

Memorandum of Settlement No. 47 of 2004

Memorandum Of Agreement Under The Industrial Disputes Act (1950) As Amended Between Indian Bank, Colombo And The Ceylon Bank Employee's Union

This Memorandum of Agreement between Indian Bank, Colombo, a bank duly registered in Sri Lanka and having its registered office at No. 22 and 24 Mudalige Mawatha, Colombo 1 (hereinafter referred to as "the **Bank** ") and the Ceylon Bank Employee's Union, a trade union duly registered in Sri Lanka and having its registered office at No. 20, Temple Road, Colombo 10 (hereinafter referred to as "the **Union**") entered into on this Twenty Third Day of December, Two Thousand and Four, states as follows:

1. **Effect Of Memorandum.** - It is agreed by and between parties that this Agreement shall constitute a Memorandum of Agreement under Section 12 of the Industrial Disputes Act No. 43 of 1950 as amended.

2. **Employees Covered And Bound.** - The employees covered and bound by this Agreement shall be the category of employees known and referred to as Managers and Assistant Managers which category was previously identified as Accounts Officers and hereinafter sometimes referred to as the employees or an employee as required.

3. **Date Of Operation And Duration.** - This Agreement is effective for a period commencing from 1st April 2003 and terminating on the 31st March 2006. Either party is entitled to give notice in terms of the Industrial Disputes Act of one clear calendar month excluding the month in which the notice is given, but such notice shall not terminate the Agreement before the said date, i.e. 31st of March 2006. The Union however shall have the right to initiate negotiations for a revised Agreement at any time after 1 st October 2005.

4. **Basic Salary.** - With effect from 1st April 2003 the salary scales applicable to Assistant Managers shall be -

Assistant Managers	Rs.16,900/- - Rs. 18,912/50	Rs. 20,780/- - Rs. 27,930/-
	Rs. 287/50 × 7	Rs. 325/- × 23
Managers	Rs.20,780/- - Rs. 22,655/- - 30,755/-	
	Rs. 375/- × 5 + Rs. 450/- - × 18	

5. **Cost Of Living Allowance.** - The Bank Shall pay a cost of living allowance to employees with effect from 01.04.2003 at Rupees Two and Cents Seventy Five (Rs. 2.75) per point increase in the Colombo Consumer's Price Index beyond the base index figure of 2400.

6. **Immediate Increase and Conversion to Salary Scales.** - Every employee in employment as at the date of this Agreement shall receive the following monetary benefits and salary increases.

- A sum equal to 10% of the gross salary (salary plus cost of living allowance) payable to an employee as at March 2003 shall be added to the salary of an employee as at such time.
- To the sum arrived at in terms of sub-clause (i) above, a sum equal to Rs. 1,375/- to represent the difference between the CCPI Index of 1900.0 and 2400.0 (the point at which the salary scales set out in Clause (4) above have been consolidated) shall be added.
- To the sum arrive at in terms of sub clause (ii) above, Rs. 100.- shall be added on account of the married allowance hitherto payable, which thereafter shall stand withdrawn and, each employee shall be placed on the corresponding point in the category and grade applicable to him on the salary scales in Clause (4) above, or if there is no such corresponding point, on the next higher point on the said scale.
- Every employee in employment as at the date of this Agreement shall also receive a further 5% increase calculated on the gross salary as at 31st March 2003 with effect from the 1st April 2004, and thereafter placed on the appropriate point on the scale in the Clause (4) above at the corresponding Rupee point or if there is no such corresponding point, on the next higher point of the said scale.
- Every employee in employment as at the date of this Agreement shall also receive a further 9% increase calculated on the gross salary as at 31st March, 2003, with effect from the 1st April, 2005, and thereafter placed on the appropriate point on the scale set out in Clause (4) above at the corresponding Rupee point or if there is no such corresponding point, on the next higher point of the said scale.

7. **Honorarium.**— For successful completion of each part of the Institute of Bankers Examination, Sri Lanka or London, an employee shall receive a sum of Rs. 6,200.

8. **Bonus.**— (i) (a) Without prejudice to the claim of the Bank that bonus payments are ex-gratia, the Bank will each year pay to every employee covered by this Agreement a bonus of three months basic salary or two months gross salary as drawn by such employee for the month of December whichever is higher in respect of one complete year of service meaning January to December.

(b) In the event of an employee retiring from his services, bonus would be paid to him on a pro-rata basis.

(ii) Gross salary for this purpose shall be the basic salary, cost of living allowance and the house rent allowance referred to at Clauses 4, 5 and 15 hereof.

9. **Provident Fund.**— (i) RATES OF CONTRIBUTION – The rates of contribution to the Provident Fund by the Bank as from 1st April, 2003 shall be—

Bank's Contribution	—	12%
Employee's Contribution	—	8%

For the purpose of Provident Fund the basic salary, cost of living allowance and the house rent allowance will be taken into account.

(ii) INTEREST ON PROVIDENT FUND CONTRIBUTIONS HELD BY THE BANK.— Where Provident Fund monies are invested in the Bank, the Bank shall continue to pay the rate of interest paid on 12 months' Fixed Deposits for a sum of Rs. 100,000 published by the National Savings Bank prevailing as at 1st January each year, on the nett Provident Fund monies invested at the Bank.

(iii) DEFICIENCY IN BANK'S CONTRIBUTION TO PROVIDENT FUND TO AN EMPLOYEE NOT ENTITLED TO A PENSION.— Where an employee shall cease to be employed by the Bank in circumstances which do not entitle him to pension or payment in lieu of pension, as the case may be, such employee shall be entitled to the difference between the Bank's contributions made to the Fund during his period of service and the Employer's minimum rate of contribution he would have been entitled to, in terms of the Employees' Provident Fund Act and its amendments from time to time, as a contribution to the Fund by the employer on behalf of such employee, such deficiency will be the difference between the following minimum rates of contribution under the Act and 10% of basic salary actually contributed by the Bank.

From 01.01.1971 to 31.12.1980	—	9% of gross salary [basic and cost of living allowance]
From 01.01.1981 to 31.12.1992	—	12% of gross salary [basic and cost of living allowance]

Prior to 31.12.1970 the Employer's minimum rate of contribution was 6% of total earnings (gross salary) which was less than 10% of basic salary and therefore no deficiency arises.

10. **Terminal Benefits.**— (i) PENSIONS – An employee shall, upon reaching the age of retirement, *i.e.* 55 years and who is in the permanent employment of the Bank at such time, and shall have completed not less than 10 years' of actual continuous service (excluding absence / leave without pay), be entitled to a pension computed on the following basis –

Number of Completed Years' of Service (maximum 35 years) + 5	×	Monthly basic salary plus Cost of Living Allowance payable for the month of retirement plus house rent allowance
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(ii) COMMUTED PENSION –

(a) At the option of the employee at the time of retirement on or after the effective date 25% of the monthly pension × 120 will be paid to employees who are entitled to a pension who do not opt for a lump sum payment as provided for in the Agreement and who opt for such commuted pension.

(b) Where an employee commutes his monthly pension in the manner aforesaid, the monthly pension payable to him during the first ten years of retirement will be 75% of the monthly pension he would have been entitled to at the time of retirement if he had not so commuted his pension. After the expiry of the said ten years the amount of the monthly pension so commuted will be restored and added to the monthly pension then being paid.

(c) **RETIREMENT** –

(a) The age of retirement shall be 55 years and on reaching the age of 55 an employee shall *ipso facto* retire and cease to be employed by the Bank and there shall be no obligation on the Bank to give such employee any notice of such retirement.

(b) An employee may also be retired and be eligible for retirement benefits if he is not less than 50 years and has ten or more years of confirmed service in the Officer Grade, subject to mutual agreement between the employee and the employer and subject to the condition that the refusal by any party to agree to such premature retirement shall not constitute an industrial dispute.

(c) **PREMATURE RETIREMENT ON MEDICAL GROUNDS / DISABILITY**

An employee who is found to be unable to continue to perform his duties as a result of infirmity / disability, as certified by the Bank doctor / medical specialist / government medical board, and who is in the permanent employment of the Bank at such time and shall have completed not less than 10 years of actual continuous service (excluding absence / leave without pay) shall be entitled to a pension computed on the same basis referred to at **Clause 10 (i)** above. Provided however that where an employee is entitled to compensation by the Bank under any laws in force at the time or an award of Court, such employee shall only be entitled to a pension or such compensation as opted by him but not both. Provided further that in the case of an employee whose premature retirement occurred in consequence of an accident which entitled him to compensation, the pre-acceptance of pension as provided herein will not restrict the right of such employee in subsequently claiming any balance compensation under any written law. The entitlement to a pension under this provision shall be forfeited in the event of the employee concerned accepting employment elsewhere and the Bank shall have no obligation to make any further payment to him. Before taking action to stop the payment of pension the Bank will give the Pensioner two calendar months notice to explain why the pension should not be withdrawn as a result of him obtaining employment elsewhere. The Bank's decision thereafter will be final.

11. **Lump Sum Gratuity in Lieu of Pension.**— An employee who is entitled to receive a pension in terms of **10 (i)** above or **10 (ii)** above may at his discretion opt for the payment of a lump sum gratuity in lieu of his pension and any other payments arising therefrom. The payment will be computed on the following basis –

Number of Completed Years' of Service (maximum 35 years) + 5	×	Monthly basic salary plus Cost of Living Allowance payable for the month of retirement plus House Rent Allowance
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The above payment shall constitute a settlement in full and final satisfaction of all claims against the Bank on account of the cessation of employment in respect of gratuity, pension, deficiency, if any, in the Bank's contribution to the Provident Fund to an employee not paid a pension in terms of **Clause 10**.

12. **Death Gratuity.**— On the death of an employee who has been confirmed and is in the permanent employment of the Bank, the Bank will make a compassionate payment of two month's gross salary for each year of completed service subject to a minimum of nine months' gross salary, to the legitimate dependents of the deceased employee as may be determined by the Bank at its sole discretion on the basis of information supplied to it. The gross salary for this purpose shall be the last drawn basic salary plus the cost of living allowance plus the house rent allowance. Provided however that in the event of death arising out of and in the course of employment the dependents shall be entitled to and receive either the death gratuity referred to herein or payment by way of compensation under any laws in force at the time on account of employees' compensation or under any other Law or an Award of Court, whichever is higher.

13. **Gratuity On Resignation / Termination Prior To Retirement.**— An employee resigning from employment prior to reaching the age of retirement or his services are terminated, he would be paid gratuity as per The Payment of Gratuity Act, No. 12 of 1983. House Rent Allowance will not form part of the salary for purpose of computing gratuity.

14. **Conveyance Allowance** – The Bank agrees to pay reimbursement of conveyance to employees covered and bound by this Agreement which payment shall be subject to the prevailing practice.

	Asst. Manager	Manager
With effect from 01.04.2003	Rs. 2,860 p.m.	Rs. 3,575 p.m.
With effect from 01.04.2004	Rs. 2,990 p.m.	Rs. 3,740 p.m.
With effect from 01.04.2005	Rs. 3,224 p.m.	Rs. 4,030 p.m.

15. **House Rent Allowance.** – Each employee covered by this Settlement shall receive 20% of his basic salary mentioned in Clause (4) above by way of House Rent Allowance subject to a maximum of the following amount during the period of the Agreement.

				Asst. Manager	Manager
from 01.04.2003	—	31.03.2004	—	Rs. 3,300	Rs. 3,432
from 01.04.2004	—	31.03.2005	—	Rs. 3,450	Rs. 3,588
from 01.04.2005	—	31.03.2006	—	Rs. 3,720	Rs. 3,869

16. **Closing Allowance.**— The Bank shall pay Rs. 1,000 as closing allowance to those officials connected with the annual closing work immediately after the close of the Bank's financial year.

17. **Officiating / Acting Allowance.**— A supervising official in the grade of Assistant Managers will be entitled for the payment of officiating / acting allowance at Rs. 800 per mensem whenever he/she is called upon to perform duties of higher ranks/grades. However, special allowance, if any, drawn in the lower grade will not be payable to such officials during the officiating period.

18. **Out - Of - Pocket Allowance / Working On Holidays.**—With effect from the date here of it was agreed between the parties that Assistant Managers in the Bank if called upon to work on holidays will be paid Rs. 600 if they work up to 4 hours and Rs. 100 for every additional hour.

19. **Medical Benefits.**— The existing medical benefits available to the employees of the Bank would continue subject to the following –

(a) All medical expenses should be supported by prescriptions by a qualified Medical practitioner and supported by bills and receipts for reimbursement.

(b) **Spectacles, Dentures and Hearing - Aids**

With effect from date here of the Bank will reimburse an employee on a non-cumulative basis up to a maximum of Rs. 4,500 for each of the above referred items and the facility would be available once in three years. In the case of spectacles, the expenditure on account of the spectacle frame shall not exceed Rs. 2,250. In any event it must be supported by prescription from a Medical Eye Specialist and supported by bills and receipts for reimbursement.

20. **Leave.** A. ANNUAL LEAVE

(i) ENTITLEMENT. – In respect of each year of employment (which means the period January to December) during which an employee has been in continuous employment, he shall be entitled to take in the following year 30 calendar days paid leave, subject to the conditions in sub-clause (iii) hereof.

(ii) At the end of the first year of employment the employee qualifies for proportionate leave as follows:

- (a) The full annual leave of 30 calendar days if his employment commenced on or after 1st January but before 1st April;
- (b) Leave of 21 calendar days if his employment commenced on or after 1st April but before 1st July;
- (c) Leave of 15 calendar days if his employment commenced on or after 1st July but before 1st October;
- (d) Leave of 8 calendar days if his employment commenced on or after 1st October.

(iii) AVAILMENT

- (a) The availment of annual leave shall be by prior authorization of the Bank upon the employee's application, giving sufficient notice to the Bank so as to ensure availment at times mutually convenient.
- (b) An employee shall avail himself of not less than 14 calendar days of his annual leave in respect of each year subject to the eligibility of leave.
- (c) An employee shall avail himself of at least 7 working days of the 21 days consecutively subject to the eligibility of leave.

(iv) ACCUMULATION.— Annual leave may be accumulated by an employee exclusively for the following purposes :

- (a) Of availment in full, immediately preceding retirement by mutual arrangement with the Bank.
- (b) For the purpose of attending on a family member who is seriously ill or on the occasion of death of a family member.