

Rules of the Gratuity Fund of Silk & Art Silk
Mills' Research Association. Bombay

Title : RULES OF THE GRATUITY FUND OF SILK & ART
SILK MILL'S RESEARCH ASSOCIATION
BOMBAY.

1. The Fund shall be called the "Gratuity Fund of Silk & Art Silk Mills' Research Association, Bombay."

2. In these Rules unless there is something repugnant in the subject of context.

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| a) "The Association" | Shall mean Silk & Art Silk Mills' Research Association, Bombay. |
| b) "Beneficiary" | Shall mean the widow, children or dependents of the employees to receive the fund on death of such employee. |
| c) "Employee" | Shall mean a permanent employee of the Association i.e. one who has been appointed on a permanent post which has been vacant and who has completed a period of six months' probation but shall not include a personal or a domestic servant. |
| d) "Fund" | Shall mean the Fund established in accordance with these Rules |
| e) "The Trustees" | Shall mean the Trustees appointed in accordance with these Rules and shall include the Trustees for the time being of these presents. |
| f) "Salary" | Shall mean for the purpose of the Scheme the average salary inclusive of Dearness Allowance but exclusive of other allowances if any, for twelve months immediately preceding the year in which the gratuity is paid. |
| g) "Average Salary" | Shall mean average basic salary inclusive of Dearness allowance and not the allowances if any, Drawn during the last twelve months of the Employee's service with the Association. |

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- h) " Year " Shall mean the calendar year taken from 1st January to 31st December.
- i) " Year of Service" Shall mean completed year of service only.
- j) Words importing the masculine gender also include the feminine gender.

COMMENCEMENT:

3. These Rules shall be deemed to have come into effect as from 11th March, 1965.

OBJECTS:

4. The sole object of the fund shall be to provide for gratuity to the employees of the Association on their retirement at or after a specified age or on their becoming Incapacitated prior to such retirement or on termination of their employment after A minimum period of service specified in the rules of the fund herein below or to the Widow's, children or dependents of such employees on their death.

FUNDS OF THE FUND:

5. The fund shall be maintained by the Contributions made by the Association from Time to time and the interest earned on the investments of the accumulation of such contributions.

TRUSTEES:

6. The fund shall constitute an irrevocable trust and the Fund and the management there of shall be vested in Trustees. The costs charges and expenses of the administration of the fund and of the determination of any question arising under these rules or otherwise, including all expenses incurred by the Trustees in the discharge of their duties shall be chargeable to the funds of the fund and may be properly paid therefrom from time to time .
7. The number of Trustees of the Fund shall be five (hereinafter referred to as "Trustees") two of there from amongst the members of the council representing the Association and three from amongst the employees of the Associate. The Trustees shall be appointed from time to time by the Association and Employees respectively, who shall also have the power to remove one or all representatives of them.
8. The Trustees shall entire control over the management of the fund shall be vested with all powers authorities and discretions necessary of expedient for that purpose in addition to any express powers conferred up them by these Rules.

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9. Two Trustees representing the Association and the Employees each respectively shall constitute a quorum and any decision taken or resolution passed by two such Trustees shall be deemed to be a decision of all the Trustees and final and binding on them.
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 - a) If any Trustee desires to go out of Bombay for more than two months he may appoint an attorney (not being one of his own co-Trustees) to act in his place or stead and to exercise all the powers and discretions of these Rules conferred on a Trustee in all respects as if he had been appointed by a Trustee by these presents but the appointed of such an attorney shall be determined immediately on the return of the said Trustee going out of Bombay and in case of such temporary appointed it shall not be necessary to transfer the trust property to the name of such temporarily appointed Trustee.
 - b) If any Trustee shall at any time remain absent from Bombay for more than two months without appointing an attorney as provide in sub-rule

(c) hereof, the Trustees (not being less than two In number representing the Association and the Employees respectively) who are then in Bombay shall during such absence above all the powers and authorities to act in the Trusts hereof as if they were the only appointed Trustees of these presents.
- 11 Subject as provided in Rule 7 hereof, if and when any Trustee or Trustees shall die, resign, refuse or become unqualified, incompetent or in- capable of acting, or shall be removed by the Employer or shall leave the services of the Association, the Association or the Employee may appoint any other competent person or persons to be a new Trustee or new Trustee or new Trustees and on every such appointment the funds of the fund shall ipso facts vest in the continuing new Trustee or Trustees, provided that the Trustee/s so appointed by the Association or by the employees Shall be resident in India and any Trustee/ who leaves/leave India permanently shall vacate his/ their office and other Trustee/s shall be appointed to fill in the vacancy/vacancies caused, in the manner provided herein before.
12. The Trustees shall have the entire control of the fund and funds thereof and shall decide all differences or disputes which may arise under these rules either as to the rights and obligations of the Association and /or of the employees and the decision of the Trustees, as recorded in a special minute book to be kept for that purpose, shall in all cases be final and binding on all parties concerned.
13. The Trustees shall have power to employ any person or persons (including any one or more of them number) to do any secretarial, legal, accountancy or other work which they may consider necessary or expedient in connection with the management of the fund or the funds thereof and to pay there from in addition to all other proper disbursements all ordinary or reasonable charges out of the funds of the fund.

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14. The Trustees shall from time to time pay monies received by them into a scheduled bank or banks as they may from time to time determine to the credit of a special account, in the name of the Trustee or the Trustees.

All monies standing to the credit of such account shall be dealt with only in accordance with these rules and such accounts shall be operated on by the Trustees representing the Association and the Employees respectively.

15. In addition to and not by way of substitution for all indemnities conferred on Trustees at common law and by statute, no Trustees shall be chargeable otherwise than in respect of money and securities actually received by him notwithstanding his signature to any receipt for the same of conformity and he shall be answerable and accountable only for his own acts, receipts, neglects and defaults and not for those of any other Trustee, or of any Bank broker or other person with whom any of the funds of the fund or investments representing the same may be deposited or upon whose advice or opinion the Trustees may act nor shall he be answerable for the insufficiency or deficiency (of title) of any securities nor for any other loss howsoever arising save such as happens through his dishonesty.

INVESTMENTS

16. The monies of the Fund not immediately required for the purpose of the fund shall be invested within fifteen days from the date of contribution receipt or actual, as the case may be, in securities of the nature specified in Clause (a) to (e) of Sec. 20 of the Indian Trusts Act, 1882 and payable both in respect of capital and or interest in India. Such investments shall be made in the names of the Trustees and may, when the conditions of the investments permit, be made payable to any two of the Trustees. The Trustees may from time to time vary transpose and sell such investments and purchase others of similar nature, and until realization such investments shall be valued for all purpose at the cost price without taking depreciation or appreciation into account.

RATE OF GRATUITY

17. (i) Notwithstanding anything contained in these rules:
- (a) the gratuity of an employee, whose services have been terminated for any act, willful omission or negligence causing any damage or loss to or destruction of property belonging to the employer, shall be forfeited to the extent of the damage or loss so caused,
- (b) the gratuity payable shall be wholly forfeited-

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- i) If the services of such employee have been terminated for his riotous or disorderly conduct or any other act of violence on his part, or
 - ii) If the services of such employee have been terminated for any act which constitutes an offence involving moral turpitude, provided that such offence is committed by him in the course of his employment.
17. ii) Every employee of the Association shall be entitled to payment of gratuity, either on death or on retirement or on resignation or on retirement of his/ her services after such continuous period of service which shall be from the date of employment of the employees as stated here under and the payment shall be made on the basis of last drawn salary either to him/he or his/her heirs or assignees as follows:
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| (a) On the death of an employee while in the service of the Association or, on his/her physical or mental disability to continue further in service | One month's salary for each year of service subject to a maximum of 20 month's salary. |
| (b) On Voluntary retirement of resignation of an employee or termination of service | |
| i) After 5 years of continuous service but less than 10 years of service | Five month's salary |
| ii) After 10 years of continuous service but less than 12 years of service | Nine month's salary |
| iii) After 12 years of continuous service but less than 15 years of service | Twelve month's salary |
| iv) After 15 years of continuous service but less than 18 years of service | Fifteen months' salary |
| v) After 18 years of continuous service | At the rate of one months salary for each year of continuous service subject to a maximum of 20 months salary. |
| vi) The above said gratuity amount can be paid in two installments if desired by the employee (as per Annexure-'A') | |

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18. **CONTRIBUTION BY THE ASSOCIATION:**

(a) Initial Contribution:

The Association shall make initial contribution or contributions in respect of the past services of the employees admitted to the benefits of the fund in such a manner that the initial contribution or contributions made shall not exceed 8 1/3% of the employees salaried for each year of their past services with the Association.

(b) Annual Contribution:

The ordinary annual contribution by the Association to the fund shall be made on a reasonable basis as may be approved by the Commissioner having regard to the length of service of each employee concerned, so, however that such contribution shall not exceed 8 1/3% of the salary of each employee during each year and for this purpose the Association shall on or before the 31st December in each year pay and hand over to the Trustees the sums of money that the Association in its discretion apportion to the fund subject to the above provision during the accounting year as will be required to make up the full amount required to be provided.

INDEMNITY

19. Subject to Rule 105 of Income Tax Rules 1962, the Association undertakes to make good to the Trustees all additional amounts which the Trustees become liable to provide or may provide in carrying out their liabilities hereunder and for which they may not have been sufficiently covered under any contributions previously received from the Association and from moneys to the credit of the lapse and Forfeiture a/c and undertakes to indemnify and keep indemnified the Trustees against any liability they may incur as Trustees of the Fund.

ACCOUNTS & AUDIT

20. The Accounts of the fund shall be made up as at 31st December in each year and shall be audited yearly by the Auditors of the Association.

GRATUITY TO WHOM PAYABLE

21. The Association shall be the sole authority to decide the quantum of gratuity payable to its employees from time to time, provided that no gratuity shall be payable or paid in respect of any person or persons who has or has not been whole time bonafide employees of the Association, provided further that no gratuity shall be payable to a member of the Council of the Silk & Art- Silk Mills Research Association (Employer Association) unless he was a whole time bonafide employee of the Association and provided further that no Gratuity shall be payable or paid outside the Union of India.

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22. a) The Association shall, when Gratuity becomes payable to any of its employees, the trustees in writing the amount to be paid to such employees and furnish such other particulars as the Trustees may require.
- b) The Trustees shall immediately on receipt of a written intimation from the Association as aforesaid pay in one lumpsum to the employee the amount decided upon by the Association. The Trustees shall however before making any payment ascertain as to whether estate, duty if any has been paid or satisfactory arrangements for the payment of the same have been made or that no estate duty is payable. The Trustees shall be responsible for deduction of tax from the gratuities and for crediting the tax so deducted to the credit of the Revenue of the Government of India, if any.

NOMINATION

23. a) In the event of gratuity becoming payable on the death of an employee the Association shall hold the amount of such gratuity on trust for such persons as shall have been duly appointed to receive the same by the deceased on proper legal representations being produced to the satisfaction of the Trustees and in default as provided.
- b) Every employee, upon whose in the service of the Association a gratuity becomes payable shall appoint a nominee who is of full age to receive such gratuity but subject to defeasance of such appointment if the nominee shall die or become unable to act during the life of the appointer. If the nominee or any of the nominee is a minor the employee shall at the time of nomination also appoint in writing a person of full age to whom such gratuity shall be paid on behalf of the minor nominee and shall be at liberty from time to time to change such appointment, provided however, that, the nominee shall only be a beneficiaries as defined in sub Rule 2 (b) hereinbefore. The payment to the nominee shall fully discharge the Trustees from their obligations.
- (c) If the nominee shall die or become unable to act during the life of the appointer then the appointer shall appoint a fresh nominee in place of the nominee so dyeing or becoming unable to act and communicate the same to the Association in writing. All payments shall be made to a beneficiary and if there is no beneficiary to receive the gratuity payment, the same shall lapse to the fund.
- (d) All appointments shall be in the form annexed hereto and marked Annexure 'B'.
- (e) In default of a due appointment of a nominee it shall be in the discretion of the Trustees to grant the whole or any part of the gratuity to the executors of administrators of the deceased or to any relatives or dependent or dependents as the Trustees in their absolute discretion think fit on production of proper legal representatives of heir ship certificate signed by a Magistrate, J.P. or Gazetted Officer and an indemnity bond drawn up in the proper form. Such grant shall fully discharge the Trustees.

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24. No suit or other legal proceeding in regard to any claim matter or dispute arising out of or relating to these Rules shall be instituted in any court except the High court of Judicature at Bombay. The Bombay City Civil Court, The Court of small causes at Bombay or any other Court in the City of Bombay competent to entertain such claim, matter or dispute.

ATTACHMENT

25. If any prohibitory order, attachment or process of a Civil Court be served on the Trustees or any of them by which any gratuity or any part of the Fund answering such gratuity be attached or ordered to be withhold from the person on whose retirement , death or on the termination of services the gratuity becomes payable forthwith be forfeited to the Fund.

NO RIGHT TO ASSIGN ETC.

26. No employee shall assign, mortgage or in any other way alienate or effect a charge on his interest in the Fund or any money standing to the credit in the fund or any part thereof and any alienation or charge as aforesaid shall ipso facto terminate the employees' interest in and rights in the fund. No part of the moneys standing to the credit of an employee of any gratuity payable to him shall be deemed to be the assets of an employee or be available on his insolvency and such insolvency shall ipso facto terminate the employee's entire interest and the rights in the fund. Any amount in respect of which the employee's interest terminates under this clause shall be forfeited to the fund.
27. Except as is provided by these Rules no person or persons shall be entitled to claim any payment of any money to him or them.
28. The Association may in its discretion with the written consent of the Trustees, amend, add to, Alter, or repeal any of the provisions of these presents but so that no such amendment, Additions, repeal or alternations shall affect the fund then accrued with respect to any funds Then in the hands of the Trustees or result in the Association acquiring any beneficial interest Whatsoever in the funds of the fund.

Provided that no such addition, amendment , alternation or repeal of these present shall be Made except with the express approval and sanction of the Commissioner of Income Tax, Bombay.

29. No monies once contributed to the Fund by the Association (Employer Association) and Belonging to the fund shall under any circumstance be receivable by the Association and The Association shall have no lien or charge on the fund.

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30. Any rule or provision made herein before, which is repugnant to the provisions of the Income Tax Act 1961, at the Income Tax Rules 1962 will be void and the Trustees shall if so required by the Commissioner of Income Tax remove, amend or alter the repugnant rule, so as to be in consonance with the provision of the Income Tax Act 1961 and Income Tax Rules 1962.
31. Any decision taken by the Trustees, involving an interpretation of the provisions of the Income Tax Act 1961 and/or of the rules made there under, shall forthwith be communicates to the Commissioner of Income Tax, Bombay.
32. In the event of winding up or discontinuance of the trade or business of the undertaking of the association (the Employer Association), the trustees shall with the prior approval of and subject to such conditions as may be imposed by the Commissioner of Income Tax take satisfactory arrangements for the payment of gratuity to the existing employees eligible to receive the gratuity as per the provisions of the rules mentioned herein before.
33. Any decision for the winding up of the fund or its amalgamation with another fund shall be taken subject to the prior approval of, and to such conditions as may be imposed by the Commissioner of the Income Tax, Bombay.
34. In these, for any person, the gratuity fund ceases to be an approved gratuity fund the Trustees of the fund shall nevertheless remain liable to tax on any gratuity paid to any employee.

Note: Revised as approved by commissioner of Income Tax,
Bombay vide his office letter No. B.C.No.T-II/256/29/67 dated 25th November, 1974.