

Reserve Bank of India  
(Payment of Gratuity to Employees) Rules, 1947  
[ Updated as on July 31, 2024]

## **Reserve Bank of India (Payment of Gratuity to Employees) Rules, 1947**

Whereas it is desirable to define the terms and conditions on which gratuity may be granted to the employees of the Bank, the Central Board hereby approve of the following rules.

### **Short title and commencement**

1. (1) These rules may be called the Reserve Bank of India (Payment of Gratuity to Employees) Rules, 1947.  
(2) They shall be deemed to have come into force on the 1<sup>st</sup> April 1946.

### **Power to interpret**

2. The power to interpret these Rules vests in the Governor (which expression shall include a Deputy Governor and an Executive Director), who may authorise the issue of such administrative instructions as may be necessary to give effect to these rules.

### **Definitions**

3. In these Rules, unless there is anything repugnant in the subject or context –

(1) "Pay" means the "pay" admissible to an employee in the grade held as on the date of retirement and includes –

- (i) the substantive pay,
- (ii) officiating pay,
- (iii) special pay,
- (iv) personal pay,
- (v) special personal pay, and
- (vi) any other emoluments classified as 'Pay' by the Central Board.

(1A) "Dearness Allowance" means allowance as provided for in the paragraph 9, Section 4 of Appendix II read with Regulation 71 of RBI (Staff) Regulations, 1948.

(2) "Date of retirement" means –

- (a) in the case of an employee who retires or is retired in accordance with the terms and conditions of his service, the date on which he so retires or is retired;
- (b) in the case of any other employee, the date from which he ceases to be in the Bank's service, and the expression "month of retirement" shall be construed accordingly.

(3) "Service in the Bank" –

- (a) includes the period of an employee's continuous temporary service immediately preceding his confirmation;
- (b) includes the period during which an employee is on duty or on leave duly authorised by a competent authority;
- (c) does not include any period during which an employee is absent from duty without permission or overstays his leave, unless specifically permitted by a competent

authority;

(d) includes the part-time service rendered by an employee, immediately before his/her appointment/absorption in the full-time service of the Bank, proportionately to the rate/s of wages applicable during such part-time service, as in the case of fixation of pay on absorption of a part-time employee into full-time service of the Bank.

(e) shall be deemed to have commenced, in the case of a transferred employee on the date his service commenced under his former employer.

(4) "Substantive pay" means the pay to which an employee is entitled in the scale of pay applicable to the post held by him substantively.

(5) "Transferred employee" shall have the same meaning as assigned to it in the Reserve Bank of India Employees' Provident Fund Regulations.

Conditions of grant

4. Subject to the terms, conditions and other provisions contained in the succeeding Rules, gratuity will be granted to a permanent employee after termination of his service in the Bank, or in the event of his death before receipt of gratuity, to such person or persons as may be determined in accordance with Rule 7; but nothing in these Rules shall be construed as conferring any right or benefit on any employee whose service in the Bank is governed by a contract expressly stipulating his service to be for a specified period.

When not admissible

5. (1) No gratuity will be granted to or in the case of an employee if he has not completed service in the Bank for a minimum period of ten years;

(2) Notwithstanding anything contained in sub-rule (1), gratuity will be granted to, or in the case of an employee who has not completed service in the Bank for a minimum period of ten years, if –

(i) he dies while in service of the Bank; or

(ii) he has retired or has been required to retire, either on account of certified permanent incapacity due to bodily or mental infirmity or owing to the abolition of his appointment on account of reduction of establishment;

or

(iii) his service in the Bank is terminated by the Bank for reasons other than reduction of establishment.

Amount admissible

6. Without prejudice to the provisions of Rule 5, the amount of gratuity admissible to an employee shall be –

(a) a sum equal to one month's Pay plus Dearness Allowance

for each completed year of service in the Bank or part thereof in excess of 6 months, subject to a maximum of 20 months' Pay plus Dearness Allowance or Rs.22,50,000/- whichever is less, for first 20 years of service;

- (b) an additional sum equal to half month's Pay plus Dearness Allowance for each completed year of service in the Bank or part thereof in excess of 6 months for service in excess of 20 years.

Payment of reduced amount in certain cases

- 6A (1) The Bank may, while determining the amount of gratuity payable to an employee take into account any financial loss caused to the Bank by reason of the inefficiency or misconduct of such employee, and grant a reduced amount of gratuity.

Provided that the difference between the amount of gratuity ordinarily admissible under the foregoing Rules and the amount of gratuity so reduced shall not exceed the amount of the financial loss caused to the Bank.

- (2) Unless otherwise specifically permitted by the sanctioning authority, where residential accommodation has been allotted or provided by the Bank to an employee, no gratuity will be, or become, payable to the employee or to any person claiming through or under him, unless such employee, or as the case may be, the person claiming through or under him, delivers or arranges to deliver to the Bank vacant possession of the residential accommodation after fully satisfying the terms and conditions on which such accommodation has been so allotted or provided.
- (3) Any amount due or recoverable from or in the case of an employee, whether on account of arrears of rent or other amounts payable to the Bank in respect of residential accommodation allotted or provided by the Bank, or by way of outstanding towards any loan or advance granted by the Bank or by reason of any overpayments made by, or of any liability, loss or expenses caused to the Bank, may be deducted from the amount of gratuity sanctioned to, or in the case of the employee.
- (4) The provisions of this Rule shall have effect notwithstanding anything contained in the foregoing Rules.

Payment in case of death of the employee

7. In the event of the death of an employee before receipt of gratuity the amount of gratuity admissible shall be paid –
- (a) to the person who may have been nominated by the employee in terms of Regulation 15 of the Reserve Bank of India Employees' Provident Fund Regulations or be deemed to have been so nominated under Regulation 20(iii) of the said Regulations; and if there are more persons than one so nominated or deemed to have been nominated, the amount of gratuity shall be distributed among such persons in the same proportion in which the employee has distributed the

amount standing to his credit in the provident fund; and if the employee is not covered under the Reserve Bank of India Employees' Provident Fund Regulations, 1935, then the gratuity shall be payable to the person or persons nominated under sub-section (1) of Section 6 of the Payment of Gratuity Act, 1972 in the same proportion as indicated by the employee in the nomination; and

- (b) if no such nomination has been made or is subsisting, the person or persons to whom the amount of gratuity shall be paid and the proportion in which the amount shall be distributed among them, shall be determined by the Central Board or by the Governor, a Deputy Governor, an Executive Director, Principal Chief General Manager or Chief General Manager (Human Resource – Operation Unit, Human Resource Management Department, Central Office) of the Bank.

Liability for tax

- 8. Tax to be borne by the employee on the gratuity granted shall be restricted to tax on that portion of the taxable gratuity as is equivalent to the difference between the amount of Bank's revised ceiling and the amount of the Bank's previous ceiling as divided by the total gratuity granted and the balance of the tax shall be borne by the Bank.