
GRATUITY & PROVIDENT FUND

Payment of Gratuity:

(Regulation 46 of BOI OSR, HOBC No. 112/42 dt 26.06.2018, HOBC 112/03 dt 07.04.2018)

- In accordance with the extant guidelines, Gratuity payable to an Officer is calculated as per the provisions of
 - (i) sub-section (2) and (3) of section 4 of Payment of Gratuity Act, 1972.
 - (ii) Bank of India Gratuity Fund Rules.and better of the two options is payable

GRATUITY Higher of (i) or (ii) given below payable on death, retirement, disablement of Permanent nature or resignation.

(i) Payment of Gratuity Act, 1972:

- After completion of 5 years of continuous service.
- The Act provides for payment of gratuity at the rate of 15 days wages for each completed year of service
- Any fraction of a year exceeding six months is counted as one full year, while a period up to six months is ignored.
- Wages include Basic Pay, Dearness Allowance, Fixed Personal Pay & Professional Qualification Pay).
- The maximum gratuity payable under the Payment of Gratuity Act is ₹20 lakh.
- Gratuity up to ₹20 lakh is exempt from income tax.

Formula for calculation of Gratuity:	$\frac{\text{Wages} \times 15 \times \text{No. of completed years of service}}{26}$
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(ii) Service Regulation - Bank of India Gratuity Fund Rules:

- After 10 years of continuous service.
- Gratuity payable to an Officer shall be one month's pay for every completed year of service, subject to maximum of 15 months pay.
- Provided that where an officer has completed more than 30 years of service, he shall be eligible by way of gratuity for an additional amount at the rate of one half of a month's pay for each completed year of service beyond thirty years.
- If the fraction of service beyond completed years of service is six months or more, gratuity will be paid pro rata for the period.
- Pay includes Basic Pay including stagnation increment, Professional Qualification Pay & increment component of FPP. (DA will not be consider)
- No maximum limit on Gratuity Amount.
- Gratuity beyond Rs. 20 lakhs is taxable under Section 10(10) of the Income Tax Act.

1. **PROVIDENT FOND:** 10% of Pay includes Basic pay, stagnation increments, professional qualification pay Increment component of fixed personal pay and officiating allowance.
 - a. While the officers who are presently covered under the Pension Scheme and Those who will join the pension scheme in terms of option being made available Under Join Note dated 25.05.2015 shall continue to contribute 10% of the pay Towards Provident Fund, there shall be no matching contribution.
 - b. Officers who are presently covered under contributory provident Fund Scheme who do not opt for pension scheme being made available under Joint Note dated 25.05.2015 shall continue under the contributory provident Fund Scheme as hitherto.
 - c. There shall be no Provident Fund to officers joining the services of banks on or after 1st April 2010. They shall be covered by a Defined Contributory pension Scheme, where the officer will contribute 10% of pay plus Dearness Allowance And the bank will make a matching contributory Pension Scheme as introduced for Employees of Central Government w.e.f, 1 January 2004 and modified from time to time.

NON-REFUNDABLE WITHDRAWAL OF PROVIDENT FUND: -

All the confirmed officers having complete 10 years of service are eligible for Non-Refundable PF, for the purpose of marriage / medical expenses for self / Close relatives (more than 1 occasion) for housing (only once) in his/her career, Quantum for medical treatment / marriage shall not exceed Months BP + Allowance ranking for PF or 50% of accumulated PF + VPF or actual expenses Whichever is lower subject to maximum of Rs.4.5 lacs during entire career. (Circular No. 109/58 dated 21/05/2015)