



ALL INDIA BANK PENSIONERS' & RETIREES' CONFEDERATION



(A.I.B.P.A.R.C.)
C/O BANK OF INDIA OFFICERS' ASSOCIATION
(EASTERN INDIA BRANCHES)
BANK OF INDIA, KOLKATA MAIN BRANCH
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Circular No. 43/19

Date 21.06.2019

**(For circulation among members of the governing council of AIBPARC,
State Secretaries, Special Invitees and Advisors.)**

Dear Comrade,

Sub: Reckoning of Dearness Allowance for the purpose of calculating Gratuity.

We reproduce hereunder the text of AIBPARC's letter dated 19.06.2019 written to the Chief Executive, IBA on above subject for information of members.

With best wishes,

(SUPRITA SARKAR)
GENERAL SECRETARY

QUOTE:

Dated: 19.06.2019

Shri V.G. Kannan
Chief Executive
Indian Banks Association
Mumbai

Dear Sir,

We wish to invite your kind attention to the regulation which provides that an officer or employee shall be eligible for payment of gratuity either as the provisions of Payment of Gratuity Act 1972 or as per the regulations whichever is higher. The regulations provide that the amount of gratuity payable to an officer or employee shall be one month's pay for every completed year of service or part thereof in excess of six months subject to a maximum of 15 months pay. It is further provided that an officer or an employee who has completed more than 30 years of service shall be eligible for an additional amount of gratuity at the rate of one half of a month's pay for each completed year of service beyond 30 years.

The Honourable High Court of Madhya Pradesh has held on 28.02.2019, in case of Madhyanchal Gramin Bank Vs All India Gramin Bank Pensioners Association No. WA-1318-2018, that for the purposes of calculating gratuity the "Pay" would include the "Basic Pay", "Stagnation Increments", any part of emoluments which may specifically be classified as "Pay" (FPA, PQA, Officiating Allowance etc.) in the regulations. The Honourable Court has further held, referring to the definitions of 'emoluments', 'pay' and 'salary', that a conjoint reading of definitions of 'emoluments', 'pay' and 'salary', the last drawn 'pay' under the regulations would include 'Dearness Allowance' for computation of gratuity in respect of officers as well.

In view of the order of the Honourable High Court of Madhya Pradesh, we request you to make necessary arrangements for issuing suitable guidelines to the member Banks to recalculate the gratuity after including Dearness Allowance and pay the higher of the two i.e. as per regulations or as per Payment of Gratuity Act.

Thanking you,

Yours faithfully,

Sd/-

Sd/-

Suprita Sarkar
General Secretary
AIBPARC

K. V. Acharya
President,
AIBPARC