



# INSTRUMENTATION LIMITED

(A Govt. of India Enterprise under Ministry of Heavy Industries)

Kanjikode (West), Palakkad, Kerala - 678623



## The Retirement Benefit Guide

Social Security Cell  
(P&A Division)

**Prepared by:**

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Dear Colleagues,

## Happy Retirement

### Welcome to your Retirement Benefits guide!

As you approach this exciting new chapter of life, we want to ensure you are fully informed about the benefits you are entitled to as a valued Employee of Instrumentation Limited. Once you reach the age of superannuation (i.e., 60 years) and successfully complete your service with the Company, you will be eligible for the following Retirement Benefits:

1. **Provident Fund**
2. **Provident Fund Pension (EPS)**
3. **Gratuity**
4. **Leave Encashment**
5. **Medical facility at IL Dispensary**
6. **Superannuation Gift**

#### 1. **PROVIDENT FUND**

- Upon reaching the age of superannuation, you are entitled to withdraw both, your own and the Company's contributions from your Provident Fund, along with the accumulated interest.
- You have the option to withdraw up to 90% of your account balance any time after attaining the age of 59 years or within one year before your actual superannuation, whichever is later.
- The Company contributes 12% of your Wages (Basic Pay, Dearness Allowance), while employees are required to contribute a minimum of 12%, with the flexibility to increase their contribution up to 80%.
- The current interest rate on the Provident Fund is 8.25%, subject to periodic revisions.
- Your EPF account will continue to earn interest for 36 months (three years) after the last contribution i.e. You turn 63. The interest rate is the same as the current rate, which is 8.25% for the financial year 2024-25.
- Account status: After this three-year period without contributions, the account will be considered inactive or inoperative, and no further interest will be credited.

- Tax implications: Any interest earned on your EPF balance after retirement is taxable. The interest earned during the period when the account is no longer receiving contributions will be taxed at your applicable income tax slab rate.

For ILP employees, the Provident Fund is managed by Regional Provident Fund Commissioner, at Kozhikode office.

## **2. PROVIDENT FUND PENSION ( EPS )**

### **Employees' Pension Scheme (EPS) – Pension Eligibility and Calculation**

All employees who are members of the Employees' Provident Fund (EPF) are also covered under the Employees' Pension Scheme (EPS) and are eligible for pension on retirement subject to the eligibility condition stated below.

#### **Eligibility Condition**

- Employees who **joined EPF on or after 01.09.2014** and whose starting salary (Basic + DA) was **more than Rs.15,000 per month at the time of joining** are **not eligible** for membership under EPS. Such employees will not receive pension under EPS; their entire employer contribution will go to Provident Fund.

There are **two types of pension calculation methods**:

#### **I. Statutory Pension (Salary capped at Rs.15,000 per month)**

- By default, the maximum pensionable salary is **Rs.15,000 per month** (as per EPS rules).
- Employer contributes **8.33% of Rs.15,000** into EPS (irrespective of actual salary, if not opted for higher pension).
- **Pension Formula:**

Monthly Pension=Pensionable Salary (₹15,000 max)×Pensionable Service (years)/70

Monthly Pension= **Rs. 15,000** × Pensionable Service (years) / 70

Example: If pensionable service is **30 years**, pension = (15,000 × 30) / 70 = **Rs.6,429 per month**.

***Note:** The above calculation is illustrative only. The actual pension amount will be determined by the Employees' Provident Fund Organisation (EPFO) at the time of pension sanction. EPFO presently follows the pro-rata method to compute the pensionable salary and final pension.*

## II. Higher Pension (based on actual salary)

- If employee and employer have opted for **higher pension contribution**, then 8.33% of the **actual salary** (Basic + DA) is contributed to EPS instead of being capped at Rs.15,000.
- In this case, last 60 month average of **actual salary** is considered as **Pensionable salary**.
- **Pension Formula:**

Monthly Pension = Pensionable Salary × Pensionable Service (years) / 70

Example: If pensionable salary = **Rs.50,000** and pensionable service = **30 years**,

Pension = (50,000 × 30) / 70 = **Rs. 21,429 per month**.

(Those who joined before 15.11.1995 → Pensionable service counts from 16.11.1995 to age 58.)

***Note:** The above calculation is illustrative only. The actual pension amount will be determined by the Employees' Provident Fund Organisation (EPFO) at the time of pension sanction. EPFO presently follows the pro-rata method to compute the pensionable salary and final pension.*

## 3. GRATUITY

An employee shall become eligible for gratuity upon the completion of a minimum period of 5 years of continuous service with the Company, in accordance with the provisions of the Payment of Gratuity Act, 1972. The gratuity payable to an eligible employee shall be equivalent to 15 days' wages for each completed year of service or part there of exceeding six months. Service in excess of six months shall be considered as one full year for the purpose of calculation. The maximum amount of gratuity payable under The Payment of Gratuity Act, 1972 shall not exceed Rs. 20 Lakhs, as revised with effect from 01.01.2017. This amount is exempt from income tax as per prevailing regulations. Further, it may be noted that whenever IDA crosses 50%, the maximum gratuity amount will be enhanced by 25%, i.e., the ceiling will increase to Rs. 25 Lakhs. (The current rate of IDA with effect from 01/07/2025 is 49%).

### **Gratuity calculation formula:**

**Wages X number of years of Service X 15 days / 26 days.**

Where: Wages include Basic pay plus Dearness Allowance.

### **Example:**

If an employee's monthly wages are Rs. 1,20,000 and they have completed 30 years of qualifying service, then: Gratuity = (120000 x 30 x 15) / 26 = 20,76,923.

However, as per the current statutory limit, the maximum payable amount shall be Rs.20,00,000.

Employees who have completed less than five years of continuous service shall not be eligible for Gratuity. The rounding off provision for more than 6 months is not applicable, viz., a service tenure of 4 years and 11 months shall not qualify for gratuity. Further, subsequent to the completion of 5 years continues service from 6th year onwards; an employee must have completed a minimum of 240 days of attendance in a year. If attendance falls below 240 days in any particular year, that year shall not be counted for gratuity calculation.

#### **4. LEAVE ENCASHMENT**

All Employees shall be entitled to Encash Earned Leave (EL) at their credit at the time of superannuation, subject to a maximum limit of 300 days.

##### **Leave Encashment Calculation:**

Encashment amount = Wages X No. of accumulated Leave / 30 (where Wages include Basic pay plus Dearness Allowance)

##### **Example:**

If the monthly wages are Rs. 1,20,000 and the employee has 300 days of accumulated leave:

Encashment = (1,20,000 x 300) / 30 = Rs.12,00,000

#### **5. Medical facility at IL Dispensary**

Retired employees and their spouse are entitled to avail medical facilities at the IL Dispensary on payment of a nominal annual fee

##### **Annual Fee:**

- **Workers & Supervisors**  
With spouse: ₹100/-                      Without spouse: ₹50/-
- **Officers**  
With spouse: ₹150/-                      Without spouse: ₹75/-

The following facilities will be available:

- Doctor's consultation
- Diagnostic tests available at the dispensary
- Medicines as per availability at the dispensary (for the first 6 months only)

## **6. SUPERANNUATION GIFT**

As a token of appreciation for the dedicated service, a gift consists of a Travel Bag and a 'Kasavu Mundu' will be presented to all Employees along with Service certificate. Also a superannuation memento acknowledging the employee's valuable contributions to Instrumentation Limited will be issued and handed over on their last working day.

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