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PART I : SECTION (I) – GENERAL

Government Notifications

My No.: CI/168.

THE INDUSTRIAL DISPUTES ACT, CHAPTER 131

THE Memorandum of Settlement entered into between Indian Overseas Bank, 139, Main Street, Colombo 11 of the one part and Ceylon Bank Employees Union, No. 20, Temple Road, Colombo 10 of the other part on 06th June, 2005 is hereby published in terms of Section 12(6) of the Industrial Disputes Act, Chapter 131, Legislative Enactments of Ceylon (Revised Edition, 1956).

MAHINDA MADIHAHEWA,
Commissioner General of Labour.

Department of Labour,
Labour Secretariat,
Colombo 05,
12th August, 2005.

Memorandum of Settlement No. 02 of 2005

Memorandum of Agreement under the Industrial Disputes Act (1950), as amended
between

Indian Overseas Bank, having its Registered Office at 139, Main Street, Colombo 11 and the Ceylon Bank Employees' Union, having its
Registered Office at 20, Temple Road, Colombo 10

This Memorandum of Agreement between Indian Overseas Bank, Colombo (hereinafter referred to as “**the Bank**”) and the Ceylon Bank Employees' Union (hereinafter referred to as “**the Union**”) entered into on this 6th day of June, Two Thousand and Five, 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, Assistant Managers and Deputy Managers in the Bank and hereinafter sometimes referred to as the employees or an employee as required. Provided however, the employer at its discretion may designate Assistant Managers (Grade II), as Deputy Managers in Colombo Main Branch and Foreign Currency Banking Unit and as Managers of Extension Counters if and when set up in the future. Such employees too will be covered and bound by this Agreement but however, will remain on the same salary scale applicable to them and no additional monetary benefit will be granted by reason of such designation.

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 any time after 1st October, 2005.

4. **Basic Salary.**— With effect from 1st April, 2003, the salary scales applicable to Assistant Managers, Deputy Managers and Managers:

Assistant Managers:

Grade I

$$\frac{\text{Rs. 16,900.00} - \text{Rs. 18,912.50}}{\text{Rs. 287.50} \times 7} \quad \frac{\text{Rs. 20,780.00} - \text{Rs. 28,255.00}}{\text{Rs. 325.00} \times 23}$$

Deputy Managers:

Grade II

$$\frac{\text{Rs. 20,780.00} - \text{Rs. 22,655.00} - 30,755.00}{\text{Rs. 375.00} \times 5 + \text{Rs. 450.00} \times 18}$$

Managers:

Grade III

$$\frac{\text{Rs. 26,000.00} - \text{Rs. 33,500.00}}{15 \times 500}$$

5. **Cost of Living allowance.**— (a) The Bank shall pay a cost of living allowance to employees with effect from 01st April, 2003 at Rupees Two and Cents Seventy Five (Rs. 2.75) per point increase in the Colombo Consumers' Price Index beyond the base index figure of 2400.

(b) Every married employee will receive Rs. 100 as part of COLA from the month in which this Agreement shall come into force.

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:

- (i) 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.
- (ii) To the sum arrived at in terms of Sub-clause (i) above, a sum equal to Rs. 1,375.00 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.
- (iii) To the sum arrived at in terms of Sub-clause (ii) above, Rs. 100.00 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.
- (iv) 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.
- (v) 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 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.

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. 7,500.00.

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 14 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 for the first half of the year and on the rate prevailing on the 1st of July for the second half of each year, on the nett Provident Fund monies invested at the Bank.

10. **Retirement.**— The age of retirement will be 60 years and on reaching the age of 60 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.

11. **Gratuity on Retirement / Resignation / Termination.**— The payment of gratuity will be made as per the Payment of Gratuity Act No. 12 of 1983 subject to the following formula:

- (a) One month for every completed year of service up to a maximum of 24 months and half month for number of years service completed after 30 years.
- (b) Basic salary, cost of living allowance and house rent allowance will be taken into account for purpose of calculating gratuity.

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 month's 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. **Conveyance Allowance.**— The Bank agrees to pay reimbursement of conveyance to employees covered and bound by this Agreement as follows:

Grade I	With effect from 01.04.2003	—	Rs. 3,224
Grade II	With effect from 01.04.2003	—	Rs. 4,030
Grade III	With effect from 01.04.2003	—	Rs. 4,960

14. **House Rent Allowance.**— The Bank agrees to make payment on the following basis:-

20% of the Basic Salary mentioned in paragraph (4) above subject to the following maximum limits,

Grade I	From 01.04.2003	–	31.03.2004	–	Rs. 3,300 p.m.
	From 01.04.2004	–	31.03.2005	–	Rs. 3,465 p.m.
	From 01.04.2005	–	31.03.2006	–	Rs. 3,780 p.m.
Grade II	From 01.04.2003	–	31.03.2004	–	Rs. 4,030 p.m.
	From 01.04.2004	–	31.03.2005	–	Rs. 4,231 / 50 p.m.
	From 01.04.2005	–	31.03.2006	–	Rs. 4,612 p.m.
Grade III	From 01.04.2003	–	31.03.2004	–	Rs. 4,030 p.m.
	From 01.04.2004	–	31.03.2005	–	Rs. 4,231 / 50 p.m.
	From 01.04.2005	–	31.03.2006	–	Rs. 4,612 p.m.

15. **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.

16. **Out-Of-Pocket Allowance/Working on Holidays.**— It was agreed between the parties that Assistant Managers, Deputy Managers and 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.

17. **Medical Benefits.**— The medical benefits available to the employees of the Bank would be as follows, and reimbursements will be as per the existing practise:-

- (a) Rs. 3,700/- per annum on declarations without bills
- (b) Rs. 20,300/- per annum based on prescriptions and bills
- (c) Hospitalization Rs. 160,000/- per annum with stipulation of an event limit on the basis of an insurance policy.
- (d) **Spectacles, Dentures and Hearing-Aids.**— 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 item 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.

The Second Schedule sets out the terms on which reimbursement of medical expenditure will be effected.

18. **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, including intervening holidays, 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 including intervening holidays if his employment commenced on or after 1st January but before 1st April;
 - (b) Leave of 21 calendar days including intervening holidays if his employment commenced on or after 1st April but before 1st July;
 - (c) Leave of 15 calendar days including intervening holidays if his employment commenced on or after 1st July but before 1st October;
 - (d) Leave of 8 calendar days including intervening holidays if his employment commenced on or after 1st October.
- (iii) **AVAILMENT.**— 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.

(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.
- (c) For travel abroad for which purpose one month's prior notice shall be given.
- (d) For marriage of the employee.
- (e) Prolonged illness of the employee.
- (f) For purposes of nursing 3rd and 4th children beyond the maternity leave entitlement.

Provided that in the case of (b) to (d) the approval of such leave shall be at the discretion of the management. Family member for purposes of (b) above shall mean spouse, children or parents.

- (v) Accumulated annual leave up to 180 calendar days can be encased prior to retirement. This will only be in the case or Retirement and not in the event of death, resignation or termination of services.
- (vi) Local Officers are also entitled to the facility of encasing 15 days Annual Leave for every 2 years at the time of availing leave Fare Concession. The Leave Fare Concession is more fully described in Schedule I hereto.

B. Medical Leave -

(i) ENTITLEMENT

An Employee shall be entitled to not less than thirty (30) calendar days leave exclusive of weekly or other holidays in any one year, in case of sickness on full pay, subject to the conditions in sub-clause (ii) hereof.

(ii) AVAILMENT

The Bank will be entitled to refuse to grant pay for any days of absence on grounds of sickness not supported by a Certificate from a Registered Medical Practitioner:

- (a) Where such period of absence exceeds two consecutive days including weekly or other holidays, or
- (b) Where the number of days already allowed on full pay on grounds of sickness uncertified by a Medical Practitioner, is in excess of twelve (12) days in any one year.

(iii) ACCUMULATION

An employee who takes less than his entitlement in any one year as prescribed above shall be entitled to avail himself of the balance of his entitlement for such year in any succeeding year or years, subject to the following provisions:

- (a) in no case shall the entitlement to medical leave on full pay by reason of such accumulation, exceed ninety (90) days, and
- (b) the accumulated medical leave may only be availed of on account of prolonged illness, hospitalization or similar circumstances, supported by a Certificate from a Registered Medical Practitioner.
- (c) where an employee has exhausted his current year's sick leave as a result of prolonged illness such as an infectious disease or prolonged hospitalization, the employer may permit him to set off any further absence on grounds of ill health against such accumulated sick leave up to the extent of the leave taken for such earlier prolonged illness.