

# ALL INDIA BANK RETIREES' FEDERATION(REGD.)

## D/1/ Sector C Scheme No. 71 Indore 452009



**SILVER JUBILEE YEAR (1994-2019)**



**Ref No 2019/71**

**10.05.2019**

Shri Suchindra Mishra  
Joint Secretary, Government of India  
Ministry of Finance, Department of Financial Services  
Jeevan Deep Building, Parliament Street  
NEW DELHI- 110001

Respected Sir,

**Re: Payment of Gratuity**

**Re: Correct interpretation of provisions of service regulations visa vis  
Relevant provisions of Gratuity Act, 1972**

We wish to invite your kind attention on the judgment delivered Madhya Pradesh High Court ( Single Bench) in writ petition no 9182 of 2017 in the matter of calculation of gratuity entitlement of retiring bank employees. Copy of the judgment is enclosed for your ready reference.

2. It may be mentioned that presently in banking industry gratuity entitlement is calculated by two formulas. First as per the provisions of Gratuity Act, 1972 where dearness along with basic pay is included and secondly as per the provisions of service regulations/ Gratuity Rules of the concerned bank where element of dearness allowance is excluded to determine entitlement and higher of two is paid. Because of exclusion of dearness allowance as per service regulations to calculate gratuity entitlement invariably puts the retiring employee in disadvantageous position and using two different formula for determining entitlement as per the spirit and provisions of the law.

3. In the above referred judgment under Para 24 the honorable High Court has directed the bank to include element of dearness allowance for calculating entitlement of gratuity under service regulations too as being done under provisions of Gratuity Act and pay the difference.

4. The above order of single bench was challenged by the bank management in Division Bench of the High Court which was dismissed by the bench vide its order dated 3.10.2018 and refused to interfere in the judgment of single bench and thereby confirming its judgment. Copy of division bench order is enclosed for your ready reference.

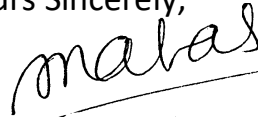
5. The bank management aggrieved by the judgment of division bench in the matter filed SLP in the Supreme Court. The Supreme Court on 07.05.2019 has also dismissed SLP of the bank and confirmed the judgment of single bench of M.P. High Court. Copy of the judgment is enclosed for your ready reference.

5. In view of the above developments, now the revised formula approved by M.P High Court to calculate gratuity entitlement has become final and is binding on all banks. We therefore request you to ask all banks to recalculate gratuity entitlement of all affected retirees and pay the difference amount wherever applicable as per the high court order and finally confirmed by the highest court of the country.

6. It may not be out of place to mention that the judgment delivered is for one Gramin bank of Madhya Pradesh which is owned and sponsored by a public sector bank and where service regulations applicable are identical and common. Therefore this judgment is applicable in banking industry too.

With Revolutionary Greetings

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'mabas', written over a horizontal line.

(S.C.JAIN)

GENERAL SECRETARY