

**NATIONAL SCHEDULED CASTES FINANCE AND DEVELOPMENT
CORPORATION, NEW DELHI**

ENCASHMENT OF LEAVE RULES, 1990

(LAST AMENDED AS ON 20TH AUGUST, 2014)

1. OBJECTIVE

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

2. TITLE AND SCOPE

These rules shall be called the “NSFDC ENCASHMENT OF LEAVE RULES”. These rules shall apply to all employees of the corporation excluding the following categories:

- a) Casual employees (including daily rated and work charged)
- b) Trainees/Apprentices recruited under the Apprentices Act.
- c) Deputationists from Government Departments/ Public Sector Undertakings.
- d) Employees under suspension.

These rules will come into force after approval of the Board of Directors and shall cover leave earned in the Corporation and standing in the credit of employee on that date.

3. SANCTIONING AUTHORITY

The sanctioning authority for encashment of leave will be the Competent Authority to sanction earned leave.

4. ELIGIBILITY/EXTENT OF CONCESSION

4.1. The scheme of leave encashment of earned leave while in service will be on the following lines:

- i) Both the Earned Leave (EL) and Half Pay Leave (HPL) available in the employee's leave account would be allowed for encashment under Clause-5.1 and Clause-5.2 of this Rule, subject to overall limit of 300 days. However, for the purpose of leave encashment under Clause-4.1(iii) i.e. Encashment of Leave while in service, only encashment of EL shall be considered and not any other kind of leave available in employee's leave account. **(Amended vide Office Order No. NSFDC/HR/LE-Rules/90 dated 20th August, 2014)**
- ii) The earned leave account of all employees would be maintained in two sections:
 - a. encashable leave account; and
 - b. non-encashable leave account.

Fifty per cent of the accrued earned leave will be credited to the encashable leave account and fifty per cent to the non-encashable leave account. Similarly the earned

leave earned in the future from time to time, will also be divided into two parts and credited to the two accounts in the ratio of 50:50. Any part or whole of the encashable leave can be availed of as leave and it is necessary that it should be encashed.

- iii) For encashing earned leave from the encashable leave account, an employee will have to actually avail himself of an equal amount of earned leave. However, this requirement of actual availing of earned leave would be subject to a ceiling of 30 days. The requirement of actually availing a matching period of leave could be relaxed if the full amount of earned leave required to be taken as per the scheme is not granted by the Management on account of exigencies of work. Encashment of Earned Leave will be allowed to an employee only once in a calendar year. **(Amended vide Office Order No. NSFDC/HR/LE-Rules/90 dated 31st May, 2013)**
- iv) Cash equivalent to be paid for the encashed leave would be restricted to pay and dearness allowance and should not include any other allowance.
- v) The payment made towards encashment would not be reckoned for any other purpose like gratuity, provident fund, bonus etc.
- vi) The prescribed ceiling for accumulation/encashment of Earned Leave under the above mentioned rules has been enhanced from 240 days to 300 days maximum. **(Amended vide Office Order No. NSFDC/PERS./HBA/2000 dated 13th July, 2000)**

4.2. An employee already on leave preparatory to retirement who has been allowed to return to duty shall also be entitled to these benefits.

4.3. Benefits under these rules shall also be admissible to employees who attain the age of superannuation and are granted extension of service. In such cases, the benefits shall be granted on the date of final retirement or the expiry of extension to the extent of earned leave at credit on the date of superannuation plus the earned leave earned during the period of extension reduced by earned leave availed of during such period subject to the maximum of 24 days.

4.4. Benefit of encashment of leave will be admissible in cases of retirement/retrenchment/death/termination of service on other than disciplinary ground to the extent defined in Para-5 below.

4.5. These rules will not apply in cases where services are terminated on disciplinary grounds.

4.6. Deputationists from Government Departments/Public Sector Undertakings who are permanently absorbed in the corporation in public interest and those who on appointment in the corporation carry forward their leave from Government Department or Public Sector undertakings in whose case the parent department has paid a lump-sum equal to leave salary for the leave on average pay/earned leave so transferred.

5. ENCASHMENT OF LEAVE ON RETIREMENT/RETRENCHMENT/DEATH TERMINATION OF SERVICE ON OTHER THAN DISCIPLINARY GROUNDS.

5.1.ON RETIREMENT/RETRENCHMENT

At the time of Superannuation and retirement/retrenchment, an employee of the Corporation whose services are terminated otherwise than disciplinary grounds or who retires shall be allowed to encash both the Earned Leave and Half Pay Leave subject to overall limit of 300 days. However, cash equivalent payable for Half Pay Leave shall be equal to leave salary as admissible for Half Pay Leave. To make up the shortfall in Earned Leave, no commutation of Half Pay Leave shall be permissible. **(Amended vide Office Order No. NSFDC/HR/LE-Rules/90 dated 20th August, 2014).**

5.2.ON DEATH

In case of death of an employee (who dies while in service), both the Earned Leave and Half Pay Leave subject to overall limit of 300 days will be encashed and paid to his/her dependent/legal heirs at the rate of last pay drawn by the deceased while in service. However, cash equivalent payable for Half Pay Leave shall be equal to leave salary as admissible for Half Pay Leave. To make up the shortfall in Earned Leave, no commutation of Half Pay Leave shall be permissible. **(Amended vide Office Order No. NSFDC/HR/LE-Rules/90 dated 20th August, 2014).**

5.3.ON RESIGNATION

When an employee resigns or quite service of his own accord, the lump-sum cash payment will be only to the extent of half of the earned leave at his credit on the date of cessation from service.

6. DEDUCTION

No deduction other than

- a) Income Tax,
- b) Statutory Enforceable Recoveries.
- c) Any other recovery as specially ordered by the Competent Authority will be made from the amount payable to a serving employee. In cases of retirement/retrenchment/death/termination, Corporation's dues shall be recovered from the amount if encashment.

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For Example:

$$\text{Earned Leave: } \frac{(\text{Basic Pay} + \text{DA})}{30} \times \text{Number of days of EL}$$

e.g.: BP = Rs. 1000/- and DA @50% of Basic Pay = Rs. 500/-

$$\text{Rs. } \frac{1500}{30} \times 250 = \text{Rs. } 12500/-$$

$$\text{Half-pay Leave: } \frac{(\text{Basic Pay} + \text{DA})}{30 \times 2} \times \text{Number of days of HPL}$$

$$\text{Rs. } \frac{1500}{30 \times 2} \times 50 = \text{Rs. } 1250/-$$