



## MEMORANDUM OF UNDERSTANDING FOR THE MANAGEMENT OF GRATUITY FUND

This Memorandum of Understanding is drawn up this .....day of ..... between the ..... (hereinafter referred to as "BIL") including its representative and permitted assignees) and..... (hereinafter referred to as the "Member Organization"). which includes its representatives and permitted assignees)

Whereas an understanding has been reached between the Member Organization, and the Company (BIL) regarding the management of the Gratuity Fund, and whereas the Member Organization has entrusted the company (BIL) with the management of the Gratuity Fund and the company (BIL) has agreed to undertake this responsibility. Both the parties to this memorandum hereby agree to the following terms and conditions for the management of the Fund (GF ) with effect from.....

1. The BIL, under the superintendence and guidance of the Board of Director of the Company, shall implement, manage, administer, invest and operate the Fund to the best interest of the Member Organization.
2. This Memorandum of Understanding is drawn up for the period of..... years and may be reviewed and draw accordingly. However, the Member organization shall have the right to surrender the scheme within its term.
3. The Member organization shall have the right to terminate or surrender due to closer of business entity under unavoidable circumstance only.
4. If the member organization decides to withdraw full / partial more than 25% of the deposited amount before the expiry of terms beside above stated reason. BIL shall pay less by 1.5% per annum of agreed interest rate on the initial deposited amount including the additional deposit, if any, subject to a two month notice period. The normal withdrawal due to separation of employees shall not be applicable.
5. The disbursing officers of the Member Organization shall remit a lump sum contribution amount so appropriated as annual contribution to Gratuity Fund to BIL on finalization of financial statement or as and when it becomes available.
6. Should there be no withdrawal with respect to gratuity payment for its employees during the year, the Member Organization need not make additional payments until such time the lump sum amount so appropriated as annual contribution to Gratuity Fund to BIL fall below the limit. However, if the Member Organization so desire, may make additional gratuity fund contributions over and above the lump sum contribution amount.
7. BIL shall pay interest on the Gratuity Fund accumulation on daily product basis @.....% per annum and credit it to the accumulated amount annually. However, should there be any change of interest rate in between the contract period the same will be intimated and new memorandum of understanding will be drawn up accordingly.



8. The Member  
Organization shall intimate BIL on the resignation, retirement, retrenchment, superannuation and termination of employees from service.
9. The Member Organization shall submit requisition to BIL for withdrawal with respect to gratuity payment for its employee at any point of time during office hours.
10. All the correspondence related to Gratuity Fund shall be between BIL and Member Organization.
11. BIL shall pay the amount of Gratuity as determined by the member organization so long as the balance is available in the 'Gratuity Fund Account' of the member organization. BIL shall not be responsible for verifying the correctness of the 'gratuity payment amount'.
12. BIL will make all refund payments related to the members directly to the concerned Member Organization, unless otherwise specifically directed or authorized by the Member Organization to make direct payment to the concerned member or member's nominee (in case of member death)
13. Any amendment of the memorandum of understanding shall be made an endorsement signed by authorized representative of the BIL and the Member Organization.
14. Any Dispute arising between the member organization and BIL shall be settled through a third-party arbitrator mutually agreed upon and appointed by the parties. In case of non-settlement, the parties shall refer to the court of justice and shall be dealt as per the laws of the kingdom of Bhutan.

This Memorandum of Understanding has been agreed to by both the BIL and the .....  
(Member Organization), said parties affix their signature on this ..... day ..... month  
of the year .....at .....

Signature of BIL  
Name:  
Designation:

Signature of Member Organization  
Name:  
Designation:

Witness  
Name:  
ID No:  
Address:

Witness  
Name:  
ID.No:  
Address: