MAHAVITARAN
Maharashtra State Electricity Dist.Co.Ltd
(A Govt. of Maharashtra Undertaking)
CIN : U40109MH2005SGC153645

Date : **27.06.2018**

CIRCULAR

Sub: Implementation of the payment of Gratuity (Amendment) Act.2018 andnecessary changes in the MSEB Gratuity Regulations,1960.

As per the provisions of MSEB Employees Gratuity Regulations, 1960 the maximum limit of gratuity payable shall not exceed 20 months emoluments considering a month of 30 days. The payment of Gratuity Act 1972 is also made applicable to the employees of erstwhile MSEB and now MSEDCL. These being Statutory Provisions are mandatory to follow the same. Recently, the Ceiling Limit of gratuity payment prescribed by Sections 4(3) of the Act is enhanced from Rs.10 Lakhs to 20 lakhs w.e.f. 29th March 2018, by Gratuity (Amendment) Act, 2018.

2.   Consequent to above Amendment in Gratuity Act, the employee is entitled to receive the gratuity amount up to Rs.20 Lakh irrespective of ceiling limit of 20 months emoluments prescribed by Gratuity Regulations, 1960. However, it has been observed in some cases that 20 months emoluments of the employee is less than the gratuity amount calculated as per the formula/provision of Gratuity (Amendment) Act, 2018.

3.   In order to resolve the controversies on implementation of Gratuity (Amendment) Act 2018, the following necessary changes are suggested in MSEB Employee's Gratuity Regulation 1960, with due approval of Executive Director (HR) of MSEDCL,MSETCL and MSPGCL in consultation with Director (Finance) of MSEDCL, MSETCL, MSPGCL and MSEBHCL:

a) The provisions under section 4(3) of payment of Gratuity (Amendment) Act 2018, has to be implemented.

b) Whenever the gratuity amount calculated in accordance with Section 4 (2) of payment of Gratuity Act is more than the amount calculated in accordance with MSEB Employees Gratuity Regulation 1960, but less than or equal to ceiling limit prescribed by Section 4(3) of payment of Gratuity (Amendment) Act 2018, then the payment will be made as per the ceiling of provision of Section 4(3) of the payment of Gratuity (Amendment) Act 2018.

c) In case gratuity calculated in accordance with provision of payment of Gratuity (Amendment) Act, 2018 is more than the ceiling prescribed in Section 4(3) in that case employee will be entitled to receive payment of gratuity calculated as per the formula up to 20 months emoluments as per the provision of Gratuity Regulations 1960. Provided, the amount (i.e.20 months emoluments) is more than ceiling limit prescribed by Section 4(3).

d) In case of death of the employee, the gratuity amount calculated in accordance with Section 4(2) of the Gratuity Act [Provided such amount is rounded off to ceiling limit prescribed by section 4(3) of the Act] if it exceeds the ceiling limit prescribed by section 4(3) or the amount of 20 months emoluments (calculated as per provisions of MSEB Employee's Gratuity Regulations, 1960) whichever is higher, shall be payable as amount of death gratuity.

4.   All the concerned offices are hereby instructed to finalize the gratuity cases as per the provisions. Few illustrations elucidating the method of Gratuity Calculation are enclosed as Annexure –'A' to 'D'.

5.   This Circular is to be implemented with effect from 29th March 2018.

6.   This Circular is available on R-APDRP Portal.

Encl : Annexure 'A' to 'D'

(Sandesh Hake)
Chief General Manager (HR)

ANNEXURE –A

ILLUSTRATION : A(1)

Basic	= 39,685/-
Dearness Allowance	= 55,162/-
Number of years of Service	= 33

(a) Gratuity Payable under the section4(2) = (B+D) x 15/26 x No. of years of service
   of the payment of Gratuity Act 1972   = 94,847 x 15/26 x 33
                                           = Rs. 18,05,741/-

(b) Celling limit of Gratuity as per section
   4(3) of Payment of Gratuity Act 1972
   w.e.f. date 29.03.2018   = Rs. 20,00,000/-

(c) 20 months emoluments: -   *= (B+D) x 20*
                                           = 94,847 x 20
                                           = Rs. 18,96,940/-

If eligibility amount obtained in (a) is below Rs. 20 lakhs; which is the ceiling limit of the act.

No need to calculate 20 months emoluments (whether the calculated amount of 20 months emoluments is minimum or maximum).

THE CORRECT ELIGIBLE GRATUITY AMOUNT = Rs. 18,05,741/-

ILLUSTRATION : A (2)

Basic   = 25,225/-
Dearness Allowance   = 35,063/-
Number of years of Service = 40

(a) Gratuity Payable under the section4(2) = (B+D) x 15/26 x No. of years of service
of the payment of Gratuity Act 1972   = 60,288 x 15/26 x 40
     = Rs. 13,91,262/-

(b) Celling limit of Gratuity as per section
4(3) of Payment of Gratuity Act 1972
     w.e.f. date 29.03.2018   = Rs. 20,00,000/-

(c) 20 months emoluments :-   *= (B+D) x 20*
     = 60,288 x 20
     = Rs. 12,05,760/-

If eligibility amount obtained in (a) is below Rs. 20 lakhs; which is the ceiling limit of the act.

No need to calculate 20 months emoluments (whether the calculated amount of 20 months emoluments is minimum or maximum).

THE CORRECT ELIGIBLE GRATUITY AMOUNT = Rs.13,91,262/-

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ANNEXURE – B

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ILLUSTRATION : B (1)

Basic	= Rs.59,550/-
Dearness Allowance	= Rs.82,775/-
Number of years of Service	= 36

(a) Gratuity Payable under the section 4(2)   = (B+D) x15/26 x No. of years of service
of the payment of Gratuity Act' 1972   = 142325 x 15/26 x 36
                                              = Rs. 29,55,981/-

(b) Celling limit of Gratuity as per section
4(3) of Payment of Gratuity Act' 1972
w.e.f. date 29.03.2018   = Rs. 20,00,000/-

(c) 20 months emoluments: -   = 20 x (B+D)
                                          = 20 x 142325/-
                                          = Rs. 28,46,500/-

In this case,
(a) Is greater than (b) **and** (a)is also greater than (c)

Therefore, the
Employee is entitled to receive the
Gratuity whichever is less   = Rs. 28,46,500/-

THE CORRECT ELIGIBLE GRATUITY AMOUNT   = Rs. 28,46,500/-

ANNEXURE – B

ILLUSTRATION : B (2)

Basic   = Rs.53,060/-
Dearness Allowance   = Rs.73,753/-
Number of years of Service = 32

(a) Gratuity Payable under the section 4(2)   = (B+D)x 15/26 x No of years of service
   Of the payment of Gratuity Act' 1972   = 1,26,813 x 15/26 x 32
                                               = Rs. 23,41,163/-

(b) Celling limit of Gratuity as per section
   4(3) of Payment of Gratuity Act' 1972
   w.e.f. date 29.03.2018   = Rs. 20,00,000/-

(c) 20 months emoluments :-   = 20 x (B+D)
                                               = 20 x 1,26,813/-
                                               = Rs. 25,36,260/-

In this case,
(a) Is greater than (b) **and** (c)Is also greater than (b)

Therefore, the
Employee is entitled to receive the
Gratuity whichever is less   = Rs. 23,41,163/-

THE CORRECT ELIGIBLE GRATUITY AMOUNT   = Rs. 23,41,163/-

ILLUSTRATION :

Basic   = Rs.39,640/-
Dearness Allowance   = Rs.55,100/-
Number of years of Service = 39

(a) Gratuity Payable under the section 4(2)   = (B+D) x15/26 x No. of years of service
     Of the payment of Gratuity Act' 1972   = 94,740 x 15/26 x 39
                                         = Rs. 21,31,650/-

(b) Celling limit of Gratuity as per section
     4(3) of Payment of Gratuity Act' 1972
     w.e.f. date 29.03.2018   = Rs.20,00,000/-

(c) 20 months emoluments :-   = 20 x (B+D)
                                         = 20 x 94,740/-
                                         = Rs. 18,94,800/-

In this case,
(a) Is greater than (b)and(c)Is less than (b)

Therefore, the eligible gratuity
Is equal to the ceiling limit of Gratuity as
Mentioned in (b)   = Rs. 20,00,000/-

THE CORRECT ELIGIBLE GRATUITY AMOUNT   = Rs. 20,00,000/-

ANNEXURE – D

DEATH GRATUITY

ILLUSTRATION : D (1)

Basic   = Rs.40,510/-
Dearness Allowance = Rs.56,309/-
Number of years of Service = 34

(a) Gratuity Payable under the section 4(2) = (B+D) x15/26 x No. of years of service
of the payment of Gratuity Act' 1972 = (40,510+56,309) x 15/26 x 34
            = Rs. 18,99,142/-

(b) 20 months emoluments :-   = 20 x (40,510+56,309)
            = Rs.19,36,380/-

Whichever is maximum   = Rs.19,36,380/-

THE CORRECT ELIGIBLE DEATH GRATUITY AMOUNT = Rs.19,36,380/-

ANNEXURE – D

DEATH GRATUITY

ILLUSTRATION : D (2)

Basic   = Rs.54,265/-
Dearness Allowance   = Rs.75,428/-
Number of years of Service   = 36

(a) Gratuity Payable under the section 4(2) of the payment of Gratuity Act' 1972

$$= (B+D) \times 15/26 \times \text{No. of years of service}$$
$$= (54,265+75,428) \times 15/26 \times 36$$
$$= Rs. 26,93,623/-$$
= Rs. 20,00,000/- (Rounded off to Rs. 20,00,000 by applying provisions of Section 4(3) of Act which is ceiling limit of Gratuity)

(b) 20 months emoluments :-

$$= 20 \times (54,265+75,428)$$
$$= Rs.25,93,860/-$$

Whichever is maximum   = Rs.25,93,860/-

THE CORRECT ELIGIBLE DEATH GRATUITY AMOUNT = Rs.25,93,860/-

DEATH GRATUITY

ILLUSTRATION : D (3)

Basic   = Rs.39,210/-
Dearness Allowance   = Rs.54,502/-
Number of years of Service   = 39

(a) Gratuity Payable under the section 4(2)   = (B+D) x15/26 x No. of years of service
     Of the payment of Gratuity Act' 1972   = (39,210+54,502) x 15/26 x 39
                                              = Rs. 21,08,520/-
                                              = Rs. 20,00,000/- (Rounded off to Rs. 20,00,000 by applying provisions of Section 4(3) of Act which is ceiling limit of Gratuity)

(b) 20 months emoluments :-   = 20 x (39,210+54,502)
                                              = Rs.18,74,240/-

Whichever is maximum   = Rs.20,00,000/-

THE CORRECT ELIGIBLE DEATH GRATUITY AMOUNT = Rs.20,00,000/-