

## **ENCASHMENT OF LEAVE**

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### **ENCASHMENT OF HALF-PAY LEAVE**

## ENCASHMENT OF LEAVE❖

### 1.0 OBJECTIVE:

- 1.1 To have codified rules for encashment of leave, with a view to encourage employees to avail leave in a planned and systematic manner with necessary funds to meet their social obligations and their expenditure during the leave period and also to reduce long absenteeism with consequent load on the staff requirements

### 2.0 SCOPE:

- 2.1 The rules for encashment of leave shall cover all regular employees of the company, excluding those on deputation from Government / other organizations and company employees on deputation to others.

### 3.0 SANCTIONING AUTHORITY:

- 3.1 The authorities who are Competent to sanction leave shall be the sanctioning authority for approving encashment of leave under these rules.

### 4.0 ENCASHMENT BENEFITS:

- 4.1\*\* The encashment of leave shall be regulated on the basis of the last pay drawn which includes basic pay, dearness allowance, personal pay, if any, non-practicing allowance for doctors, deputation allowance in respect of employees of the company on deputation, allowance admissible to EDP and other staff working in Finance & Accounts department.
- 4.2\*\* The encashment benefit shall not be reckoned as Wage / Salary while working out overtime, Gratuity, Provident Fund, bonus under the Bonus Act, etc.

### CLARIFICATION\*

1. The leave to be encashment under these rules would be Earned Leave only and not any other kind of leave.
2. The encashment benefit will be regulated on the basis of the last pay drawn which should be the monthly rate of pay of the employee immediately before proceeding on leave. A month will generally a calendar month of 30 days.

Illustration : 
$$\frac{\text{Last pay drawn} \times \text{no. of days for which encashment allowed}}{30}$$

### 5.0 ELIGIBILITY:

#### 5.1 WHILE IN SERVICE

- a. Earned leave standing to the credit of an employee may be encashed at his option only once in a calendar year provided that the quantum of leave to be encashed in each case is not more than 50% of the Earned Leave at credit or 30 days earned leave whichever is less.

❖ *Approved by Board of Directors of RINL in their first meeting held on 8.4.82.*

\*\* *Amended vide Personnel Policy Circular No.15/87 dated 27.10.87.*

● *Clarified vide Personnel Policy Circular No.15/87 dated 29.10.87.*

b. • An employee who is released on acceptance of his/her resignation shall be allowed encashment of Earned Leave standing to his/her credit as on the date of release, after adjusting the notice period not served if any.

c. ♦ The trainees are allowed to encash unavailed Leave with Full Stipend at the time of completion of their training. In calculating the period of Leave with Full Stipend, all holidays and off-days whether occurring during or end of the period shall be excluded.

#### 5.2❖ ON DISMISSAL OR REMOVAL :

The encashment of leave will not be admissible on dismissal or removal from service of an employee. In case of termination simplicitor, an employee will be eligible for encashment of earned leave as per rules above.

#### 5.3 ON RETRENCHMENT:

The employee shall be paid leave salary in lieu of earned leave due to him.

#### 5.4 ON RETIREMENT:

If any leave due to an employee is not utilised, he shall be allowed to encash the unavailed portion of the earned leave.

#### 5.5❖❖ ON DEATH :

The leave salary in respect of earned leave standing to the credit shall be paid to the nominee(s) declared for receiving the Provident Fund and Gratuity or in the absence of nominee to his legal heir(s).

#### 6.0 PROCEDURE :

6.1 For leave encashment under rule 5.1 while in service, an employee shall be required to apply in writing to the sanctioning authority. In all other cases it shall be settled by appropriate authority.

#### 7.0 TENURE :

7.1 These rules shall come into force with immediate effect.

7.2 The Company reserves to itself the right to modify, cancel or amend any of the rules without prior notice.

- Amended vide Personnel Policy Circular No.2/96 dated 23.01.96.
- ♦ Incorporated vide Personnel Policy Circular No.1/91 dated 17.1.91.
- ❖ Deleted vide IOM No.PL/RR/2(3)/99/227 dated 6.12.1999.
- ❖❖ Amended vide Personnel Policy Circular No.13/92 dated 29.9.92.

## ENCASHMENT OF HALF-PAY LEAVE ❖

Encashment of Half-Pay Leave by employees will be allowed on the conditions specified below:

- a. Encashment of Half-Pay Leave will be allowed at the time of Superannuation / Voluntary Retirement of an employee. Such encashment will also be allowed on separation after putting in 20 years of continuous service.

### CLARIFICATION\*

With regard to the term “20 years of continuous service” the following is clarified.

1. In case an employee joins RINL/VSP from another Central Public Sector Enterprise (CPSE) with transfer of leave salary towards HPL, then the service in the previous CPSE shall be added to the service in RINL for determining the period of continuous service for the purpose of encashment of HPL.
2. In case an employee has worked in more than one CPSE prior to joining RINL/VSP, the period of service in each such CPSE shall be added to the period of service in RINL, for determining the period of continuous service for the purpose of encashment of HPL, *provided* that leave salary towards HPL was transferred on the movement of the employee from each CPSE upto joining RINL. It will be the responsibility of the concerned employee to prove the continuity of service in the previous CPSEs for reckoning 20 years and successive of HPL salary.

- b\* In cases where the employee resigns before completing 20 years as above, then the amount calculated as under would be payable to the employee at the time of his/her separation :

Amount received from the previous organization  
Less (-) Pro – rata amount equivalent to the HPL already availed in RINL in excess of the HPL credited in RINL

[ For eg., in case Rs. 50,000/- is received against 100 days of HPL transferred to RINL]

(i)	100 days of HPL Amount received 100 days accrued in RINL 150 days of HPL availed in VSP  Entitlement of leave (HPL) salary on separation	= Rs. 50,000/-   = Rs. 25,000/- (i.e. 50 days equivalent of the HPL received)
(ii)	100 days of HPL Amount received 100 days accrued in RINL 50 days of HPL availed in VSP 150 days balance at the time of exit  Entitlement of leave (HPL) salary on separation	= Rs. 50,000/-   = Rs. 25,000/- (i.e. 50 days equivalent of the HPL received)

❖ *Approved by Board of Directors of RINL in their 44th meeting held on 20.3.1990 & introduced vide PP Circular No.11/90 dated 10.5.1990.*

\* *Clarified vide PP Circular No 9/2009 dated 11.07.09*

- c. Encashment of Half-Pay Leave shall also be allowed in case of death of an employee. In such cases, the stipulation about minimum period of service will not be applicable.
- d. Encashment of Half-Pay Leave will not be allowed in case an employee is dismissed / removed from service as a disciplinary measure.
- e. The maximum limit of encashment will be 480 days' Half-Pay Leave commuted to 240 days with full pay.
- f. All employees of the Company (i.e. both Executives and Non-Executives) will be entitled to the above facility.
- g. Provision of encashment of Half-Pay Leave is effective from 1st April 1990.
- h• Employees who put in 6 months' service or more than 6 months of qualifying service for the calendar year of superannuation, will be given credit for Half-Pay-Leave as if they worked for the whole calendar year, employees who put in less than 6 months of qualifying service, will get credit of Half-Pay-Leave on pro-rata basis.

\* \* \* \* \*

- *Incorporated vide Circular No.PL/RR/WR/5(12)/95 dated 4.1.96.*