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INDIA TRADE PROMOTION ORGANIZATION EMPLOYEES GROUP  
GRATUITY TRUST  
TRUST DEED

THIS DEED is made this 25<sup>th</sup> day of April 2012

Between

India Trade Promotion Organization, having its Head Office at Pragati Bhawan, Pragati Maidan, New Delhi-110 001, hereinafter called 'the Organization' or The Employer of the one part

AND

- (1) Mrs. Rita Menon, CMD, ITPO
- (2) Shri Neeraj Kumar Gupta, MD, ITPO
- (3) Shri A.K. Khanna, SCM(FA)
- (4) Shri Narendra Bhooshan, OSD (Admin)

hereinafter called 'The Trustees' which expression shall, where the context so admits or requires, include the Successors or Survivors of the Trustees of the other part.

WITNESSES:

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SM (Admin)

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- (a) The Employer is desirous of making provision for Gratuity payment for its employees upon their retirement from service at or after a specified age or otherwise or on their becoming incapacitated prior to such retirement or on leaving the service voluntarily after completion of service as prescribed or on termination of service after a minimum period of service or to the nominees in the event of their death, such provision being made in terms of this Deed and the Rules annexed hereto, hereinafter referred to as the Rules, which shall be deemed to form part of these presents.
- (b) It is proposed to set up an irrevocable Gratuity Trust for providing Gratuity benefits and the Employer shall contribute certain sums to the Scheme from time to time in accordance with the Rules.
- (c) It is intended that such provision shall, inter alia, be made by the Trustees entering into a Scheme of Insurance with an Insurer as defined in clause 28BB of section 2 of the Income Tax Act, 1961 or managing their own fund and that the premiums / contributions payable therefore shall be provided by the contributions to be made by the Employer to the Scheme from time to time in accordance with the Rules.
- (d) The Scheme shall mean INDIA TRADE PROMOTION ORGANIZATION EMPLOYEES GROUP GRATUITY TRUST, Hereinafter referred to 'The Scheme' or 'The Fund', the operation of which shall be governed by these presents and the Rules.
- (e) The Trust shall be established in connection with the business of the Employer carried on in India and not less than ninety per cent of the Employees shall be employed in India. The Trust and the Fund shall be established, located and operated in India and the Trustees shall be resident in India. All benefits granted by the Trust shall be payable in India.
- (f) The Trustees have at the request of the Employer agreed to act as Trustees of the Scheme in accordance with the terms of these presents and of the Rules with an option to effect assurance on the lives of the members and to hold the same and other fund UPON TRUST.

**NOW THIS DEED WITNESSETH AND IT IS HEREBY DECLARED AND AGREED AS FOLLOWS:**

**SECTION I: ADMINISTRATION OF FUND AND THE SCHEME**

Rules.	1.	The Fund shall be governed by the Rules and any reference to the Rules in these presents shall mean the Rules for the time being in force, which shall be binding on the Employer, the Members and their beneficiaries.
Definitions	2.	All Words and expressions to which special meanings have been given in the Rules shall have the same meanings wherever they appear in these presents.

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Trustee (Admin)

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Date of Commencement	3.	The Scheme shall be deemed to have been established and the Rules shall be deemed to have taken with effect from 01/04/2012
Trust Irrevocable	4.	These presents shall constitute a Trust set up and the Trust shall be irrevocable in connection with the trade or undertaking carried on in India and not less than ninety percent of the employees shall be employed in India. No moneys belonging to the Fund in the hands of the Trustees shall be receivable by the employer under any circumstances nor shall the employer have any lien or charge of any description on the Fund or as provided in Rule 5 of Schedule IV Part B of the Income Tax Act, 1961
Trust Funds	5.	<p>The sums in cash and other assets retained by the Trustees in the Surplus or any other Account as provided for in the Rules and the Master Policy / Policies issued by Insurer/s shall constitute the funds of the Trust and the Trustees shall hold and employ the said funds according to these presents and the Rules.</p> <p>The Trust Fund shall be vested in the Trustees. The Trustees shall have the entire custody, management and control of the Fund and shall decide all difference or disputes which may arise under these presents or under the Rules either as to the interpretation thereof or as to the rights and obligations of the Employer or of the Members or of their beneficiaries and the decision of the Trustees in all cases shall be final and binding on all parties concerned.</p> <p>PROVIDED THAT if the decision has any bearing on the provisions of the Income Tax Act, 1961 or the Income Tax Rules, 1962 it shall be forthwith reported to the Commissioner of Income Tax and if so required by him the Trustees shall review the decision.</p>
Master Policy	6	With the prior approval of the employer, the Trustees shall have the authority to enter into master Policy / Policies with Insurer/s as may be necessary to provide death-cum-retirement Gratuity to the Employees of the Employer as described in the Rules of the Scheme.
Employer to make contributions	7.	The Employer agrees to make the contributions to the fund as provided in the rules. Trustees will work towards compliance of all requirements of employer and master policy / policies.
Employer to furnish all information and to pay all the expenses of administration	8.	<p>The Employer further agrees to furnish to the Trustees all particulars regarding the Members and such other information as may be in its possession as the Trustees may require for the purpose of effecting the Master Policy / policies.</p> <p>Expenses incurred by the Trustees in connection with the</p>

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of the Fund and Scheme		administration of the Fund and Scheme including the remuneration of a Secretary or of a person to be employed by the Trustees and the audit may be reimbursed by the Employer.
Power to amend the Fund	9.	<p>The Trustees may at any time by a resolution in writing signed by not less than two of them and with the consent of Employer in writing and of the Insurer where the variations have a bearing on the terms and conditions of the Master Policy / policies effected with the Insurer but not otherwise, alter, vary or amend any of the provision of this Deed and the Rules.</p> <p>PROVIDED THAT no such alteration or variation shall be inconsistent with the main objects of the Trust hereby created nor shall such alteration or variation in any way prejudice the rights or interests of any Member or his Beneficiary.</p> <p>PROVIDED FURTHER THAT no such alteration or variation in the Rules, Constitution, Objects or Conditions shall be made without the prior consent of the Commissioner of Income Tax.</p>
Employer's right to amend the Rules of the Scheme	10.	<p>(a) i) The Organization reserves the right to discontinue making contributions to the scheme at any time, after giving due notice to the Trustees.</p> <p>ii) The Employer may at any time give notice in writing to the Trustees of its intention to amend the Rules of the Scheme and it shall be lawful for the Trustees with the previous approval of the Commissioner of Income Tax, to give effect to such amendments.</p> <p>PROVIDED THAT no notice is required to be given to the Trustees if the Commissioner of Income Tax requires as a condition for approval of the Scheme any amendment to be made taking effect from the date of commencement of the Scheme.</p> <p>iii) The amendment shall ordinarily have effect from the date specified in the notice that has been served on the Trustees. The notice to the Trustees shall be in such form and manner as may be deemed sufficient by the Employer.</p> <p>iv) Any amendment to the Scheme or discontinuance of contribution shall not affect the benefits already secured for the Members under the Rules and more particularly by the premiums paid to an Insurer up to the date of such amendment or discontinuance as the case may be. Nothing in these presents shall place the Organization under any obligation to maintain or keep in force the</p>

*Director  
SIA/Adm*

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PSD Adm*

		Master Policy / policies after the discontinuance of contribution.
Trustees to carry out directions of the Employer		<p>(b) The Trustees shall comply with and carry out all such directions put in writing by the Employer from time to time in relation to any matter with respect to which the Employer has power under this Deed or under the Rules to determine or decide and a certificate from the Employer as to the admission of member or as to the death of any Member or his retirement or dismissal from the service of the Employer or as to any other relevant matters shall constitute a good and sufficient authority to the Trustees and shall be conclusive as to all facts stated therein. Every such direction or certification shall be notified to the Trustees in writing signed by a person authorised in this behalf by the Employer and any such notification purporting to contain the direction or certification as aforesaid shall be a complete protection to the Trustees in respect of any matter therein referred to.</p> <p>(c) Upon any amendments, alterations or variations being made in the terms and conditions or the basis of computation of Gratuity for the employees of the Employer either by the Employer of its own free will or as a result of any agreement with the employees or otherwise, the said amendments, alterations or variations shall take effect for the purpose of the Scheme immediately.</p>
Payment of Gratuity	11.	<p>(a) On behalf of the Employer the Trustees shall provide for the payment of gratuity</p> <ol style="list-style-type: none"> <li>i. On termination of service, or</li> <li>ii. On leaving the service voluntarily after completion of service as prescribed or</li> <li>iii. On death or</li> <li>iv. On retirement of the Member or</li> <li>v. Otherwise as provided in the Rules of the Scheme or as laid down by the Organization from time to time.</li> </ol>
Payment of benefits		(b) It is expressly provided that all benefits granted by the Fund shall be payable only in India and in one lump sum only.
Trustees Liability	12.	The Trustees shall however not at any time be made liable for the failure of any Bank, Organization, Firm or Insurer or for the dishonesty of any clerk or servant or attorney or other person with whom any part of the Trust property may be deposited or be placed in charge or be liable for any acts or defaults other than their own immediate and willful, acts,

*Director  
SIA (Admin)*

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Trustee OSD (Adv)*

		<p>deeds and defaults.</p> <p>The Trustees shall be entitled to be indemnified by the Employer against all proceedings, costs and expenses occasioned by any claims in connection with the Trust not arising from their willful negligence or dishonesty.</p> <p>The Trustees shall not be responsible for the recovery/collection from the employer as provided in the Rules.</p> <p>The Trustees shall not be bound at the request of a member to take any proceedings against the Employer for money which such member feels should have been paid by the Employer to the Trustees on such member's account.</p>
Accounts	13.	<p>(a) The Accounts of the Scheme shall be maintained in India and shall contain such particulars of all financial transactions of the scheme and in such form as the Trustees shall think proper and as required by law.</p> <p>(b) As soon as may be after the first day of April in each year, the Trustees shall take a general account of the Assets of the Trust and shall prepare a Receipts and Payments Account showing the receipts, payments, dealings and transactions during the preceding year termination on the 31<sup>st</sup> day of March in such form as is considered suitable by the Trustees.</p> <p>(c) The Trustees shall appoint auditors who shall have access to all books, papers, vouchers, accounts and documents connected with the Trust and who shall in writing report to the Trustees on the receipts and payments Account. A copy of the Audited Accounts shall be furnished to the Employer and Income Tax Office concerned as may be required by law.</p>
Payments on Member's infirmity	14.	<p>If any member or his beneficiary under the Rules shall in the opinion of the Trustees, be unable by reason of mental incapacity or other cause ceases to manage his affairs, the Trustees shall arrange that any payment payable to such Member or beneficiary be paid to any other person in whose charge or custody such member or beneficiary shall be as long as the infirmity lasts and such payment shall be good, sufficient and complete discharge to the Trustees.</p>

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SECTION II: PROVISIONS REGARDING TRUSTEES

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*Trustee*

*Trustee*

Number of Trustees	15.	The number of trustees shall not be less than two and more than five and a Organization as defined in sub-clause (I) of sub-section (1) of Section 3 of the Companies Act 1956 shall not be appointed as Trustee without the prior approval of the Commissioner of Income Tax.
Appointment of Trustees to be made by the Employer	16.	<p>The power of appointing the Trustees shall be vested in the Employer who shall in making such appointments observe the limitations laid down in these presents and the Employer shall also have power to fill up at any time any vacancy in the number of Trustees and to remove a Trustee by giving seven days notice in writing to the Trustee at his last known address and to the continuing Trustees.</p> <p>The Employer shall be under no obligation to fill the vacancy occasioned in respect of any Trustee so removed or any other vacancy in the number of Trustees until it shall think fit and so long as the number of Trustees shall not be less than two and pending the filling in of any vacancy, the continuing Trustees shall have power to Act.</p> <p>A member of the scheme can be appointed as a Trustee of the Fund.</p> <p>The Employer shall appoint as Trustees only persons who are in its employment in India.</p>
Retirement of Trustees	17.	<p>(a) A Trustee may retire at any time on giving seven days notice in writing to the Employer and to the Chairman of the Trustees of his desire to do so.</p> <p>(b) The Trustees shall be resident in India. The office of any Trustee shall be vacated if the Trustee</p> <ol style="list-style-type: none"> <li>i. Being a Director ceases to be a Director or</li> <li>ii. Being a employee ceases to be in the service of the Employer or</li> <li>iii. If he shall permanently leave India or</li> <li>iv. For reasons of illness or infirmity or mental incapacity shall in the opinion of the other Trustees become incompetent or incapable to act.</li> </ol>
Obligation on outgoing Trustee to assign policy		(c) In the event of any Trustee ceasing to be a Trustee he shall, if necessary, assign or join in assigning the Master Policy / policies to the continuing Trustees.
Meeting of Trustees	18.	The Trustees may meet together for dispatch of business and adjourn and otherwise regulate their meetings and proceedings

*S. R. Rector  
SM / Admin*

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11/11*

*Abh  
Trustee (OSB Admin)*

*(Signature)*

and Quorum		as they may think fit. The meeting shall be deemed to have quorum with two Trustees present at the meeting.
Voting at meeting	19.	<p>The Employer shall nominate one of the Trustees to be the Chairman of the Trustees, who shall preside at the meeting of the Trustees.</p> <p>The Employer shall also appoint a Trustee to be an alternate Chairman who shall act in the absence of the Chairman and exercise all the powers of the Chairman.</p> <p>Each Trustee present at the meeting shall be entitled to one vote on any matter arising thereat and in case of equality of votes the Chairman shall have a second or casting vote.</p>
Decision by Majority	20.	All matters considered at the Meeting shall be decided by a majority of votes. The Trustees shall be at liberty to pass a resolution, which shall be evidenced in writing and passed by majority after being circulated.
Trustees power to appoint a Secretary	21.	<p>The Trustees shall have power to appoint any one of the Trustees to act as Secretary of the Fund and the said Secretary may be vested with such powers of management of the Trust as the Trustees may from time to time in their absolute discretion determine.</p> <p>With the consent of the Employer the Trustees shall have power to employ any person or persons to do any legal, accountancy or other work which they may consider necessary or expedient in connection with the management of the Trust or of the assets thereof.</p> <p>It is however provided that no person of the Employer holding directorship shall be paid any remuneration for such service.</p>
Signing of receipts, cheques and correspondence	22.	<p>A Trustee authorised in that behalf by the Board of Trustees may conduct all correspondence in relation to the operation of the Trust.</p> <p>A Trustee authorised by the Board of Trustees in that behalf may sign receipts for moneys received.</p> <p>Cheques on the bank account may be drawn and signed by any two of the Trustees on behalf of all the Trustees. The Board of Trustees shall decide which of the Trustees shall operate the Bank Account on their behalf.</p>
Trustees to sign on behalf of	23.	Any Trustee authorised in this behalf by a resolution of the Trustee shall sign on behalf of the Members or beneficiaries of the Scheme, as the case may be, all proposals, discharges and

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Trustee (OSD Adm)

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Members		receipts as may be required under any policy or policies of assurance effected under the Rules hereof as may be necessary for the proper administration of the Trust. The Trustees may in their absolute discretion give authority, to give a discharge, receipt or acknowledgement for moneys due under the policy to the member or in the event of his death to his beneficiary.
Absence of a Trustee and Power of remaining Trustees	24.	If any Trustee or Trustees shall be temporarily absent from India the Trustees who shall remain in India during such absence have full powers to act under the Trusts hereof as if they were the only Trustees of these presents.
Investment of Fund Moneys	25.	All moneys contributed to the Fund or received or accruing by way of interest or otherwise to the Fund may be deposited in a Post Office Savings Bank Account in India or in a Current Account or in a Savings Account with any scheduled Bank or utilized for the purpose of making contributions under a Group Gratuity Scheme with the Insurer and to the extent such moneys as are not so deposited or utilized shall be invested in the manner prescribed from time to time in the Rules 67(2) and 101 of Income Tax Rules, 1962.
Trustees to register securities in the name of Trust	26.	It shall be obligatory on the Trustees to register the Trust as the holders of any securities constituting investments belonging to the Trust.

### SECTION III – WINDING UP OF THE TRUST FUND

	27.	<p>i) The Trust Fund shall be wound up only with the prior approval of the Commissioner of Income Tax.</p> <p>Upon the winding up or dissolution of the Employer's Establishment as a whole, unless such winding up or dissolution is for the purpose of amalgamation, reconstitution or reconstruction, application for approval of winding up of the Fund shall be made within reasonable time but not exceeding six months of the winding up of the Organization / Establishment.</p> <p>ii) For the purpose of the winding up of the Fund, the Trustees shall first realise the value of the Assets of the Fund including the value of the Master Policy/ policies, if any, held by them and the amounts so realised shall be allocated in the manner described below to the Members who are, in the service of the Employer on the date of winding up of Fund after meeting the liabilities in respect of the outstanding Claims, if any, pertaining to the</p>
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SM/OSD(dms)*

		<p>Members who ceased to be in the service of the Employer prior to the date of such winding up.</p> <p>iii) The Trustees shall then ascertain the amount of Gratuity accruing and due to all the Members of the Fund according to the provisions of the Rules by reference to the Salary of the Members as on the date of winding up and the length of service completed by them.</p> <p>If the total amount realised exceeds the total liability in respect of gratuity ascertained as above, the Trustees shall earmark for each Member, the amount of gratuity accrued and due to him under the Rules out of the moneys realised and utilise the excess to provide additional benefits to the Members in proportion to their accrued benefits. If the amount so realised is less than the said accrued gratuity, as aforesaid, the Organization will make good the shortfall to the Trust and the total amount shall then be allocated to each Member in proportion to his accrued gratuity.</p> <p>Provided always that the Trustees shall obtain prior approval of and subject to such conditions as may be imposed by the Commissioner of Income Tax in regard to the arrangements to be made by them for winding up of the Fund.</p> <p>Notwithstanding anything whatsoever stated in the foregoing paragraphs, the Trustees shall have absolute and uncontrolled discretion to consult an Actuary and adopt any other methods or principles for the winding up of the fund or make such arrangements or enter into such agreements as they may deem fit and as shall in the opinion of the Trustees serve as far as may be the wishes of the Members and beneficiaries, PROVIDED THAT any such arrangements or agreement shall be made only after obtaining the prior approval and subject to such conditions as may be imposed by the Commissioner of Income Tax.</p>
<p>Winding up or Dissolution of the Employer's Establishment for reconstruction</p>	<p>28.</p>	<p>In the event of the Employer's Establishment being wound up or dissolved as the case may be voluntarily or for the purpose of reconstruction, reconstitution or amalgamation with any other Organization, Firm or Association the Trustees may make such arrangements or enter into such agreements as they in their uncontrolled discretion shall deem fit for the continuance of the Trust in connection with such dissolution or reconstruction, reconstitution or amalgamation with the other Organization, Firm or association.</p> <p>PROVIDED ALWAYS THAT NO arrangements or agreements under this Clause shall be entered into without obtaining the prior approval of and subject to such conditions</p>

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		as may be imposed by the Commissioner of Income Tax. The Trustees shall make satisfactory arrangements for the payment of gratuity to the existing beneficiaries.
Jurisdiction	29.	The Laws of India thereto shall govern this deed and any variation and the Trust Fund hereof shall always be located in India.

In witness whereof the parties above named have signed and the Organization has put its seal on the date, month and the year above written in the presence of witnesses mentioned hereunder.

Signed sealed and delivered by within named, INDIA TRADE PROMOTION ORGANIZATION, under the authority of the Resolution of the Board of Directors dated 26<sup>th</sup> March 2012

In the presence of Mr. Bajraj Singh SM 1770  
 शैलेन्द्र बहादुर / Shailendra Bahadur  
 वरिष्ठ प्रबन्धक / Senior Manager  
 इण्डिया ट्रेड प्रमोशन आर्गनाइजेशन  
 India Trade Promotion Organisation  
 प्रगति मैदान / Pragati Maidan  
 नई दिल्ली / New Delhi

Signed and delivered by within named  
 Chairman (Trustee), Mrs. Rita Menon, CMD, ITPO

in the Presence of Mr. Rajraj Singh  
 SM 1770

Signed and delivered by within named  
 Trustee, Shri Neeraj Kumar Gupta, ED, ITPO

in the Presence of Mr. Rajraj Singh  
 SM 1770

Signed and delivered by within named  
 Trustee, Shri A.K. Khanna, SGM(FA)

in the Presence of Mr. Rajraj Singh  
 SM 1770

Signed and delivered by within named  
 Trustee, Shri Narendra Bhooshan, OSD (Admn)

in the Presence of Mr. Rajraj Singh  
 SM 1770

ANNEXURE TO THE  
INDIA TRADE PROMOTION ORGANIZATION EMPLOYEES GROUP  
GRATUITY TRUST  
TRUST DEED DATED 25<sup>th</sup> April 2012

**THE RULES (Clause 1)**

**SECTION – 1**  
**DEFINITIONS, ELIGIBILITY & REQUIREMENTS FOR MEMBERSHIP**

**I. DEFINITIONS**

In these Rules, where the context so admits the masculine shall include the feminine, the singular shall include the plural and the following words and expressions shall unless repugnant to the context, have the following meanings: -

- i) “Annual Renewal Date” in relation to the Scheme means the date in any calendar year, subsequent to the calendar year in which the Scheme comes into effect, corresponding numerically with the Commencement Date in that subsequent calendar year, or such other date as may be mutually agreed by the Trustees and the Insurer.
- ii) “Anticipated Service” shall mean in relation to a Member who dies while in service before the Normal Retirement Date the service, which he would have completed had he lived up to his Normal Retirement Date.
- iii) “Approved Fund” shall mean a Gratuity Fund that has been approved by the Commissioner of Income Tax under Part ‘C’ of the Fourth Schedule to the Income Tax Act, 1961.
- iv) “Beneficiary” shall mean the spouse, children or dependants of the Member or as defined in The Income Tax Act, 1961 or The Income Tax Rules, 1962 and The Payment of Gratuity Act, 1972, as the person nominated or entitled to receive the benefits on the death of the Member as per provisions of Rule 18 hereof.
- v) The “Organization” or the “Employer” shall mean India Trade Promotion Organization and subject to the prior approval of the Commissioner of Income Tax shall include any Firm, Concern, Agency or body corporate which may by purchase, amalgamation or otherwise take over the whole or substantially the whole of the business of the Organization and which may enter into a Deed in such a form as the Trustees shall require undertaking to continue the obligation of the Organization under these presents and releasing the Organization from all further liabilities thereof.
- vi) “Contribution” means any sum for funding the benefits under these Rules.
- vii) “Effective Date” in relation to the Scheme shall mean the being the date as from which the Scheme takes effect.

- viii) "Employees" shall mean the employees of the Organization other than personal and domestic servants and shall be deemed to include the Directors who are whole time bonafide employees of the Organization and do not beneficially own shares in the Organization carrying more than five per cent of the total voting power.
- ix) "Entry Date" shall mean (a) in relation to the employees transferred from another Organization, the date of joining the Organization and (b) in relation to new members admitted to the scheme after the Effective Date, the date on which they become eligible.
- x) "Insurer" shall mean any Insurer as defined in clause 28BB of section 2 of the Income Tax Act, 1961.
- xi) "Master Policy" shall mean an insurance scheme the trustees may enter into with an Insurer for providing benefits to the Members.
- xii) "Member" shall mean an employee who has been admitted to the membership of the Scheme and is eligible for the Benefits under the Scheme.
- xiii) "Normal Retirement Date" shall mean in respect of each member the date on which he completes the age of 60 years or such other age as is specified by the Employer in each case.
- xiv) "Rules" shall mean the Rules of the Scheme as set out below and as amended from time to time.
- xv) "Salary" includes Dearness Allowance, if the terms of employment so provide, but **excludes** all other Allowances & perquisites. In the case of all **employees a day's salary** will be calculated as 1/26<sup>th</sup> of the monthly salary.
- xvi) "Scheme" or Fund shall mean the described in these Rules.
- xvii) "Service" shall mean continuous service rendered by the Member to the Employer including periods of authorised leave. For the purpose of the Scheme, a period of 6 months and over shall be reckoned as one year.  
  

PROVIDED THAT in respect of an Employee whose services are or have been transferred from another Organization to the Employer, his / her prior service with such other Organization will be deemed to be included if the Employer and the other Organization both consent to the same but not otherwise
- xviii) "Trust," means the trust under which the Fund is established.
- xix) "Trustees" shall mean the Trustees for the time being of the Scheme.

## 2. THE TRUSTEES TO ACT FOR THE EMPLOYER AND MEMBERS

The Trustees will act for and on behalf of the Employer and members in any matter relating to the Scheme and every act done by agreement made with the notice

given to the Insurer by the Trustees shall be binding on the Employer and the member.

### **3. ELIGIBILITY**

- (a) All employees as defined under rule 1(viii) above shall be eligible to participate in the Scheme. Employees who are in the service of the Employer on the Effective Date shall join the Scheme as from that date. Employees appointed by the Employer after the Effective Date shall join the Scheme from the date of joining the employer.
- (b) No member shall withdraw from the Scheme while he is still an employee as stated above.
- (c) Transfer of Equitable Interest in/out of the Scheme.
  - i) If an employee leaves the service voluntarily after completion of service as prescribed in rule 10 but before he attains the specified age of retirement and joins another concern, the transfer of his equitable interest from this approved gratuity fund to the gratuity fund of the other concern is permitted subject to the condition that the said fund is approved under the Act.
  - ii) If on becoming a member of the Scheme, a member shall desire to procure transfer to the Trustees of any sum to which as a member of any other approved gratuity fund he may be entitled, the Trustees shall be authorised to receive such payment or transfer. The amount so transferred shall be placed to the credit of such member and shall be payable to the concerned employee in addition to the benefits to be accrued under this Scheme along with interest if any earned thereon from year to year.

### **4. EVIDENCE OF AGE**

Evidence of age of every employee satisfactory to the Insurer shall be furnished before he is admitted to the Scheme and if the age of the Member is conclusively proved later to have been incorrectly stated in the evidence submitted, the Insurer shall make appropriate adjustment in the benefits having regard to its normal practice.

### **5. EVIDENCE OF INSURABILITY**

For the purpose of effecting Term Assurance in respect of a Member, evidence of insurability satisfactory to the Insurer may be required prior to an employee's entry into the Scheme and on each occasion when an increase in sum assured is to be granted, as required by the insurer.

## **SECTION II**

### **CONTRIBUTION AND SCHEME OF INSURANCE**

### **6. CONTRIBUTIONS**

There shall be paid by the Employer to the Trustees in respect of the Members the Contributions mentioned below annually from the date of entry of the Member into the Scheme on the relevant Annual Renewal Dates and the Trustees shall pay

the same to the Insurer for providing the gratuity benefits to the Members under a Scheme of Insurance.

**Ordinary Annual Contribution:**

The ordinary annual contribution shall be such amount as shall be determined and recommended by the Insurer within the limits stipulated under Rule 103 of I.T. Rules, 1962 for securing the benefits herein below described. The contributions are normally to be paid throughout the service of the members.

**7. SCHEME OF INSURANCE**

- i) The Trustees may enter into a Scheme of Insurance with one or more Insurers for providing the benefits to the members. Subject to the provisions of Rule 5, an Assurance will be effected on the life of each member under One Year Renewable Term Assurance Plan for a sum assured equal to 15/26 days salary as on the date of entry into the Scheme or the Annual Renewal Date as the case may be for each year of his Anticipated Service.

Provided that the Insurer may, in the case of any member restrict under intimation the sum assured for which the assurance is to be effected to a smaller amount on the basis of the evidence of health called for by the Insurer in respect of a Member. The assurance will be renewed on the Annual Renewal Dates for appropriate sums assured.

- ii) After appropriating the required amounts towards the premium payable from year to year for the life assurance benefit received from the Trustees as provided in Rule 6, the balance of the Contributions will be held by the Insurer in the running account for the credit of the Trust Fund. The Insurer will allow interest on the balances remaining in the above mentioned running account for each financial year ending 31<sup>st</sup> March at a rate to be determined by the Insurer at the close of the year. The investment of the amounts and the accumulation thereof shall be as laid down in the policy issued by the insurer and as per the option elected by the Trustees which may also be based on the Net Asset Value.
- iii) When gratuity becomes payable to a member on his retirement or cessation of service, or to his Beneficiary in the event of his death, the Insurer shall pay to the Trustees the benefits payable according to the Rules from out of the balance in the running account and in case of death also from its funds under the Term Assurance.

**SECTION – III  
BENEFITS**

**8. BENEFITS ON RETIREMENT ON OR AFTER NORMAL RETIREMENT DATE, EARLY RETIREMENT DUE TO ILL HEALTH AND DEATH WHILE IN SERVICE AFTER NORMAL RETIREMENT DATE**

UPON retirement of a member on or after Normal Retirement Date or upon death whilst in service after Normal Retirement Date or upon retirement owing to ill-health or incapacitation, the benefits payable will be equal to 15/26 of salary based on the rate of salary last drawn by the employee for every completed year

of service or part thereof in excess of six months upto the date of extension of service, if any, subject to such limit as may be prescribed by the Organization from time to time presently being rupees ten lac.

**9. BENEFITS ON DEATH BEFORE NORMAL RETIREMENT DATE**

Upon the death of a member whilst in service before Normal Retirement Date, the benefits payable will be equal to the total of:

i) The sum assured under the Term Assurance on the date of death, and,

ii) **Higher of :**

- |   |  |
|---|--|
| (a) During the first year of service    | – two months salary  |
| Between one to five years of service    | – six months salary  |
| Between five to twenty years of service | – twelve months salary   |
| Over twenty years of service            | – half month's salary for every completed half year of qualifying service subject to a maximum of thirty three times the salary. |

**Provided** that the amount of such death gratuity shall in no case exceed rupees one lac.

**OR**

- (b) 15/26 of salary based on the rate of salary last drawn by the employee for every completed year of service or part thereof in excess of six months upto the date of death, subject to such limit as may be prescribed by the Organization from time to time presently being rupees ten lac.

**10. (a) BENEFITS ON LEAVING SERVICE**

Upon a member leaving the service of the Employer after completion of **five** years of service or as may be prescribed by the Organization from time to time or upon retirement under Organization's Voluntary Retirement Scheme after completion of **five** years of service for every completed year of service or part thereof in excess of six months, the employer shall pay gratuity to an employee at the rate of 15/26 of salary based on the rate of salary last drawn by the employee, subject to such limit as may be prescribed by the Organization from time to time presently being rupees ten lac.

The member will not be entitled to any benefits if he leaves the service before completing **five** years of service or such term as may be prescribed by the Organization from time to time except where the member leaves the service of the employer on account of ill health or incapacitation or where his service is terminated by the employer on account of closure or downsizing or reorganization or merger of the employer's business or for any other similar cause beyond the control of the member.

10. (b) Notwithstanding anything stated hereinbefore, in the case of an employee who leaves the services of the employer and joins another Organization or concern or firm belonging to or associated with the Employer of which the Employer shall be the sole judge with benefit of continuity of service, then his gratuity shall not be paid to him but the equitable interest in respect of him shall be transferred to the approved gratuity trust of the other Organization with the consent of both the companies and the employee, failing which his gratuity may be paid to him without benefit of continuity of service. Such payment shall discharge the



Trustees liability completely and effectively in respect of gratuity payable to the employee.

Likewise, if an employee of another Organization joins the services of the employer in circumstances such that he is entitled to the benefit of continuity of service and the equitable interest in respect of him from an approved gratuity fund of the other Organization of which he may be a member is transferable to the Trust, then the Trustees shall, subject to the consent of the employer, accept such transfer of equitable interest and consider his previous service with the other Organization in reckoning for the gratuity payable to him.

#### **11. FORFEITURE OF GRATUITY**

- (a) Gratuity shall be wholly or partly forfeited in case of termination of service of the member
  - (i) For riotous or disorderly conduct or any other act of violence on his part or
  - (ii) For any act, which constitutes an offence involving moral turpitude provided such offence, is committed by him in the course of his employment.
- (b) In case of termination of service for any act, willful, omission or negligence of the member causing any damage or loss or destruction of property belonging to the Employer gratuity payable under the Scheme shall be forfeited to the extent of the damage or loss so caused.
- (c) The gratuity forfeited in the aforesaid manner or otherwise shall remain in the running account only held by the Insurer to the credit of the Trust Fund and shall be utilized in the provisions for payment of gratuity to the eligible employees.

### **SECTION IV MISCELLANEOUS PROVISIONS**

#### **12. RESTRAINT ON ANTICIPATION OR ENCUMBRANCE**

- (a) The benefits assured under the Scheme are strictly personal and cannot be assigned, charged or alienated in any way.
- (b) Penalty if employee assigns or charges interest in Fund:

As per the provisions of Rule 105 of the Income tax Rules, 1962 if an employee assigns or create a charge upon his beneficial interest in a fund the Income Tax Officer shall give notice to the employee that if he does not secure cancellation of the assignment or charge within two month's of the date of receipt of the notice the consideration received for such assignment or charge shall be deemed to be income received by him in the previous year in which the fact became known to the Income Tax Officer and shall be assessed accordingly.

- 13. Except as provided in these Rules, no member or his Beneficiary shall have any legal claim, right or interest in the Scheme PROVIDED ALWAYS THAT the Trustees shall administer the Scheme for the benefit of the members and their Beneficiaries in accordance with the provisions of these Rules.

#### **14. JURISDICTION**

The Master Policy issued under the Scheme shall be an Indian contract subject to the laws of India, the Income Tax Act, 1961 the Payment of Gratuity Act, 1972 and to any legislation subsequently introduced. All benefits under the Scheme shall be payable only in India. Should anything contained in these Rules, or in any amendment made thereof be repugnant to any provision or provisions of the Income Tax Act, 1961, or the Income Tax Rules, 1962 it shall be in effective to the extent of such repugnance. Any such repugnance in so far as it relates to the Income Tax Act 1961 and Rules there under shall be removed by the Trustees if so directed by the Commissioner of Income Tax.

#### **15. MASTER POLICY**

On an application by the Trustees, the Insurer/s will issue Master Policy / Policies to the Trustees to provide for the benefits to the members under the Scheme.

#### **16. INCOME TAX AND OTHER TAXES**

- (a) In any case where the Insurer or the Trustees are liable to account to the Income Tax Office for Income Tax on any payment made under the Rules, the Insurer or the Trustees as the case may be shall deduct a sum equal to such tax from any such payment made and shall not be liable to the members for the sum so deducted.
- (b) If the Gratuity Fund or Scheme for any reason ceases to be approved by the Commissioner of Income Tax, the Trustees shall nevertheless remain liable to deduct Income Tax on any benefits paid to any Member or his Beneficiary.
- (c) **Gratuity deemed to be Salary:** Where any gratuity is paid to an employee during his lifetime, the gratuity shall be treated as salary paid to the employee for the purpose of the Income Tax Act, 1961 or as per provisions of Rule 5 of Part C of the Fourth Schedule of the Income Tax Act, 1961.
- (d) **Contributions by Employer when deemed to be income:** Where any contribution by an Employer including the interest thereon are repaid to the Employer, the amount so repaid shall be deemed for the purpose of Income Tax to be the income of the Employer of the previous year in which they are so repaid or as per provisions of Rule 7 of Part C of the Fourth Schedule of the Income Tax Act, 1961.

#### **17. APPOINTMENT OF BENEFICIARY/IES NOMINEE/S**

- (a) Every Member shall appoint his spouse, child/children and / or dependants or heir as Beneficiary or Beneficiaries under the Rules to receive the benefits hereunder in the event of his death. If a member dies whilst in service the Trustees shall hold the benefits in force under the Assurance on his life UPON TRUST for payment to the Beneficiary or Beneficiaries as shall have been appointed by the Member in accordance with the remaining paragraphs of this Rule.
- (b) Every appointment made under this Rule shall be in writing signed by the Member and attested by two witnesses and shall be according to the form of

nomination as given in Appendix I hereto and shall remain in full force and effect until the death of the Beneficiary or until the same shall be revoked in writing by the Member and a fresh appointment made in the manner aforesaid.

- (c) A member may from time to time or at any time without the consent of the Beneficiary modify the nomination by filing a written notice of the change to the Trustees in the prescribed form as given in Appendix 2 hereto, satisfactory to the Trustees whereupon an acknowledgement of the change and the registration of the name of the new Beneficiary will be given to the Member by the Trustees. The new appointment shall take effect on the date the notice was signed whether or not the Member is living on the date of acknowledgement of the change without prejudice to the Insurer or the Trustees or the Organization on account of any payment made before the acknowledgement of the change.
- (d) If a Beneficiary shall at the time of his appointment be a minor or otherwise under disability to give a legal receipt or discharge to the Trustees the Member must at the time of such appointment as aforesaid appoint a person who is major and who is capable of giving a legal receipt or discharge to the Trustees and to whom the benefits are to be paid for and on behalf of such Beneficiary.
- (e) If more than one Beneficiary is appointed and in such appointment the Member has failed to specify their respective interest, the Beneficiaries so named shall share the benefits equally. If the Beneficiary predeceases the Member, the interest of such Beneficiary shall terminate and his share shall be payable equally to such of the remaining Beneficiaries as survive the Member unless the Member has made written request otherwise to the Trustees in the prescribed form.
- (f) If a Beneficiary is not appointed the benefits shall be paid to the Member's spouse, failing which, to his child/children in equal shares, failing which, to his dependants failing which, to his heirs in equal shares. If the Member does not leave a spouse, child/children or dependants or heirs then the benefits shall be realised by the Trustees and credited to the Running Account.

## 18. INTERPRETATION OF RULES

It shall be a condition of membership of the Scheme that on any question arising on any point of interpretation of these Rules or any point relating to admission of new Members and cessation of Membership, the decision of the Trustees shall be final. If the decision has any bearing on the provisions of Part C of the Fourth Schedule of the Income Tax Act, 1961, or the Rules made there under it shall be forthwith reported to the Commissioner of Income Tax and if the Commissioner of Income Tax so requires, the Trustees shall review the decision.

## 19. Statutory Provisions to have overriding effect: -

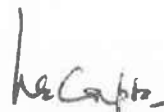
- (1) In the absence of any specific provision in these rules or if any provision of these rules is less beneficial than the corresponding provision of the Payment of Gratuity Act, 1972 the latter provision shall prevail, mutatis mutandis.
- (2) Where any provision of rules conflict with any provisions of the Payment of Gratuity Act, 1972, the latter shall always be deemed to prevail.
- (3) More beneficial terms of payment of Gratuity than as provided in the Payment

of Gratuity Act, 1972 might be awarded or agreed or contracted or directed by the employer.

**For and on behalf of the Trustees**



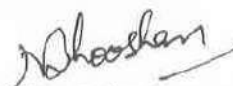
**Chairman(Trustee)Mrs.Rita Menon  
CMD, ITPO**



**Trustee, Shri Neeraj Kumar Gupta  
ED, ITPO**



**Trustee, Shri A.K. Khanna,  
SGM(FA)**



**Trustee, Shri Narendra Bhooshan  
OSD (Admn.)**

**INDIA TRADE PROMOTION ORGANIZATION EMPLOYEES GROUP  
GRATUITY TRUST**