no family within the meaning of clause (h) of Section 2 of the said Act.
4. (a) My father/mother/parents is/are not dependent on me.  
(b) My husband's father/mother/parents is/are not dependent on my husband.
5. I have excluded my husband from my family by a notice dated the..... to the controlling authority in terms of the proviso to clause (h) of Section 2 of the said Act.
6. Nomination made herein invalidates my previous nomination.

**Nominee (s)**

Name in full with full address of nominee (s)	Relationship with the employee	Age of nominee	Proportion by which the gratuity will be shared
(1)	(2)	(3)	(4)
1.			
2.			
3.			
so on.			

**STATEMENT**

1. Name of employee in full \_\_\_\_\_
2. Sex           ...           ... \_\_\_\_\_
3. Religion                   ... \_\_\_\_\_
4. Whether unmarried/married/widow/widower \_\_\_\_\_
5. Department/Branch/Section/where employed \_\_\_\_\_
6. Post held with Ticket or, Serial No., if any \_\_\_\_\_

7. Date of appointment ... .. \_\_\_\_\_

8. Permanent address :

Village ..... Thana..... Sub-division.....

Post Office..... District..... State.....

Place.....

Date..... Signature/thumb-impression of the employee

(Declaration by the witness)

Nomination signed/thumb-impressed before me.

Name in full and full address of

Signature of witnesses

1.

1.

2.

2.

Place.....

Date.....

Certificate by the employer

Certified that the particulars of the above nomination have been verified and recorded in this establishment.

Employer's Reference No., if any

Signature of the employer/Officer authorised

Designation

Date.....

Name and address of the establishment or rubber stamp thereof

Acknowledgement by the employee

Received the duplicate copy of nomination in Form 'F' filled by me and duly certified by the employer.

Date.....

Signature of the employee

Note :- Strike out the words and paragraphs not applicable.

**FORM OF NOMINATION' FORM NO. 40 A'**  
**(for persons not covered under the Payment of Gratuity Act)**  
 Gratuity Fund (Name of the Fund)

1. Name of the employee
2. Sex
3. Religion
4. Father's Name
5. Husband's Name
6. Marital Status
7. Date of birth
8. Permanent Address

I hereby nominate the person (s) mentioned below to receive the amount of Gratuity in the event of my death before the amount becomes payable, or having become payable, has not been paid and direct that the said amount shall be distributed amount the said person (s) in the manner shown against their name.

Name and address of nominee or nominees	Nominee's relation-ship with the employee	Age of nominee	Amount or share of accumulation in the provident fund/amount or share of gratuity to be paid to each nominee
1	2	3	4

1. Certified that I have no family and should I acquire a family hereafter, the above mention should be deemed as cancelled.
  2. Certified that my father/mother/sister(s) minor brother(s) is/are dependent upon me.
- Dated this..... day of.....20.....at.....

Two witness to signature

1. \_\_\_\_\_
2. \_\_\_\_\_

.....  
Signature of employee

Certified that the above declaration has been signed by Shri/Smt..... before me after/he/she has read the entries.

Signature of the Trustee