

**IMMEDIATE/BY SPEED POST**

No.F.5-13/1999-TS.V  
Government of India  
Ministry of Human Resource Development  
Department of Higher Education  
(Technical Section - V)  
Shastri Bhawan, New Delhi-110 001  
August 20, 2007

To

Prof. Krishna Kumar,  
Director,  
Indian Institute of Management (IIM) Kozhikode,  
Kunnamangalam P.O, Kozhikode - 673571, Kerala.

**Subject: Introduction of Contributory Provident Fund (CPF) for the employees of IIM Kozhikode-regarding.**

Sir,

I am directed to refer to the letter No.FA/CPF/98 dated 06.03.1999 from the then Director, IIM, Kozhikode on the subject mentioned above and to say that the notifications for introduction of Contributory Provident Fund (CPF) Scheme for the employees of IIM, Kozhikode under sections 8(2) and 8 (3) of the Provident Funds Act, 1925 have been issued by the Ministry of Finance, Department of Expenditure (Copy enclosed).

2. Further, Ministry of Finance, Department of Expenditure have clarified that "they have no objections to IIM, Kozhikode switching from CPF to the New Pension Scheme even for pre-01.01.2004 entrants, as both schemes are based on Defined Contribution. This will be in line with the Cabinet decision taken on 23.08.2003 for introduction of New Pension Scheme." A copy of the " IIM Kozhikode Employees' Contributory Fund Rules" is also enclosed.

3 This issues in consultation with the Ministry of Finance, Department of Expenditure vide their U.O.No.4 (1)/E.V./2006 dated 06.08.2007.

Yours faithfully

Enclosed: As above.

  
(Pushkar Singh Negi)

Under Secretary to the Government of India  
Tele. 23381698  
Fax: 23070660

3/9/07

[TO BE PUBLISHED IN THE GAZETTE OF INDIA,  
PART II, SECTION 3, SUB-SECTION (ii)]

Ministry of Finance  
(Department of Expenditure)

**Notification**

New Delhi, the 12<sup>th</sup> July, 2007.

S.O.-- In exercise of the powers conferred by sub-section (3) of section 8 of the Provident Funds Act, 1925 (19 of 1925), the Central Government hereby adds to the Schedule to the said Act, the name of the following institution, namely:-

“Indian Institute of Management, Kozhikode”.

[No.4(1)-EV/2006(I)]

**MOHINDER KUMAR**  
**UNDER SECRETARY TO THE GOVERNMENT OF INDIA**

The Manager  
Govt. of India Press  
Ring Road, Maya Puri,  
New Delhi.

Copy forwarded to:-

1. Department of Higher Education, Ministry of Human Resource Development.
2. Deptt. of Pension & Pensioners' Welfare, Ministry of Personnel, Public Grievances and Pension.
3. Ministry of Law, Legislative Department, New Delhi.

  
**MOHINDER KUMAR**  
**UNDER SECRETARY TO THE GOVERNMENT OF INDIA**

[भारत के राजपत्र के भाग II खंड (3) उप खंड (i) में प्रकाशनार्थ]

वित्त मंत्रालय

व्यय विभाग

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अधिसूचना

नई दिल्ली, दिनांक 12 जुलाई, 2007

का० आ० - भविष्य निधि अधिनियम, 1925 (1925 का 19) की धारा 8 की उप-धारा (3) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए केन्द्रीय सरकार एतद्वारा निम्नलिखित सार्वजनिक संस्थान का नाम उक्त अधिनियम की अनुसूची में शामिल करती है, अर्थात:-

“भारतीय प्रबंध संस्थान, कोझीकोड ”

[सं० 4(1)-संस्था.V/2006(I)]

मोहिंदर कुमार

भारत सरकार के अवर सचिव

प्रबंधक,

भारत सरकार मुद्रणालय,

रिंग रोड, मायापुरी,

नई दिल्ली.

प्रतिलिपि निम्नलिखित को प्रेषित:-

1. उच्चतर शिक्षा विभाग, मानवीय संसाधन विकास मंत्रालय।
2. पेंशन एवं पेंशन भोगी कल्याण विभाग, कर्मिक लोक शिक्कायत और पेंशन मंत्रालय।
3. विधि मंत्रालय, विधायी विभाग, नई दिल्ली।



मोहिंदर कुमार

भारत सरकार के अवर सचिव

[भारत के राजपत्र के भाग II खंड (3) उप खंड (i) में प्रकाशनार्थ]

वित्त मंत्रालय  
व्यय विभाग  
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अधिसूचना

नई दिल्ली, दिनांक 12 जुलाई, 2007

का० आ० - भविष्य निधि अधिनियम, 1925 (1925 का।9) की धारा 8 की उप-धारा (2) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए केन्द्रीय सरकार एतद्वारा निदेश देती है कि उक्त अधिनियम के उपबंध (धारा -6 "क" को छोड़कर) उक्त अधिनियम की अनुसूची में विनिर्दिष्ट "भारतीय प्रबंध संस्थान, कोझीकोड" के कर्मचारियों के लाभार्थ स्थापित भविष्य निधि पर भी लागू होंगे।

[सं० 4(1)-संस्था.V/2006(II)]

मोहिंदर कुमार  
भारत सरकार के अवर सचिव

प्रबंधक,  
भारत सरकार मुद्रणालय,  
रिंग रोड, माया पुरी,  
नई दिल्ली.

प्रतिलिपि निम्नलिखित को प्रेषित:-

1. उच्चतर शिक्षा विभाग, मानवीय संसाधन विकास मंत्रालय।
2. पेंशन एवं पेंशन भोगी कल्याण विभाग, कार्मिक लोक शिक्कायत और पेंशन मंत्रालय।
3. विधि मंत्रालय विधायी विभाग, नई दिल्ली।

मोहिंदर कुमार  
भारत सरकार के अवर सचिव



# IIMK EMPLOYEES' CONTRIBUTORY PROVIDENT FUND RULES

## 1. Short title and commencement

- (a) These rules may be called the IIMK Employees' Contributory Provident Fund Rules.
- (b) They shall come into force *w.e.f* 20.11.1997.
- (c) The rules will apply to all the regular employees of IIM Kozhikode who joined the Institute on or after 20.11.1997.

## 2. Definitions

(1) In these Rules unless the context otherwise requires

(i) **"Accounts Officer"** means the officer to whom the duty to maintain the Contributory Provident Fund account of the sub-scriber has been assigned by the Institute.

(ii) **"Emoluments"** means pay, leave salary, or subsistence grant as defined in Fundamental Rules and includes:

- (a) dearness pay appropriate to pay, leave salary or subsistence grant, if Admissible;
- (b) any wages paid by the Institute to employees not remunerated by fixed monthly pay; and
- (c) Any remuneration of the nature of pay received in respect of Foreign Service.

(iii) **"Family" means**

- (a) In the case of a male subscriber; the wife or wives, parents, children, minor brothers, unmarried sisters, deceased son's widow and children and where no parents of the subscriber is alive, a paternal grandparent:

Provided that if a subscriber proves that his wife has been judicially separated from him or has ceased under the customary law of the community, to which she belongs to be entitled to maintenance, she shall henceforth be deemed to be no longer a member of the subscriber's family in matters to which these rules relate unless the subscriber subsequently intimates, in writing to the Institute that she shall continue to be so regarded;.

- (b) in the case of a female subscriber, the husband, parents, children, minor brothers, unmarried sisters, deceased son's widow and children and where no parent of the subscriber is alive, a paternal grandparent:

Provided that if a subscriber by notice in writing to the Institute expresses her desire to exclude her husband from her family, the husband henceforth be deemed to be no longer a member of the subscriber's family.

family in matters to which these rules relate, unless the subscriber subsequently cancels such notice in writing.

NOTE. — "*Child*" means a legitimate child and includes an adopted child where adoption is recognized by the personal law governing the subscriber or a ward under the Guardians and Wards Act, 1890 (8 of 1890), who lives with the subscriber and is treated as a member of the family and to whom the subscriber has, through a special will, given the same status as that of a natural born child.

- (iv) "**Fund**" means the IIMK Employees Contributory Provident Fund .
  - (v) "**Leave**" means any kind of leave recognized by the Leave Rules as made applicable to the employees of the Institute from time to time, and
  - (vi) "**Year**" means a financial year.
  - (vii) "**Director**" means the Director of the Indian Institute of Management Kozhikode.
  - (viii) "**Board**" means the Board of Governors of Indian Institute of Management Kozhikode.
- (2) Any other expression used in these rules which is defined either in the Provident Funds Act, 1925 (19 of 1925) or in the Fundamental Rules is used in the sense therein defined.

**An adopted child ceases to be included in the family of the natural father.**— In Note to Rule 2 (iii), (b) above, the term 'child' has been defined as including an adopted child with the object of bringing the latter under the term "dependants" as defined in Section 2 (c) of the Provident Funds Act of 1925. An adopted child is, therefore, for the purposes of the Act and the rules made thereunder, the child of the adopter and ceases to be the child and dependant of the natural father. It has accordingly been decided that in a case in which a person has given his child in adoption to another person and if, under the personal law of the adopter, adoption is legally recognized as conferring the status of a natural child, such a child should, for the purposes of the Provident Fund Rules, be considered as excluded from the family of the natural father.

### 3. Constitution of the Fund

- (1) The Fund shall be maintained in rupees.
- (2) All sums paid into the Fund under these rules shall be credited in the books of the Institute to an account named "The IIMK Employees Contributory Provident Fund Account". Sums of which payment has not been taken within six months after they become payable under these rules shall be transferred to "Deposits" after the 31st March of the year and treated under the ordinary rules relating to deposits.



- (3) The amount lying to the credit of the funds shall be invested as per the guidelines issued by the Government of India in regard to investment of such funds from time to time.

#### 4. Conditions of eligibility

- (1) These rules shall apply to every non-personable servant of the Institute who joined the service of the Institute *against a permanent vacancy*.

Provided that these rules shall not apply to any such servant between whom and the Institute an agreement subsists in respect of a provident fund other than an agreement providing for the application to him of these rules, and, in the case of an agreement so providing, shall apply subject to the terms of such agreement.

If an employee admitted to the benefit of the Fund was previously a subscriber to any other contributory or non-contributory provident fund of the Central Government, any Central or State Public Sector Undertaking or a Central/State Autonomous Body, the amount of his subscriptions together with the Employer's contributions in the other Contributory Provident Fund or the amount of his subscriptions in the non-Contributory Fund, as the case may be, together with interest thereon, shall be transferred to his credit in the Fund.

NOTE 1. — The provisions of this rule shall, however, apply to persons who are appointed without break, whether temporarily or permanently to a post carrying the benefits of these rules after resignation or retrenchment from service under another Department of Central Government or under the State Government.

NOTE 2. — The provisions of sub-rule shall also apply *mutatis mutandis* to persons who are transferred, without any break, from the service under a body corporate owned or controlled by Government or an autonomous organization registered under the Societies Registration Act, 1860.

#### GOVERNMENT OF INDIA'S DECISION

Procedure to be followed by Institute consequent on dispensing with submission of formal applications.— 1. Consequent on the requirement of formal applications for admission to the C.P. Fund being dispensed with, the following procedure is to be followed by the Institute:

- (i) The administration should send a statement (in duplicate) to the Accountants Officer in the prescribed form on the 15th of every month. This statement should show the particulars of such of the employees working in the Institute as will be required to compulsorily subscribe to the Contributory Provident Fund 3 months hence, i.e., the statement to be sent on the 15th April, may include particulars of such employees who will be required to subscribe compulsorily to the Contributory Provident Fund from 1st July (deduction of Provident Fund to be made from salary for June payable on 1st July). Detailed instructions for filling in the statement contained in the Form are self-explanatory.

(ii) In case, an employee is appointed initially on a permanent basis and thus has to subscribe to the Contributory Provident Fund from the date of such appointment, particulars of such employees may be included in the statement to be sent to the Accounts Officer either in the same month if he has been appointed before 15th of that month or in the following month if he is appointed on or after 15th of that month.

(iii) The Accountants Officer will return one copy of the statement indicating the account numbers allotted to each of the employees included in that statement.

(iv) If, in any month, there are no particulars to be intimated to the Accountants Officer, the statement need not be sent to the Accountants Officer in that month.

(v) In the case of optional subscribers (temporary employees who have not completed one year's continuous service) the existing procedure of employees submitting applications for admission to the Fund may be continued. Deductions should, however, be made only after allotment of account numbers.

The administrative officer while forwarding the statement to the Accounts Officer concerned should give the following statement in the place above the signature.

"Certified that all the employees whose names are shown above are eligible to subscribe to the C.P. Fund in accordance with the relevant rules."

[ G.I., M.F., O.M. No. 29 (4)-E. V (B)/74

## **5. Nominations**

- (1) A subscriber shall, at the time of joining the Fund, send to the Accounts Officer a nomination, conferring on one or more persons the right to receive the amount that may stand to his credit in the Fund in the event of his death, before that amount has become payable or having become payable has not been paid:

Provided that, if, at the time of making the nomination the subscriber has a family, the nomination shall not be in favour of any person or persons other than the members of his family:

Provided further that the nomination made by the subscriber in respect of any other provident fund to which he was subscribing before joining the Fund shall, if the amount to his credit in such other fund has been transferred to his credit in this Fund, be deemed to be a nomination duly made under this rule until he makes a nomination in accordance with this rule.

- (2) If a subscriber nominates more than one person under sub-rule (1), he shall specify in the nomination the amount or share payable to each of the nominees in such manner as to cover the whole of the amount that may stand to his credit in the Fund at any time.



- (3) Every nomination shall be made in the Form set forth in the First Schedule.
- (4) A subscriber may at any time cancel a nomination by sending awriting to the Accounts Officer. The subscriber shall, along with such notice or separately, send a fresh nomination made in accordance with the provisions of this rule.
- (5) A subscriber may provide in a nomination
- (a) In respect of any specified nominee, that in the event of his predeceasing the subscriber, the right conferred upon that nominee shall pass to such other person or persons as may be specified in the nomination, provided that such other person or persons shall, if the subscriber has other members of his family, be such other member or members. Where the subscriber confers such a right on more than one person under this clause, he shall specify the amount or share pay-able to each of such persons in such a manner as to cover the whole of the amount payable to the nominee.
- (b) That the nomination shall become invalid in the event of the happening of a contingency specified therein:

Provided that at the time of making the nomination the subscriber has only one member of the family, he shall provide in the nomination that the right conferred upon the alternate nominee under Clause (a) shall become invalid in the event of his subsequently acquiring other member or members in his family.

- (6) Immediately on the death of a nominee in respect of whom no special provision has been made in the nomination under Clause (a) of sub-rule (5) or on the occurrence of any event by reason of which the nomination becomes invalid in pursuance of Clause (b) of sub-rule (5) or the proviso thereto, the subscriber shall send to the Accounts Officer a notice in writing canceling the nomination, together with a fresh nomination made in accordance with the provisions of this rule.
- (7) Every nomination made, and every notice of cancellation given by a subscriber shall, to the extent that it is valid, take effect on the date on which the Accounts Officer receives it.

NOTE. - In this rule, unless the context otherwise requires "person" or "persons" shall include a company or association or body of individuals, whether incorporated or not. It shall also include a Fund such as the Prime Minister's National Relief Fund or any charitable or other Trust or Fund, to which nomination may be made through the Secretary or other executive of the said funds or Trust authorized to receive payments.

#### GOVERNMENT OF INDIA'S DECISIONS

- (1) Interpretation of Section 5 (1) of the P.F. Act regarding nominations.— 1. The following questions have been raised with regard to the application of Section 5 (1) c



the Provident Funds Act, 1925, to nominations made under rules regulating the various Provident Funds:

(1) Whether the provisions in Rule 20 of the State Railway Provident Fund Rules to the effect that on the marriage or remarriage of a subscriber who is not a Hindu, Mohammedan, Buddhist or other person exempted from the operation of the Indian Succession Act, any nomination already made by him shall forthwith become null and void, is ineffective as contravening Section 5 (1) of the Provident Funds Act.

(2) Whether a nomination made under one set of rules of a Provident Fund would become invalid under a later set of rules, if not revised as required by the later set of rules.

2. As it is necessary that the correct position with regard to nominations made under Section 5 (1) of the Provident Funds Act should be explained, the position is that, Section 5 (1) does not itself provide for nominations to be made, and that it does not by itself create any right in favour of the nominee. It merely gives protection and force to a nomination made in accordance with rules of a Provident Fund. If, therefore, a rule exists in any Provident Fund Rules, rendering nominations invalid on marriage or remarriage, nominations (even if valid when made) will become ineffective if subscribers marry or remarry and will not be nominations to which the protection of Section 5 (1) of the Act could extend. There is thus no question of any provision such as that referred to at Paragraph (1) above being in conflict with the Act.

As regards the question in Paragraph 1 (2) above, a nomination under Section 5 (1) of the Act must also not only be in accordance with the rules (as they may stand when it is made), but it must continue to be in accordance with the rules (as they may stand, amended or altered, from time to time). The words "duly made in accordance with rules of the Fund" occurring in the section are significant, and in view of these words the position is that, a nomination once made in accordance with the rules might lose its validity, if the rules are subsequently altered or amended. A nomination made under one set of rules may thus become invalid under another set of rules if not revised as required by the later set of rules and so loses the benefit of Section 5 (1) of the Act.

[ G.I., F.D., Letter No. 22 (30)-R. 11/36, dated the 5th January, 1937. ]

(2) Right of a nominee can pass to a non-family member.— If a subscriber has no family, or has no other person, excepting the nominee, constituting his family as defined in the rules, the person to whom the right of the nominee should pass named in the last column can, of course, be some one other than a member of his family.

[ G.I., M.F., O.M. No. F. 28 (18)-E. N/50, dated the 16th August, 1950. ]

(3) Nomination made while in service can be changed even after retirement so long as the amount remains unpaid.— A question has been raised whether a subscriber can effect changes in the nomination already made by him while in service, after the date of his retirement/discharge, etc. The matter has been carefully considered by the Government of India and the position is that, so, long as the amount at the credit of the



subscriber is not actually paid, it retains the character of Provident Fund and hence there should be no objection to the subscriber changing the nomination in this regard even after retirement/discharge, etc., provided the changes or revised nomination are made and notified in accordance with the provisions of the relevant Provident Fund Rules.

[ G.I., M.F., O.M. No. F. 52 (13)-E. V/60, dated the 16th July, 1960 ]

### C. & A.G.'s DECISIONS

(1) Fresh nomination not compulsory along with cancellation of existing nomination.—A question arose whether a nomination duly made and which was valid in accordance with the rules of Provident Fund could be cancelled by the subscriber by merely giving a notice of its cancellation in writing to the Accounts Officer of the Fund without simultaneously replacing it by another valid nomination or whether the old nomination subsisted by virtue of proviso to Rule 5 of the G.P. Fund (CS) Rules for so long as it was not replaced by another valid nomination.

The Ministry of Law advised that as the proviso to Rule 8 (4) [ cf. Rule 5 (4) ] is directory and not mandatory, failure to send a fresh nomination along with the notice does not make the notice ineffectual. Section 5 (1) (a) of the P.F. Act, 1925, provides that any nomination, duly made in accordance with the rules of the Fund, can at any time be expressly cancelled by notice given in the manner and to the authority prescribed by these rules. Sub-rule (4) of Rule 5 prescribes the manner in which and the authority to whom the notice of cancellation is to be given. The additional provision that a fresh nomination should be sent along with a notice does not affect the validity or otherwise of the notice. The proviso thus does not constitute a condition for the validity of the notice. It follows, therefore, that once a notice is given complying with the above requirements, it operates as a valid and effective notice, provided it is given in clear and unambiguous terms.

In view of the above ruling given by the Ministry of Law, the Comptroller and Auditor-General has decided that it would not be in order to make the payment of the deposits in the General Provident Funds on the basis of the nomination which is expressly cancelled by the subscriber by a notice given in clear and unambiguous terms but which is not replaced by another valid nomination. After receiving such a notice of cancellation of a nomination, the nomination should be cancelled forthwith and returned to the subscriber. If the subscriber fails to furnish, along with the notice of cancellation or separately in due course a fresh nomination which is in accordance with the rules and the P.F. Deposit becomes payable as a result of the death of the subscriber, the payment should be made in accordance with the rules of the Fund as if no valid nomination subsists.

[ C. & A.G.'s Circular Letter No. 365-A/151-52, dated the 6th April, 1953. ]



(2) Nomination of a subscriber held valid even if he dies before it reaches the Accounts Officer.— A case arose where a revised nomination executed by a subscriber in respect of General Provident Fund of the State Government of Madhya Pradesh was received by the Head of his Office but the subscriber died before the nomination was forwarded to the Accountant-General. As, according to the GPF Rules, a subscriber is required to send his nomination, to the Accounts Officer and the nomination if valid, is to take effect from the date it is received by the Accounts Officer, a doubt was expressed by the Accountant-General whether the nomination could be held effective having regard to the fact that on the death of the subscriber the nomination had not been received by the Accounts Officer.

The Law Department of the Government of Madhya Pradesh held that the nomination for Provident Fund submitted to the Head of Office well before the death of the subscriber should be treated as valid nomination, notwithstanding the fact that it did not reach the Accounts Officer before the subscriber's death. The arguments advanced by the Law Department in support of this view were that, the rule merely said that the nomination took effect from the date it reached the Accounts Officer and not that it was not valid until it reached that officer. Further, the rule did not make the receipt of the nomination by the Accounts Officer a condition precedent for the validity of the nomination but it was apparently a rule of caution absolving the Accounts Officer from the responsibility for authorizing payment to a person other than the subscriber's nominee, in accordance with the rules, in case no valid nomination had reached him by the date of such authorization. As the matter was of general importance and applicable to Central Government employees also, the matter was referred to the Government of India who have, in consultation with the Ministry of Law upheld the views of the Law Department of the Government of Madhya Pradesh. These views have been accepted by the Comptroller and Auditor-General.

[ C. & A.G.'s Circular Letter No. 993-A/3-62, dated the 23rd November, 1962. ]

(3) Provident Fund assets not to be paid to nominee when the matter is subjudice.— A question had been raised whether a nominee did not have an absolute right to receive the Provident Fund balance of a deceased Government servant and to dispose it of in any manner it liked. The matter was referred to the Government of India, Ministry of Finance who have in consultation with the Ministry of Law, held that payment of Provident Fund money in accordance with the nomination earns a valid discharge for the Government but if any Court of Law decrees that payment should be made to persons other than the nominee(s), before actual payment has been made to the nominee(s), the orders of the Court will have to be complied with.

[ Circular Letter No. 1993-T.A. 11-28-68, dated the 19th September, 1969, from C. & A.G. to all Accountants-General. ]

The doubts raised by A.G., Mysore, regarding the above orders and the clarification issued by the C. & A.G. thereon are reproduced below



COPY OF THE ACCOUNTANT-GENERAL, MYSORE, BANGALORE, LETTER No. PFI/GENL/388, DATED THE 19TH NOVEMBER, 1969, ADDRESSED TO THE COMPTROLLER AND AUDITOR-GENERAL OF INDIA, NEW DELHI.

Subject:— Right of the nominee to receive the PF assets of a deceased Government servant.

I am to invite reference to C. & A.G.'s Circular Letter No. 1993-T. Admn. 11/28-68, dated 19-9-1969, communicating the orders of the Government of India, Ministry of Finance, that in cases where a Court of Law has decreed that payment of Provident Fund money should be made to a person or persons other than the nominee(s) before actual payment has been made to the nominee(s), the orders of the Court shall be complied with.

2. According to Section 5 of the Provident Funds Act of 1925, an absolute right to receive the PF money of a subscriber is conferred on the nominee and this right of the nominee is circumscribed only by two conditions which are also indicated in the Act, i.e., (a) Such a nomination is not at any time varied by another nomination made in like manner or expressly cancelled by notice given in the manner and to the authority prescribed by rules. (b) The nomination has not become invalid by reason of the happening of some contingency specified therein. The right of a nominee to receive the P.F. money of a subscriber would appear to be absolute and this right subsists unless the nomination is itself held invalid. The intention behind the decision of the Ministry of Finance would, therefore, appear to be that in cases where a Court of Law has held that the nomination in favour of the existing nominee is invalid, payment should not be made to that nominee but to the person who is named by the Court of Law as the rightful recipient of the P.F. money. Even, in cases where there is no nomination made by a subscriber the P.F. money is required to be paid to the members of the deceased subscriber's family in the order prescribed in the appropriate G.P.F. Rules. It would thus appear that even a Court of Law cannot order that P.F. money of a subscriber should be appropriated to meet any other liabilities of the deceased subscriber or paid to persons other than those mentioned in a nomination directly made by the subscriber or in the absence of a nomination to persons other than the deceased subscriber's family in the prescribed order of precedence. In these circumstances it is presumed that the decision of the Ministry of Law would apply only to cases where a nomination already made by the subscriber is held invalid by a Court of Law and the Court names another person or persons as the rightful recipient(s) in terms of the P.F. Act, 1925. This presumption may please be confirmed.

3. In the Government of India, Ministry of Finance Decision communicated by the C. & A.G., it is also stated that the orders of the Court will have to be complied with in case the Court decrees that payment should be made to person(s) other than the nominee(s) "before actual payment has been made to the nominee(s)". In this connection the following points require clarification:

(i) Whether the Accounts Officer should defer payment of the P.F. amount to nominee(s) in a case which is still under consideration of the Court (i.e., where the case is known to be subjudice)



(ii) Whether the Accounts Officer could postpone action to issue authorization for payment of P.F. money to the nominee(s) if it comes to his knowledge that affected parties are intending to seek the intervention of a Court of Law.

(iii) Whether the Accounts Officer can act, solely on the orders of a lower Court where the parties intend to go on appeal against the judgment of such a Court.

This issues with the approval of the Accountant General.

COPY OF THE LETTER NO. 1324-T ADMN. I11128-68, DATED 24-7-1970, FROM THE OFFICE OF THE COMPTROLLER AND AUDITOR-GENERAL OF INDIA, NEW DELHI AND ADDRESSED TO ALL ACCOUNTANTS-GENERAL (EXCEPT A.G., MYSORE).

I am to invite a reference to this office Circular Letter No. 1993-T. Admn. I11128-68, dated 19-9-1969, on the subject cited above and to state that certain doubts had been raised by the A.G., Mysore, vide his Letter No. P.F.IIGenl./388, dated 19-11-1969 (copy enclosed), regarding these orders.

2. The following clarifications are issued, in consultation with Ministry of Finance and Ministry of Law for your guidance:

(i) It has been held that Section 5 of the Provident Funds Act, 1925, confers on the nominee merely a right to receive the Provident Fund assets in the event of the subscriber's death and that the nominee does not have an absolute right of disposal of such assets. It is always open to the heirs under the personal law applicable to the deceased subscriber to claim their share of Provident Fund money. As such, the orders communicated in this Office Letter, dated 19-9-1969, will apply to all cases where a Court of Law orders payment of Provident Fund money otherwise than in accordance with the nomination irrespective of the fact whether the nomination is held valid or not.

(ii) In regard to the point raised in Paragraph 3 of A.G., Mysore's letter, the position is as follows:

(a) Provident Fund amount should not be paid to the nominee in a case which is known to be subjudice;

(b) In a case where there is a possibility of suit being filed, the Administrative Department may write to the party intending to file a suit that Government may write to the party in-tending to file a suit that Government intends to make payment within a certain number of days; and

(c) After the orders have been passed by a lower Court, if certain parties intend to go in appeal against the judgment of such a Court, the Administrative Department should write to the party which has lost the case that if, within a stated reasonable period (say 15 days), that party does not obtain a stay order from the Court, payment shall be made.

It is also clarified that the Administrative authority should take action in all the three

types of cases mentioned above, so long as the application for final payment is not forwarded to the Accountant-General concerned. After the application has been forwarded, the responsibility rests both with the Accounts Officer and Administrative Authority and whoever receives any information should pass it on to the other.

## **6. Subscriber's Account**

An account shall be opened in the name of each subscriber in which shall be shown

- (i) His subscription;
- (ii) Contribution made under Rule 11 by the Institute to his account;
- (iii) Interest, as provided by Rule 12, on subscription
- (iv) Interest, as provided by Rule 12, on contribution
- (v) Advances and withdrawals from the Fund

## **7. Conditions of subscriptions**

- (1) Every subscriber shall subscribe monthly to the Fund when on duty or Foreign Service but not during a period of suspension:

Provided that a subscriber on reinstatement after a period passed under suspension shall be allowed the option of paying in one sum, or in installments, any sum not exceeding the maximum amount of arrears of subscriptions payable for that period.

NOTE.- A subscriber need not subscribe during a period treated as *dies non*.

- (2) A subscriber may, at his option, not subscribe during leave which either does not carry any leave salary or carries leave salary equal to or less than half-pay or half average pay.
- (3) The subscriber shall intimate his election not to subscribe during the leave referred to in sub-rule (2) the Accounts Officer before he proceeds on leave. Failure to make due and timely intimation shall be deemed to constitute an election to subscribe.
- The option of a subscriber intimated under this sub-rule shall be final.
- (4) A subscriber who has under Rule 34 withdrawn the amount standing to his credit in the Fund shall not subscribe to the Fund after such withdrawal unless he returns to duty.
- (5) Notwithstanding anything contained in sub-rule (1), a subscriber shall not subscribe to the Fund for the month in which he quits service unless, before the commencement of the said month, he communicates to the Head of Office in writing his option to subscribe for the said month.



## 8. Rates of subscription

(1) The subscriber shall fix himself, the amount of subscription himself, subject to the following conditions, namely:

- (a) It shall be expressed in whole rupees;
- (b) It may be any sum, so expressed not less than ten per cent of the emoluments and not more than his emoluments.

(2) For the purpose of sub-rule (1), the emoluments of a subscriber shall be

- (a) In the case of a subscriber who was in service on the 31st March of the preceding year, the emoluments to which he was entitled on that date:

Provided that: -

- (i) If the subscriber was on leave on the said date and elected not to subscribe during such leave or was under suspension on the said date, his emoluments shall be the emoluments to which he was entitled on the first day after his return to duty;

- (ii) if the subscriber was on deputation out of India on the said date or was on leave on the said date and continues to be on leave and has elected to subscribe during such leave, his emoluments shall be the emoluments to which he would have been entitled had he been on duty in India;

- (iii) if the subscriber joined the Fund for the first time on a day subsequent to the said date, his emoluments shall be the emoluments to which he was entitled on such subsequent date;

- (b) In the case of a subscriber who was not in service on the 31st March of the preceding year, the emoluments to which he was entitled on the first day of his service, or if he joined the Fund for the first time on a date subsequent to the first day of his service, the emoluments to which he was entitled on such subsequent date:

- (3) The subscriber shall intimate the fixation of the amount of his monthly subscription in each year in the following manner:

- (a) If he was on duty on the 31st March of the preceding year, by the deduction which he makes in this behalf from his pay bill for that month;

- (b) If he was on leave on the 31st March of the preceding year, and elected not to subscribe during such leave, or was under

1. Substituted vide G.I., Dept. of Pen. & P.W., Notification No. 20 (15)-P. & P.W./ 90-E, dated the 18th January, 1993, published as S.O. No. 251 in the Gazette of India, dated the 13th February, 1993 and takes effect from the 1st March, 1992. suspension on that date, by the deduction which he makes in this behalf from his first pay bill after his return to duty;



- (c) If he has entered Government service for the first time during the year, or joins the Fund for the first time, by the deduction which he makes in this behalf, from his pay bill for the month during which he joins the Fund;
  - (d) If he was on leave on the 31st March of the preceding year, and continues to be on leave and has elected to subscribe during such leave, by the deduction which he causes to be made in this behalf from his salary bill for that month;
  - (e) If he was on foreign service on the 31st March of the preceding year, by the amount credited by him into the treasury on account of subscription for the month of April in the current year;
  - (f) If his emoluments are of the nature referred to in the proviso to sub-rule (2), in such manner as the President may direct.
- (4) The amount of subscription so fixed may be-
- (a) reduced once at any time during the course of the year;
  - (b) enhanced twice during the course of the year; or
  - (c) reduced and enhanced as aforesaid:

Provided that when the amount of subscription is so reduced, it shall not be less than the minimum prescribed in sub-rule (1):

Provided further that if a subscriber is on leave without pay or leave on half pay or half average pay for a part of a calendar month and he has elected not to subscribe during such leave, the amount of subscription payable shall be proportionate to the number of days spent on duty including leave, if any, other than those referred to above.

### GOVERNMENT OF INDIA'S DECISIONS

- (1) Dearness pays to be treated as part of pay for subscription and contribution. — For calculating the amount of subscription towards Contributory Provident Fund by Government servants and Government contribution to the Contributory Provident Fund, the dearness pay, appropriate to the pay on which these contributions are based, shall be treated as part of such pay.  
[ G.I., M.F., O.M. No. F. 19 (4)-E. V/79 dated the 25th May 1979. ]
- (2) Interim Relief to be treated as emoluments. — Interim Relief is to be treated as "emoluments" for C.P.F. and not for G.P.F.  
[ G.I., D.P. & A.R., U.O. No. 3933/PU/84, dated the 30th September, 1984. ]

### C. & A.G.'S DECISION

Short or excess recovery of subscription may be regularized by adjustments in subsequent months or by actual cash payment.—The Auditor-General has decided that the present practice of adjusting overpayments or short payments of subscriptions to the General Provident Fund, by deduction from or addition to the subscription in the subsequent months is a correct method of working and should be observed whenever

possible. There is, however, no warrant for refusal of cash payments or recovery if a subscriber so desires and that the rule based on the practice should not be quoted as authorizing the Accounts Officer to do this.

This procedure applies *mutatis- mutandis* to other Provident Funds.

[ Ar. G.'s Letter No. 1980-N.C.E./449-36, dated the 17th December, 1936. ]

## **9. Transfer to Foreign Service or deputation out of India**

When a subscriber is transferred to Foreign Service or sent on deputation out of India, he shall remain subject to the rules of the Fund in the same manner as if he were not so transferred or sent on deputation.

## **10. Realization of subscriptions**

(1) When emoluments are drawn from the Institute, recovery of subscriptions on account of these emoluments and of the principal and interest of advances shall be made from the emoluments themselves.

(2) When emoluments are drawn from any other source, the subscriber/the drawing officer shall forward his dues monthly to the Accounts Officer:

Provided that in the case of a subscriber on deputation to a body corporate, owned or controlled by Government, the subscriptions shall be recovered and forwarded to the Accounts Officer by such body.

## **GOVERNMENT OF INDIA'S DECISION**

Procedure for recovery of interest on arrears of subscription.—

1. The question of the procedure for the recovery of interest on arrears of subscription to a Provident Fund which may be permitted to be paid in easy monthly installments, has been under consideration for some time. The object of recovering the arrears of subscriptions and interest thereon is to restore the Provident Fund Account to the -----position which it would have attained had the subscriptions been credited to the account from month to month as they fell due for payment. While the recovery of interest on such arrears paid in lump sum presents no difficulty, where recovery is effected in easy installments, calculation of the amounts of additional interest on the diminishing amount of arrears gives rise to practical difficulties owing *inter alia* to the change in the rate of interest from year to year. In order to remove these difficulties, it has now been decided that the additional amount of interest on the diminishing amounts of arrears payable in monthly installments should be calculated by determining the amount of interest which the subscriber concerned would have earned, had he paid the arrears in lump sum (during the period of the recovery of arrears in installments) and diminishing from it the amount of interest earned on the amount of arrears of installments, paid from month to month, till the full recovery of arrears.



2. At present adjustment of arrears of Government contribution and interest thereon in the case of a Contributory Provident Fund is made proportionately to the recovery of arrears of employee's subscriptions with interest thereon made in installments during a year. In cases where additional interest is recovered on the arrears of subscription paid in installments, additional amount of interest on Government contribution (which a Government servant would have earned had the Government contribution been credited to his account in the usual manner) will be credited to his account after full recovery of arrears has been effected in accordance with paragraph above. No such additional interest on Government contribution will be paid in cases where no additional recovery of interest on diminishing amounts of arrears is made.

3. The decision in Paragraph 1 above will apply in all cases of recovery in installments of arrears of subscriptions to a Provident Fund, contributory as well as non-contributory. Past cases in which arrears of subscriptions have already been recovered without interest on diminishing amounts of arrears need not to be reopened; but it will apply in cases in which arrears of subscriptions are still to be recovered or are under recovery on the date of issue of these orders.

[ G.I., M.F., O.M. No. F. 25 (8)-E. V/57, dated the 4th December, 1957. ]

4. The Government of India agree to the adjustment of Government contributions in proportion to the recovery of arrears of subscription in a year even though no element of interest is included in the installments already recovered and even in cases where it may not be possible to complete the recovery of arrears of subscriptions or any portion of interest on such arrears due to death, retirement, etc. Interest may also be allowed on the arrears of subscription as and when they are recovered, and it is not necessary that the arrears of subscription and interest thereon should be recovered completely before any interest is allowed thereon.

[ G.I., M.F., O.M. No. 25 (3)-E. V/57, dated the 23rd April, 1959. ]

#### **11. Contribution by Institute**

- (1) Government shall with effect from 31st March of each year, make a contribution to the account of each subscriber:

Provided that if a subscriber quits the service or dies during a year, contribution shall be credited to his account for the period between the close of the preceding year and the date of the causality

Provided further that no contribution shall be payable in respect of any period for which the subscriber is permitted under the rules not to, or does not, subscribe to the Fund.

- (2) The contribution shall be such percentage of the subscriber's emoluments drawn on duty during the year or period, as the case may be, as has been or may be prescribed by the Institute from time to time in conformity with the Government's instructions on this matter.

Provided that if, through oversight or otherwise, the amount sub-scribed is less than the minimum subscription payable by the subscriber under sub-rule (1) of Rule 8 and if the short subscription together with the interest accrued thereon is not paid by the subscriber within such time as may be specified by the authority competent to sanction an advance for the grant of which special reasons are required under sub rule (2) of Rule 13 the contribution payable by the Institute shall be equal to the amount actually paid by the subscriber or the amount normally payable by the Institute, whichever is less,

(3) If a subscriber is on deputation out of India, the emoluments which he would have drawn had he been on duty in India shall, for the purposes of this rule, be deemed to be emoluments drawn on duty.

(4) Should a subscriber elect to subscribe during leave, his leave salary shall, for the purposes of this rule, be deemed to be emoluments drawn on duty.

(5) Should a subscriber elect to pay arrears of subscriptions in respect of a period of suspension, the emoluments or portion of emoluments which may be allowed for that period on reinstatement, shall, for the purpose of this rule, be deemed to be emoluments drawn on duty.

(6) The amount of any contribution payable in respect of a period of Foreign Service shall, unless it is recovered from the foreign employer, be recovered by the Institute from the subscriber.

(7) The amount of contribution payable shall be rounded to the nearest whole rupee (fifty paise counting as the next higher rupee).

### GOVERNMENT OF INDIA'S DECISIONS

(1) Liability for Government contribution in case of transfer.— The liability for Government contribution shall be borne by the parent Department and no share of contribution will be recovered from any borrowing Department.

[ G.I., M.F., O.M. No. F. 2 (117)/76/SC, dated the 26th December, 1997. ]

1992. 1. 10% from 1-3-1992, vide O.M. No. 20 (15)-P. & P.W./90-E, dated the 7th October,

(2) Element of pension treated as emoluments for the purpose of Government Contribution in the case of re-employed pensioners.—Re-employed officers are permitted to subscribe to the Contributory Provident Fund in terms of Para. 1 (h) of G.I., M.F., O.M. No. F. 8 (34)-E. 11/57, dated the 25th November, 1959 [ See Swamy's Compilation on Re-employment of Pensioners — Chapter 3 ] subject to the conditions specified therein. It was clarified in G.I., M.F., O.M. No. F. 57 (5)-E. V/60, dated the 27th June, 1960, that the "Government Contribution" should be calculated with reference to the subscriber's net pay exclusive of all pensionary elements including portion of pension commuted and that even in cases where the pension is held in abeyance the



"Government Contribution" should be based on net pay, i.e., gross pay minus the gross pension including portion of pension commuted held in abeyance. References in this connection have been received suggesting that the element of pension also should be counted for the purpose of "Government Contribution" to the CPF subscribed by the re-employed pensioners. Recently, orders have been issued, vide G.I., M.F., Notification No. 2 (3)-E. V (A)/73, dated the 30th November, 1973 [ See Note 8 under Rule 33 of CCS (Pension) Rules, 1972 ] to the effect that where a pensioner who is re-employed in Government service elects, in terms of Clause (a) of sub-rule (i) of Rule 18 or Clause (a) of sub-rule (i) of Rule 19 of CCS (Pension) Rules, 1972, to retain his pension for earlier service and whose pay on re-employment has been reduced by an amount not exceeding his pension the element of pension by which his pay is reduced shall be treated as emoluments. In the light of the above-mentioned Notification, it has now been decided, that for the purpose of "Government Contribution" of CPF also in terms of G.I., M.F., Orders, dated the 25th November, 1958, referred to above, the element of pension should be treated as emoluments and the provisions of the Office Memorandum, dated the 27th June, 1960, may be treated as superseded.

[ G.I., M.F., O.M. No. 6 (1)-E. V (B)/74, dated the 3rd May, 1974. ]

It is clarified in consultation with the Comptroller and Auditor-General that the above orders have effect from the date of issue of the orders, i.e., the provisions contained in the orders will apply in the case of persons who were in re-employment on the date. In such cases, the element of pension should be treated as emoluments for the purpose of Government contribution in the Contributory Provident Fund from the date of their re-employment.

[ G.I., M.F., O.M. No. 6 (1)-E. (B)/74, dated the 29th March, 1975. ]

(3) Fifth Central Pay Commission — No enhancement in the rate of subscription/Government contribution.—

It is hereby clarified that in accordance with the instructions contained under Rule 11 of the CPF Rules, 1962, the contribution payable by the Government is 10% of the emoluments. This has not been revised by the Fifth Central Pay Commission. The matter has already been examined in this Department in consultation with the Department of Expenditure, Ministry of Finance. Therefore, there is no proposal under consideration to revise the percentage of the contribution of the Government. The Fifth Central Pay Commission recommendation with regard to revision of scales of pay have become effective from 1-1-1996. Therefore, the contribution by the Government is also to be payable with effect from 1-1-1996.

## 12. Interest

- (1) Institute shall pay to the credit of the account of a subscriber interest, at such rate as Government may from time to time prescribe for the payment of interest on subscription to the General Provident Fund on the amount of his credit in the Fund



(2) Interest shall be credited with effect from the 31st March of each year in the following manner:

(i) On the amount to the credit of a subscriber on the 31st March of the preceding year, less any sums withdrawn during the current year — interest for twelve months;

(ii) On sums withdrawn during the current year — interest from the 1st April of the current year up to the last day of the month preceding the month of withdrawal;

(iii) On all the sums credited to the subscriber's account after the 31st March of the preceding year — interest from the date of deposit up to the 31st March of the current year;

(iv) The total amount of interest shall be rounded to the nearest rupee in the manner provided in sub-rule (7) of Rule 11:

Provided that when the amount standing to the credit of a subscriber has become payable, interest shall thereupon be credited under this rule in respect only of the period from the beginning of the current year or from the date of deposit, as the case may be, up to the date on which the amount standing to the credit of the subscriber became payable.

(3) For the purpose of this rule, the date of deposit shall in the case of recoveries from emoluments be deemed to be the first day of the month in which they are recovered, and in the case of amounts forwarded by the subscriber, shall be deemed to be the first day of the month of receipt if they are received by the Accounts Officer before the fifth day of that month, but if they are received on or after the fifth day of that month the first day of the next succeeding month;

Provided that where there has been delay in the drawal of pay or leave salary and allowances of a subscriber and consequently in the recovery of his subscription towards the Fund, the interest on such subscriptions shall be payable from the month in which the pay or leave salary of the subscriber was due under the rules, irrespective of the month in which it was actually drawn:

Provided further that in the case of an amount forwarded in accordance with the proviso to sub-rule (2) of Rule 10, the date of deposit shall be deemed to be the first day of the month if it is received by the Accounts Officer before the fifteenth day of that month:

Provided further that where the emoluments for a month are drawn and disbursed on the last working day of the same month, the date of deposit shall, in the case of recovery of his subscriptions, be deemed to be the first day of the succeeding month.

(4) In addition to any amount to be paid under Rule 37, interest thereon up to the end of the month preceding that in which the payment is made, or up to the end of the sixth month after the month in which such amount, became payable whichever of these periods be less, shall be payable to the person to whom such amount is to be paid:



Provided that no interest shall be paid in respect of any period after the date which the Accounts Officer has intimated to that person (or his agent) as the date on which he is prepared to make payment in cash, or if he pays by cheque, after the date on which the cheque in that person's favour is put in the post:

Provided further that where a subscriber on deputation to a body corporate, owned or controlled by the Government or an Autonomous Organization registered under the Societies Registration Act, 1860, (21 of 1860) is subsequently absorbed in such body corporate or organization with effect from a retrospective date, for the purpose of calculating the interest due on the Fund accumulations of the subscriber the date of issue of the orders regarding absorption shall be deemed to be the date on which the amount to the credit of the subscriber became payable subject, however, to the condition that the amount recovered as subscription during the period commencing from the date of absorption and ending with the date of issue of orders of absorption shall be deemed to be subscription to the Fund only for the purpose of awarding interest under this sub-rule.

NOTE. — Payment of interest on the Fund balance beyond a period of 6 months may be authorized by -

(a) The Head of Accounts Division up to a period of one year; and

(b) The Director of the Institute;

after he has personally satisfied himself that the delay in payment was occasioned by circumstances beyond the control of the subscriber or the person to whom such payment was to be made, and in every such case the administrative delay involved in the matter shall be fully investigated and action, if any required, taken.

- (5) Interest shall not be credited to the account of a subscriber if he informs the Accounts Officer that he does not wish to receive it; but if he subsequently asks for interest, it shall be credited with effect from the 1st April of the year in which he asks for it.
- (6) The interest on amounts which under Rule 33 or Rule 34 are replaced to the credit of the subscriber in the Fund, shall be calculated at such rates as may be successively prescribed under sub-rule (1) of this rule and so far as may be in the manner described in this rule.
- (7) In case a subscriber is found to have drawn from the Fund an amount in excess of the amount standing to his credit on the date of the drawal, the overdrawn amount, irrespective of whether the overdrawal occurred in the course of an advance or a withdrawal or the final payment from the Fund, shall be repaid by him with interest thereon in one lump sum, or in default, be ordered to be recovered by deduction in one lump sum from the emoluments of the subscriber. If the total amount to be recovered is more than half of the subscriber's emoluments, recoveries shall be made in monthly installments out of his emoluments till the entire amount together with interest, is recovered. For this sub-rule, the rate of interest to be



charged on overdrawn amount would be 2% over and above the normal rate on Provident Fund balance under sub-rule (1). The interest realized on the overdrawn amount shall be credited to Institute account.

- (8) The rate of interest percent per annum shall be applicable in conformity with the decisions of the Government of India from time to time.

### 13. Advances from the fund

- (1) The appropriate sanctioning authority may sanction the payment to any subscriber of an advance consisting of a sum of whole rupees and not exceeding in amount three months' pay or the amount of subscription and interest thereon standing to the credit of the subscriber in the Fund, whichever is less, for one or more of the following purposes:-
- (a) To pay expenses in connection with the illness, confinement or a disability, including where necessary, the travelling expenses of the subscriber and members of his family or any person actually dependent on him;
  - (b) To meet the cost of higher education, including where necessary, the travelling expenses of the subscriber and members of his family or any person actually dependent on him in the following cases, namely:
    - (i) for education outside India for academic, technical, professional or vocational course beyond the High School stage; and
    - (ii) for any medical, engineering or other technical or specialized course in India beyond the High School stage, provided that the course of study is for not less than three years;
  - (c) to pay obligatory expenses on a scale appropriate to the sub-scriber's status which by customary usage the subscriber has to incur in connection with betrothal or marriages, funerals or other ceremonies;
  - (d) to meet the cost of legal proceedings instituted by or against the subscriber, any member of his family or any person actually dependent upon him, the advance in this case being available in addition to any advance admissible for the same purpose from any other source.
  - (e) to meet the cost of the subscriber's defence where he engages a legal practitioner to defend himself in an enquiry in respect of any alleged official misconduct on his part.
  - (f) to purchase consumer durables such as TV, VCR/VCP, Washing Machines, Cooking Range, Geysers and Computers.
- (1-A) The Board of Governors of the Institute may, in special circumstances, sanction the payment to any subscriber of an advance if the Board is satisfied that the subscriber concerned requires the advance for reasons other than those mentioned in sub-rule (1).



- (2) An advance shall not, except for special reasons to be recorded in writing, be granted to any subscriber in excess of the limit laid down in sub-rule (1) or until repayment of the last installment of any previous advance:

Provided that an advance shall in no cases exceed the amount of subscriptions and interest thereon standing to the credit of the subscriber in the Fund.

- (3) When an advance is sanctioned under sub-rule (2) before repayment of last installment of any previous advance is completed, the balance of any previous advance not recovered shall be added to the advance so sanctioned and the installments for recovery shall be fixed with reference to the consolidated amount.

- (4) After sanctioning the advance, the amount shall be drawn and disbursed by the Accounts Officer.

NOTE 1. — For the purpose of this rule, pay includes dearness pay where admissible.

NOTE 2. — The appropriate sanctioning authority for the purpose of this rule is the Director.

NOTE 3. — A subscriber shall be permitted to take an advance once in every six months under Item (b) of sub-rule (1) of Rule 13.

#### 14. Recovery of advances

(1) An advance shall be recovered from the subscriber in such number of equal monthly installments as the sanctioning authority may direct; but such number shall not be less than twelve unless the subscriber so elects and more than twenty-four. In special cases where the amount of advance exceeds three months' pay of the subscriber under sub-rule (2) of Rule 13, the sanctioning authority may fix such number of installments to be more than twenty four but in no case more than thirty six. A subscriber may, at his option, make repayment in smaller number of installments than prescribed. Each installment shall be a number of whole rupees, the amount of the advance being raised or reduced, if necessary, to admit of the fixation of such installments.

(2) Recovery shall be made in the manner prescribed in Rule 10 for the realization of subscriptions, and shall commence with the issue of pay for the month following the one in which the advance was drawn. Recovery shall not be made, except with the subscriber's consent, while he is in receipt of subsistence grant or is on leave for ten days or more in a calendar month which either does not carry any leave salary or carries leave salary equal to or less than half pay or half average pay, as the case may be. The recovery may be postponed, on the subscriber's written request, by the sanctioning authority during the recovery of an advance of pay granted to the subscriber.

(3) If an advance has been granted to a subscriber and drawn by him and the advance is subsequently disallowed before repayment is completed, the whole or balance of the amount withdrawn shall forthwith be repaid by the subscriber to the Fund, or in default, be ordered by the Accounts Officer to be recovered by



deduction from the emoluments of the subscriber in a lump sum or in monthly installments not exceeding twelve as may be directed by the authority competent to sanction an advance for the grant of which, special reasons are required under sub-rule (2) of Rule 13.

Provided that, before such advance is disallowed, the subscriber shall be given an opportunity to explain to the sanctioning authority in writing and within fifteen days of the receipt of the communication why the repayment shall not be enforced and if an explanation is submitted by the subscriber within the said period of fifteen days, it shall be referred to the Board for decision; and if no explanation within the said period is submitted by him, the repayment of the advance shall be enforced in the manner prescribed in this sub-rule.

(4) Recoveries made under this rule shall be credited as they are made to the subscriber's account in the Fund.

#### **15. Wrongful use of advance**

Notwithstanding anything contained in these rules, if the sanctioning authority has reason to doubt that money drawn as an advance from the Fund under Rule 13 has been utilized for a purpose other than that for which sanction was given to the drawal of the money, he shall communicate to the subscriber the reasons for his doubt and require him to explain in writing and within fifteen days of the receipt of such communication whether the advance has been utilized for the purpose for which sanction was given to the drawal of the money. If the sanctioning authority is not satisfied with the explanation furnished by the subscriber within the said period of fifteen days, the sanctioning authority shall direct the subscriber to repay the amount in question to the Fund forthwith or, in default, order the amount to be recovered by deduction in one sum from the emoluments of the subscriber even if he be on leave. If, however, the total amount to be repaid be more than half the subscriber's emoluments, recoveries shall be made in monthly installments out of his emoluments till the entire amount is repaid by him.

NOTE. — The term "emoluments" in the rule does not include subsistence grant.

#### **16. Withdrawal from the Fund**

(1) Subject to the conditions specified therein, withdrawals may be sanctioned by the authorities competent to sanction an advance for special reasons under sub-rule (2) of Rule 13, at any time-

(A) After the completion of fifteen years of service (including broken periods of service, if any) of a subscriber or within ten years before the date of his retirement on superannuation, whichever is earlier, from the amount of subscriptions and interest thereon standing to the credit of the subscriber in the Fund, for one or more of the following purposes, namely:



- (a) Meeting the cost of higher education, including where necessary, the travelling expenses of the subscriber or any child of the sub-scriber in the following cases, namely:-
  - (i) for education outside India for academic, technical, professional or vocational course beyond the High School stage; and
  - (ii) for any medical, engineering or other technical or specialized course in India beyond the High School stage;
- (b) Meeting the expenditure in connection with the betrothal/marriage of the subscriber or his sons or his daughters, and any other female relation actually dependent on him;
- (c) Meeting the expenses in connection with the illness, including where necessary, the travelling expenses, of the subscriber and members of his family or any person actually dependent on him;
- (d) Meeting the cost of Consumer durables such as TV, VCR/VCP, Washing Machines, Cooking Range, Geysers and Computers.

(B) During the service of a subscriber from the amount of subscription and interest thereon standing to his credit in the Fund for one or more of the following purposes, namely:

- (a) building or acquiring a suitable house, or ready-built flat for his residence including the cost of the site or any payment towards allotment of a plot or flat by the State Housing Board or a House Building Co-operative Society;
- (b) repaying an outstanding amount on account of loan expressly taken for building or acquiring a suitable house or ready-built flat for his residence;
- (c) reconstructing or making additions or alterations to a house or a flat already owned or acquired by a subscriber
- (d) renovating, additions or alterations or upkeep of an ancestral house at a place other than the place of duty or to a house built with the assistance of loan from Government at a place other than the place of duty;
- (e) Constructing a house on a site purchased.

(C) Within twelve months before the date of subscribers' retirement on superannuation from the amount of subscription and interest thereon standing to the credit in the Fund, without linking to any purpose.

(D) Once during the course of a financial year, an amount equivalent to one year's subscription paid for by the subscriber towards the Group Insurance Scheme for the Institute employees, if introduced, on self-financing and contributory basis.

NOTE 1.- (A) subscriber who has availed himself of an advance under the Scheme of the Ministry of Works and Housing for the grant of advance for house-building purpose, or has been allowed any assistance in this regard from any other Government source, shall be eligible for the grant of final withdrawal under Clause (B) for the purposes specified therein and also for the purpose of repayment of any loan taken under the aforesaid Scheme, subject to the limit specified in the proviso to sub-rule (1) of Rule 17



If a subscriber has an ancestral house or built a house at a place other than the place of his duty with the assistance of loan taken from the Institute or otherwise he shall be eligible for the grant of a final withdrawal under Clause (B) for purchase of a house-site or for construction of another house or for acquiring a ready-built flat at the place of his duty.

NOTE 2. - Withdrawal under Clause (B) shall be sanctioned only after a subscriber has submitted a plan of the house to be constructed or of the additions or alterations to be made, duly approved by the local municipal body/Village Panchayat of the area where the site or house is situated and only in cases where the plan is actually got to be approved.

NOTE 3. - Withdrawal under Clause (B) shall also be allowed where the house-site or house is in the name of wife or husband, provided she or he is the first nominee to receive Provident Fund money in the nomination made by the subscriber.

NOTE 4. - Only one withdrawal shall be allowed for the same purpose under this rule. But marriage or education of different children or illness on different occasions or a further addition or alteration to a house or flat covered by a fresh plan duly approved by the local municipal body or Village Panchayat of the area where the house or flat is situated shall not be treated as the same purpose. Second or subsequent withdrawal under Clause (B) for completion of the same house shall be allowed up to the limit laid down.

NOTE 5. - A withdrawal under this rule shall not be sanctioned if an advance under Rule 13 is being sanctioned for the same purpose and at the same time.

(2) Whenever a subscriber is in a position to satisfy the Competent Authority about the amount standing to his credit in the Contributory Provident Fund Account with reference to the latest available statement of Contributory Provident Fund Account together with the evidence of subsequent contribution, the Competent Authority may itself sanction withdrawal within the prescribed limits, as in the case of a refundable advance. In doing so, the Competent Authority shall take into account any withdrawal or refundable advance already sanctioned by it in favour of the subscriber. Where, however, the subscriber is not in a position to satisfy the Competent Authority about the amount standing to his credit or where there is any doubt about the admissibility of the withdrawal applied for, a reference may be made to the Accounts Officer by the Competent Authority for ascertaining the amount standing to the credit of the subscriber with a view to enable the Competent Authority to determine the admissibility of the amount of withdrawal. The sanction for the withdrawal should prominently indicate the Contributory Provident Fund Account Number and a copy of the sanction should invariably be endorsed to that Accounts Officer.

(3) After sanctioning the withdrawal, the amount shall be drawn and disbursed by the Accounts Officer



## GOVERNMENT OF INDIA'S DECISIONS

(1) Withdrawal for purchase of Motor Car, Motor Cycle, Scooter, etc.— 1. In supersession of this Ministry's O.M. No. F. 10 (8)-Pension/83, dated 4-9-1985, on the above subject, the President is pleased to decide that the Central Government employees who have completed 15 years of service (including broken period of service, if any) or who have less than 5 years to attain the age of superannuation may be permitted to make part-final withdrawals from their Provident Fund (GPF or CPF) for purchasing a Motor Car, Motor Cycle or Scooter, etc., or for repaying the Government loan already taken by them for the purpose, subject to the following conditions:

(i) The officer's basic pay should be Rs. 10,500 per month or more in the case of purchase of motor car and Rs. 4,600 p.m. or more in the case of motor cycle/scooter, etc. [ basic pay as defined in FR 9 (21) (a) (i) without special pay, dearness pay and such other additions to pay but includes NPA. ]

(ii) The amount of withdrawal is limited to Rs. 1,10,000 for purchase of motor car and Rs. 20,000 for purchase of motor cycle/scooter, etc. In cases where officers have already been allowed a withdrawal for the purpose of making a deposit for booking these vehicles in terms of Department of Personnel and A.R., O.M. No. F. 10 (7)-Pen./83, dated 28-4-1983, as amended from time to time, they will be eligible only for the balance amount for the purchase of such vehicles on allotment. Para. 1 (i) of the OM, dated 28-4-1983, referred to above will stand amended in terms of this para. with regard to the overall ceiling fixed for withdrawal from G.P.F./C.P.F. The amount of withdrawal is further subject to the condition that this amount (amount of withdrawal for booking plus the amount of withdrawal for purchase) should not exceed 50% of the amount standing to the credit of the subscriber in the GPF Account or the amount of subscription with interest thereon standing to the credit of the subscriber, in the case of C.P.F., as the case may be, on the date of application for withdrawal for purchase or the actual price of the vehicle, whichever is less.

(iii) The Secretary of the Administrative Ministry/Department may allow, in special cases, an advance refundable in not more than 36 installments in the case of officers who may fall short of the mini-mum service of 15 years by a period of not more than 6 months. All other conditions shall not be relaxable. The Comptroller and Auditor-General of India shall also enjoy the same powers in respect of the personnel of Indian Audit and Accounts Department.

(iv) The officers who have been allowed advance according to (iii) above, may be permitted to convert the outstanding balance of the advance into final withdrawal after completion of 15 years of service.

(v) Such withdrawal shall be allowed only on one occasion.

2. The authority competent to sanction an advance for special reasons under the relevant Provident Fund Rules may sanction final withdrawals in terms of these orders, subject to the fulfillment of conditions mentioned above. The procedural details will be as in the case of other withdrawals.



3. The old ceilings of pay will continue to be applicable to those who are still drawing their pay in the pre-revised scales of pay. The cases of withdrawal already settled otherwise prior to the issue of these orders need not be reopened.

(2) Grant of final withdrawal for the extensive repairs or overhauling of motor cars.— It has been decided that the Central Government servants who have completed 28 years of service or who have less than 3 years to attain the age of superannuation, may be permitted to make final withdrawals from Provident Funds [ General Provident Funds (Central Services) or Contributory Provident Fund (India), as the case may be ] for the extensive repairs or overhauling of their motor cars subject to the following conditions:

(i) The officer's pay is Rs. 4,250 or more.

(ii) The amount of withdrawal is limited to Rs. 10,000 or 1/3rd of the amount standing to the credit of the subscriber in the GP Fund or 1/3rd of the amount of subscription with interest thereon standing to the credit of the subscriber in the C.P. Fund, as the case may be, or the actual amount of repairing/overhauling, whichever is the least.

(iii) Not less than 5 years should have elapsed since the car was purchased by the officer concerned. In the case of second-hand car, the initial date of purchase by the first purchaser will be taken into account.

(iv) Such withdrawal shall be allowed only once in the service career of the subscriber.

The authority competent to sanction an advance for special reasons under the relevant Provident Fund Rules may sanction a final withdrawal in terms of these orders subject to the fulfillment of the conditions mentioned above. The procedural details will be as in the case of other withdrawals.

[ G.I., M.F., O.M. No. 10 (1)-E. V (B)/74, dated the 20th September, 1974, and G.1., D.P. & A.R., O.M. No. 10 (9)-Pen./80, dated the 9th June, 1980 and even number, dated the 23rd October, 1980 and 20/3/98-P. & P.W. (F), dated the 6th July, 1998. ]

(3) Final withdrawal for making deposit for booking a Car/Motor Cycle/Scooter/Moped, etc.— 1. With reference to Decision (1) above, suggestions and requests have been received from the subscribers to the G.P. Fund/C.P. Fund for withdrawals being permitted for the purpose of registering their names for Motor Cars/Motor Cycles/Mopeds, etc., as there are at present no provisions for either advance or part-final withdrawal from the G.P. Fund/C.P. Fund for this purpose. The matter has been carefully considered in consultation with the Ministry of Finance (Department of Expenditure) and the President has been pleased to decide that Central Government servants who have completed 15 years of service (including broken periods of service, if any), may be permitted to make a part-final withdrawal from the Provident Funds (G.P. Fund or C.P. Fund) for booking a Motor Car/Motor Cycle/ Scooter/Moped, etc., subject to the following conditions:

(a) The officer's basic pay is Rs. 10,500 p.m. or above for registration of Motor Car and a basic pay of Rs. 4,600 p.m. or above in the case of Motor Cycle/Scooter, etc. [



Basic Pay as defined in FR 9 (21) (a) (i) without Special Pay, Dearness Pay and such other additions to pay but including N.P.A. ];

(b) The amount of withdrawal is limited to Rs. 22,000 in the case of Car and Rs. 4,000 in the case of Motor Cycle/Scooter, etc., or 50% of the amount standing to the credit of the subscriber in the GP Fund or 50% of the amount of subscription with interest thereon standing to the credit of the subscriber in the CP Fund, as the case may be, or the actual amount of registration of the Car or Motor Cycle/Scooter, etc., whichever is less;

(c) The amount of withdrawal shall not exceed the amount required for booking a Car or Motor Cycle or Scooter, etc.;

(d) The Deposit Receipt must be produced for verification by the concerned administrative authority within a period of one month from the date of drawal. Failure to do so would involve refund of the total amount of withdrawal;

(e) If the officer does not purchase a Car/Motor Cycle/Scooter, etc., or opts out of the scheme, he should immediately deposit the amount of final withdrawal together with interest received thereon from the manufacturer/dealer into the Provident Fund Account;

(f) The Secretary of the Administrative Ministry/Department may allow, in special cases, an advance refundable in not more than 36 installments in the case of officers who may fall short of the mini-mum service of 15 years by a period of not more than 6 months. All other conditions shall not be relaxable;

(g) The officers who have been allowed advance according to (f) above may be permitted to convert the outstanding amount of advance into final withdrawal after completion of 15 years of service;

(h) Such withdrawal shall be allowed only on one occasion; and

(i) The amount of Rs. 10,000 or Rs. 500, as the case may be, referred to above, shall be taken into account for determining the overall ceiling at present fixed for withdrawal from GPF/CPF.\*\*\*\*

2. The authority competent to sanction an advance for special reasons under the relevant Provident Fund Rules may sanction final withdrawal in terms of these orders subject to fulfillment of the conditions mentioned above. The procedural details will be as in the case of other withdrawals.

[ G.I., D.P. & A.R., O.M. No. F. 15 (7)-Pen. Unit/83, dated the 28th April, 1983 and Dept. of P. & P.W., O.M. No. 20/3/98-P. & P.W. (F), dated the 6th July, 1998. ]

(4) Courses of study for which withdrawals may be given.— See Decision below Rule 13.

(5) List of recognized institutions for medical courses in Homoeopathy, Unani and Ayurvedic System.— See Decision below Rule 13.



(6) Withdrawal for payment of conversion charges for property from leasehold to freehold.— All properties being allotted/sold by the Delhi Development Authority in Delhi are at present leasehold. Consequent upon the decision of the Government to abolish lease system in Delhi, the DDA is allowing conversion of property from leasehold to freehold on payment of conversion charges fixed by them. A number of representations have been received through various Ministries/Departments for allowing the subscribers to GPF/CPF to withdraw money from their fund for the purpose of payment of conversion charges. The proposal has been carefully considered and the President is pleased to decide that the subscribers to the GPF/CPF may be allowed withdrawals from their fund for payment of conversion charges in respect of property allotted/transferred by the DDA, State Housing Boards or the House Building Co-operative Societies. Such withdrawals up to 90% of balance at credit will be allowed only once during the service of the concerned employee and will be further subject to the condition that the past cases in which the withdrawal has already been granted under Rule 16 of GPF (CS) Rules will not be re-opened. However, the amount of such withdrawal will be further restricted to the overall ceiling of the HBA Scheme [ vide Rule 16 (1) proviso ] applicable on the date of conversion. Necessary amendment to the rules will be made in due course.

[ G.I., Dept. of Pen. & P.W., O.M. No. 13 (I)-P. & P.W./92-E, dated the 18th February, 1993.]

#### **17. Conditions for withdrawal**

(1) Any sum withdrawn by a subscriber at any one time for one or more of the purposes specified in Rule 16 from the amount standing to his credit in the Fund shall not ordinarily exceed one-half of the amount of subscriptions and interest thereon standing to the credit of the sub-scriber in the Fund or six months' pay, whichever is less. The sanctioning authority may, however, sanction the withdrawal of an amount in excess of this limit up to 3/4ths in the case of withdrawal under sub-clause (A) and 90% in the case of withdrawal under sub-clause (B) of Clause (1) of Rule 16 of the amount of subscriptions and interest thereon standing to the credit of the subscriber in the Fund having due regard to (i) the object for which the withdrawal is being made, (ii) the status of the subscriber, and (iii) the amount of subscriptions and interest thereon standing to the credit of the subscriber in the Fund:

Provided that in no case the maximum amount of withdrawal for purposes specified in Clause (B) of sub-rule (1) of Rule 16 shall exceed the maximum limit prescribed from time to time under the rules for grant of advances for house-building purposes:

Provided further that in the case of a subscriber who has availed himself of an advance for house-building purposes, or has been allowed any assistance in this regard from any other source, the sum withdrawn under this sub-rule together with the amount of advance taken under the aforesaid Scheme or the assistance



taken from any other source shall not exceed the maximum limit prescribed from time to time.

Provided further that the withdrawal admissible under Rule 16 (1) (C) shall not exceed 90% of the amount of subscription and interest thereon standing to the credit of the subscriber in the fund.

NOTE 1. - A withdrawal sanctioned to a subscriber under sub-clause (a) of Clause (A) of sub-rule (1) of Rule 16, may be drawn in installments, the number of which shall not exceed four in a period of twelve calendar months counted from the date of sanction.

NOTE 2. - In cases where a subscriber has to pay in installments for a site or a house or flat purchased, or a house or flat constructed through the Delhi Development Authority or a State Housing Board or a House Building Co-operative Society, he shall be permitted to make a withdrawal as and when he is called upon to make a payment in any installment. Every such payment shall be treated as a payment for a separate purpose of the purposes of sub-rule (1) of Rule 17.

(2) A subscriber who has been permitted to withdraw money from the Fund under Rule 16 shall satisfy the sanctioning authority within a reasonable period as may be specified by that authority that the money has been utilized for the purpose for which it was withdrawn and if he fails to do so, the whole of the sum so withdrawn or so much thereof as has not been applied for the purpose for which it was withdrawn shall forthwith be repaid in one lump sum by the subscriber to the Fund and in default of such payment, it shall be ordered by the sanctioning authority to be recovered from his emoluments either in a lump sum or in such number of monthly installments, as may be determined by the Director.

Provided that, before repayment of a withdrawal is enforced under this sub-rule, the subscriber shall be given an opportunity to explain in writing and within fifteen days of the receipt of the communication why the repayment shall not be enforced; and if the sanctioning authority is not satisfied with the explanation or no explanation is submitted by the subscriber within the said period of fifteen days, the sanctioning authority shall enforce the repayment in the manner prescribed in this sub-rule.

(3) (a) A subscriber who has been permitted under sub-clause (a), sub-clause (b) or sub-clause (c) of Clause (B) of sub-rule (1) of Rule 16 to withdraw money from the amount of subscription together with interest thereon standing to his credit in the Fund, shall not part with the possession of the house built or acquired or house-site purchased with the money so withdrawn, whether by way of sale, mortgage (other than mortgage to the Director), gift, ex-change or otherwise, without the previous permission of the Director.



Provided that such permission shall not be necessary for

- (i) the house or house-site being leased for any term not exceeding three years, or
  - (ii) its being mortgaged in favour of a Housing Board, Nationalized Banks, the Life Insurance Corporation or any other Corporation owned or controlled by the Central Government which advances loans for the construction of a new house or for making additions or alteration to an existing house.
- (b) The subscriber shall submit a declaration not later than the 31st day of December of every year as to whether the house or the house-site, as the case may be, continues to be in his possession or has been mortgaged, otherwise transferred or let out as aforesaid and shall, if so required, produce before the sanctioning authority on or before the date specified by that authority in that behalf, the original sale, mortgage or lease deed and also the documents on which his title to the property is based.
- (c) If, at any time before his retirement, the subscriber parts with the possession of the house or house-site without obtaining the previous permission of the Director he shall forthwith repay the sum so withdrawn by him in a lump sum to the Fund, and in default of such repayment, the sanctioning authority shall, after giving the subscriber a reasonable opportunity of making a representation in the matter, cause the said sum to be recovered from the emoluments of the subscriber either in a lump sum or in such number of monthly installments, as may be determined by it.

NOTE. - A subscriber who has taken loan from the Institute in lieu thereof mortgaged the house or house-site to the Institute shall be required to furnish the declaration to the following effect, namely: -

"I do hereby certify that the house or house-site for the construction of which or for the acquisition of which I have taken a final withdrawal from the Provident Fund continues to be in my possession but stands mortgaged to the Institute"

#### **18. Conversion of an advance into a withdrawal**

A subscriber who has already drawn or may draw in future an advance under Rule 13 for any of the purposes specified in sub-rule (1) of Rule 16 may convert, at his discretion by written request, the balance out-standing against it into a final withdrawal on his satisfying the conditions laid down in Rules 16 and 17.

NOTE. - For the purposes of sub-rule (1) of Rule 17, the amount or subscription with interest thereon standing to the credit of the subscriber in the account at the time of conversion *plus* the outstanding amount of advance shall be taken as the balance. Each withdrawal shall be treated, as a separate one and the same principle shall apply in the event of more than one conversion.



## 19. Final withdrawal of accumulations in the Fund

When a subscriber quits the service, the amount standing to his credit in the Fund shall, subject to any deduction under Rule 22, become payable to him:

Provided, that a subscriber, who has been dismissed from the service and is subsequently reinstated in the service shall, if required to do so by the Government, repay any amount paid to him from the Fund in pursuance of this rule, with interest thereon at the rate provided in Rule 12 in the manner provided in the proviso to Rule 20. The amount so repaid shall be credited to his account in the Fund, the part which represents his subscriptions and interest thereon, and the part which represents Government contribution with interest thereon, being accounted for in the manner provided in Rule 6.

*Explanation 1.*— A subscriber, other than one who is appointed on contract or one who has retired from service and is subsequently re-employed, with or without a break in service, shall not be deemed to quit the service, when he is transferred without any break in service to a new post under a State Government or in another department of the Central Government (in which he is governed by another set of Provident Fund Rules) and without retaining any connection with his former post. In such a case, his subscription and the Government contribution, together with interest thereon shall be transferred.

**NOTE.**— Transfers shall include cases of resignation from service in order to take up appointment in Central Government/ State Government / any Public Sector Undertaking or any Central/State Autonomous Body, without any break and with proper permission of the Institute. In cases where there has been a break in service, it shall be limited to the joining time allowed on transfer to a different station.

The same shall hold good in cases of retrenchments followed by immediate employment whether under the same or different Government.

*Explanation.* — When a subscriber, other than one who is appointed on contract or one who has retired from service and is subsequently re-employed, is transferred, without any break, to the service under a body corporate owned or controlled by Government, or an autonomous organization, registered under the Societies Registration Act, 1860, the amount of subscriptions and the Institute contribution together with interest thereon, shall not be paid to him but shall be transferred with the consent of that body, to his new Provident Fund Account under that body.

Transfers shall include cases of resignation from service in order to take up appointment under a body corporate owned or controlled by Government or an autonomous organization, registered under the Societies Registration Act, 1860, without any break and with proper permission of the Institute. The time taken to join the new post shall not be treated as a break in service if it does not exceed the joining time admissible to a Government servant on transfer from one post to another:

Provided that the amount of subscription and the Institute contribution together with interest thereon, of a subscriber opting for service under a Public Enterprise may, if he so desires, be transferred to his new Provident Fund Account under



the Enterprise if the concerned Enterprise also agrees to such a transfer. However, the subscriber does not desire the transfer or the concerned Enterprise does not operate a Provident Fund, the amount aforesaid shall be refunded to the subscriber.

### GOVERNMENT OF INDIA'S DECISIONS

(1) Recovery of Government dues and final payment of GPF not to be mixed up.— It is inconsistent with Section 3 (1) of the Provident Funds Act, 1925, for Government to deduct any amount due to them by a subscriber from his accumulations in the General Provident Fund at the time of his retirement, or from undisbursed General Provident Fund accumulations payable to a subscriber's nominees in the event of subscriber's death in service or after retirement, as the case may be, even though the consent of the subscriber or nominee may have been obtained.

In cases where the subscriber or nominee is willing to repay the amount due to Government, the best course is to treat the repayment as a second transaction. The whole of the money should first be paid intact and without any compulsion. Thereafter the payee may be called upon to make good the Government dues.

(2) Immunity against deduction not applicable to liabilities incurred by nominees.— The immunity provided by Section 3 (1) of the Provident Funds Act against deductions from accumulations in a Provident Fund of any debt incurred or liability owed does not extend to the liabilities incurred by the subscriber's nominee after the subscriber's death. This is because the express provision in Section 3 of the Act referred to, that the balance in the Fund shall be free from any liability incurred by the subscriber or the dependant before the death of the subscriber, may be taken to imply that it is not free from a liability incurred after the death. Had the intention been to ensure payment to the dependant, without any deduction of any kind whatever, the Act could very well have expressly provided so. In the circumstances, the Government of India are of the view that the Provident Fund balances vesting in a dependant are liable to attachment for debts incurred by the dependant after the subscriber's death, and where such debts are due to the Government by whom the balances are payable, they could be set off against such balances under the general law relating to the setting off of claims and counter-claims between the two parties.

[ G.I., M.F., O.M. No. 30 (2)-E. V (B)/53, dated the 28th May, 1953. ]

(3) Interest on balances transferred to the PF under corporate bodies.— Interest in the type of cases mentioned in Explanation III above should be allowed in accordance with the provisions of Rule 12 (4), as if the Government servant concerned has quitted service. Transfer of Provident Fund balances in such cases should be effected as early as possible within a period of six months of the transfer of the person concerned.

[ G.I., M.F., O.M. No. F. 8 (12)-E. V (B)/63-1, dated the 19th September, 1963. ]

(4) Disposal of Provident Fund balances on transfer to corporate bodies.— In Explanation III below Rule 31 of the GPF (CS) Rules which provides that when a



subscriber is transferred, without any break, to service under a body corporate owned or controlled by Government, the amount of subscriptions, together with interest thereon, shall not be paid to him, but shall be transferred, with the consent of that body, to his new Provident Fund account under them.

2. It has however, been reported that in certain cases the corporate bodies have not yet established their own Provident Funds or even if they have established such Funds, their rules do not provide for the acceptance of such transfers. In other cases, the persons concerned are permitted to join the Fund only after completion of probationary period with them, and then only their Provident Fund balances are accepted by the bodies concerned. A question was, therefore, raised as to how the Provident Fund balances of such sub-scribers, should be disposed of.

3. It has been decided that in cases where the corporate bodies do not have any Provident Fund Scheme or whose Provident Fund Rules do not provide for the acceptance of balances from other Provident Funds, amount in question should be finally paid to the person concerned at the time of his permanent transfer to such a body.

4. In cases where the Provident Fund money is accepted by the corporate body subject to fulfillment of certain conditions, viz., that the Government servant should complete the probationary period with them or that he should be confirmed in a post under them, the Provident Fund money of the persons concerned may be retained with Government till such time as it is transferred to the body concerned. In such cases, the Provident Fund Accounts of the individual concerned would cease to be 'alive' on the date of permanent transfer of the person concerned to such a body. In other words, no withdrawals from the Provident Fund will be permitted for any purpose including payment of premia towards life insurance policies. Fresh subscription to the Fund, except recoveries in respect of outstanding advances, shall not be accepted. The Provident Fund money held by Government would continue to earn interest at the normal rate till the date of transfer of the amount to the corporate body.

[M.F., O.M. No. F. 25 (4)-E. V (B)/65, dated the 13th September, 1965. J

(5) Entitlement of Government Officers who opt for permanent absorption in Public Enterprises in respect of membership of Provident Fund of the enterprises.— In many of the Provident Fund Rules obtaining in Public Enterprises, a minimum period of service has to be rendered in the Enterprise, before an employee is entitled to join the Contributory Fund Scheme. However, in the case of Government officers, who get absorbed in Public Enterprises, it has been decided that they should be eligible to membership of the Contributory Provident Fund operated by the Enterprises from the date their resignation from Government service takes effect and they are absorbed in the permanent cadres of the Public Enterprises.

The amount of subscriptions, together with interest thereon, standing to the Provident Fund Account of a Government officer opting for service under an Enterprise may, if he so desires, be transferred to his new Provident Fund account under the Enterprise provided the concerned Enterprise also agrees to such a transfer. If, however, the



concerned Enterprise does not operate a Provident Fund, the amount in question should be refunded to the subscriber. An Officer covered by a Government Contributory Provident Fund will also be allowed, if he so desires, to carry forward the corpus of the amount including Government contributions to his new Provident Fund Account under the Enterprise. Once such a transfer of Provident Fund balance has taken place, the officer will be governed by the Provident Fund Rules of the concerned Enterprise and not by the Provident Fund Rules of the Government.

In so far as officers governed by the C.P.F. Rules (India), 1962, are concerned, the above orders issue in partial relaxation of the provisions of Explanation III below Rule 33.

[ G.I., M.F. O.M. No./ 2 (101)/69-BPE (GM), dated the 28th July, 1969 and 2 (37)/68-BPE (GM), dated the 19th November, 1969. ]

## **20. Retirement of Subscriber**

When a subscriber-

(a) Has proceeded on leave preparatory to retirement or if he is employed in a vacation department, on leave preparatory to retirement combined with vacation, or

(b) While on leave, has been permitted to retire or declared by a Competent Medical authority to be unfit for further service,

The amount of subscription and interest thereon standing to his credit in the Fund shall, upon application made by him, become payable to the subscriber:

Provided that the subscriber, if he returns to duty, shall, repay to the Fund for credit to his account, the amount paid to him from the Fund in pursuance of this rule with interest thereon at the rate provided in Rule 12 in cash or securities or partly in cash and partly in securities, by installments or otherwise, by recovery from his emoluments or otherwise, as may be directed by the authority competent to sanction an advance for the grant of which, special reasons are required under sub-rule (2) of Rule 13.

## **21. Procedure on death of a subscriber**

Subject to any deduction under Rule 22, on the death of a subscriber before the amount standing to his credit has become payable, or where the amount has become payable, before payment has been made:

(i) When the subscriber leaves a family-

(a) if a nomination made by the subscriber in accordance with the provisions of Rule 5 in favour of a member of members of his family subsists, the amount standing to his credit in the Fund or the part thereof to which the nomination relates shall become payable to his nominee or nominees in the proportion specified in the nomination;



(b) if no such nomination in favour of a member or members of the family, of the subscriber subsists, or if such nomination relates only to a part of the amount standing to his credit in the Fund, the whole amount or the part thereof to which the nomination does not relate, as the case may be, shall, notwithstanding any nomination purporting to be in favour of any person or persons other than a member or members of his family, become payable to the members of his family in equal shares:

Provided that no share shall be payable to

- (1) sons who have attained majority;
- (2) sons of a deceased son who have attained majority;
- (3) married daughters whose husbands are alive;
- (4) married daughters of a deceased son, whose husbands are alive;

if there is any member of the family other than those specified in Clauses (1), (2), (3) and (4):

Provided also that the widow or widows and the child or children of a deceased son shall receive between them in equal parts only the share which that son would have received if he had survived the subscriber and had been exempted from the provisions of Clause (1) of the first proviso.

NOTE.- Any sum payable under these rules to a member of the family of a subscriber vests in such member under sub-section (2) of Section 3 of the Provident Funds Act, 1925.

(ii) When the subscriber leaves no family, if a nomination made by him in accordance with the provisions of Rule 5 in favour of any person or persons subsists, the amount standing to his credit in the Fund or the part thereof to which the nomination relates, shall become payable to his nominee or nominees in the proportion specified in the nomination.

NOTE 1.- When a nominee is a dependant of the subscriber in Clause (c) of Section 2 of the Provident Funds Act, 1925, the amount vests in such nominee under sub-section (2) of Section 3 of that Act.

NOTE 2.- When the subscriber leaves no family and no nomination made by him in accordance with the provisions of Rule 5 subsists, or if such nomination relates only to part of the amount standing to his credit in the Fund, the relevant provisions of Clause (b) and sub-clause (ii) of Clause (c) of sub-section (1) of Section 4 of the Provident Funds Act, 1925, are applicable to the whole amount or the part thereof to which the nomination does not relate.

## **21.A Deposit-linked Insurance Revised Scheme**

On the death of a subscriber, the person entitled to receive the amount standing to the credit of the subscriber shall be paid, an additional amount equal to the average balance amount of subscription and interest thereon at the credit in the

account during the 3 years immediately preceding the death of such subscriber, subject to the condition that

(a) the balance representing subscription with interest thereon at the credit of such subscriber shall not at any time during the 3 years preceding the month of death have fallen below the limits of

- (i) Rs. 12,000 in the case of a subscriber who has held, for the greater part of the aforesaid period of three years, a post the maximum of the pay scale of which is Rs. 4,000 or more;
- (ii) Rs. 7,500 in the case of a subscriber who has held for the greater part of the aforesaid period of three years, a post the maximum of the pay scale of which is Rs. 2,900 or more but less than Rs. 4,000;
- (iii) Rs. 4,500 in the case of a subscriber who has held for the greater part of the aforesaid period of three years, a post the maximum of the pay scale of which is Rs. 1,151 or more but less than Rs. 2,900;
- (iv) Rs. 3,000 in the case of a subscriber who has held for the greater part of the aforesaid period of three years, a post the maximum of the pay scale of which is less than Rs. 1,151;

(b) The additional amount payable under this rule shall not exceed Rs. 30,000;

(c) The subscriber has put in at least 5 years' service at the time of his/her death.

NOTE 1.- The average balance shall be worked out on the basis of the balance at credit of the subscriber at the end of each of the 36 months, preceding the month in which the death occurs. For this purpose, as also for checking the minimum balance prescribed above-

(a) The balance at the end of March, shall include the annual interest credited in terms of Rule 12; and,

(b) If the last of the aforesaid 36 months is not March, the balance at the end of said last month shall include interest in respect of the period from the beginning of the financial year in which death occurs to the end of the said last month.

NOTE 2.- Payment under this scheme should be in whole rupee. If an amount due includes a fraction of a rupee, it should be rounded to the nearest rupee (50 paise counting as the next higher rupee).

NOTE 3.- Any sum payable under this scheme is in the nature of insurance money and therefore, the statutory protection given by Section 3 of the Provident Funds Act, 1925 (Act 19 of 1925), does not apply to sums payable under this scheme.

NOTE 4.- The scheme also applies to those subscribers to the funds who are transferred to an autonomous organization consequent upon conversion of a Government Department into such a body and who, on such transfer, opt in terms of option given to them to subscribe to the Fund\* in accordance with these rules.

NOTE 5.- (a) In case of a Government servant who has been admitted to the benefits of the Fund Under Rule 38 but died before completion of three years of service or, as the case may be, five years of service from the date of his



admission to the Fund, the period of his service under the previous employer in respect whereof the amount of his subscription and the employer's contribution, if any, together with interest have been recovered, shall count for purpose of Clause (a) and Clause (c).

(b) In case of persons appointed on tenure basis and in the case of re-employed pensioners, service rendered from the date of such appointment on re-employment, as the case may be, only will count for purposes of this rule.

(c) The scheme does not apply to persons appointed on contract basis.

NOTE 6.- The expenditure in respect of this scheme will be met by the Institute in the same manner as for other retirement benefits. However, the Institute also may take an Insurance Policy or have some arrangements with any Nationalised Insurance Company for meeting this expenditure.

## 22. Deductions

Subject to the condition that no deduction may be made which reduces the credit by more than the amount of any contribution by Government with interest thereon credited under Rules 11 and 12, before the amount standing to the credit of the subscriber in the Fund is paid out of the Fund.

(A) the Director may direct the deduction therefrom and payment to the Institute of

(i) all amounts representing such contribution and interest, if the subscriber is dismissed from service due to misconduct, insolvency or inefficiency:

Provided that where the Director is satisfied that such deduction would cause exceptional hardship to the subscriber, he may, by order, exempt from such deduction an amount not exceeding two-third of the amount of such contribution and interest which would have been payable to the subscriber, if he had retired on medical grounds;

Provided further that if any such order of dismissal is subsequently cancelled, the amount so deducted shall, on his reinstatement in the service be replaced to his credit in the Fund.

(ii) all amounts representing such contribution and interest, if the subscriber within five years of the commencement of his service as such, resigns from the service or ceases to be an employee under Government otherwise than by reason of death, superannuation, or a declaration by a competent medical authority that he is unfit for further service, or the abolition of the post or the reduction of establishment.

(B) the Director may direct the deduction therefrom of any amount due under a liability incurred by a subscriber to the Institute.

NOTE 1.— For the purpose of sub-clause (ii) of Clause (A) of this rule-

(a) the period of five years shall be reckoned from the commencement of the subscriber's continuous service under Government;

(b) Resignation from service in order to take up appointment in another Department of the Central Government or under the State Government or under a body



corporate owned or controlled by Government or an autonomous organization, registered under the Societies Registration Act, 1860 (21 of 1860) without any break and with proper permission of the Central Government, shall not be treated as resignation from Government service.

**NOTE 2 - Procedure of transferring the balances in the case of subscribers transferred to Autonomous Bodies, etc.**— Under Clause (b) of Note 1 below the above rule, resignation from service in order to take up appointment in another department of the Central Government or under the State Government or under a body corporate owned or controlled by Government or an autonomous organization, registered under the Societies Registration Act, 1860, without any break and with proper permission of the Institute, shall not be treated as resignation from service. While transferring the Provident Fund Account together with Institute contribution, to the new account under the Autonomous Body, it may be stipulated that in case the employee were to resign his fresh appointment under the body before completing five years' service including his previous service under Institute,, the amount of Institute contribution which was transferred to the body shall be re-transferred to Institute.

### **23. Manner of payment of amount in the Fund**

(1) When the amount standing to the credit of a subscriber in the Fund or the balance thereof after any deduction under Rule 22 becomes payable, it shall be the duty of the Accounts Officer after satisfying himself when no such deduction has been directed under that rule, that no deduction is to be made, to make payment on receipt of a written application in this behalf as provided in sub-rule (3).

(2) If the person to whom, under these rules, any amount or policy, is to be paid, assigned or reassigned or delivered, is a lunatic for whose estate a manager has been appointed in this behalf under the Indian Lunacy Act, 1912, the payment or reassignment or delivery shall be made to such manager and not to the lunatic:

Provided that where no manager has been appointed and the person to whom the sum is payable is certified by a Magistrate to be a lunatic, the payment shall under the orders of the Collector be made in terms of sub-section (1) of Section 95 of the Indian Lunacy Act, 1912, to the person having charge of such lunatic and the Accounts Officer shall pay only the amount which he thinks fit to the person having charge of the lunatic and the surplus, if any, or such part thereof, as he thinks fit, shall be paid for the maintenance of such members of the lunatic's family as are dependent on him for maintenance.

(3) Payments of the amount withdrawn shall be made in India only. The persons to whom the amounts are payable shall make their own arrangements to receive payment in India. The following procedure shall be adopted for claiming payment by a subscriber, namely



- (i) To enable a subscriber to submit an application for withdrawal of the amount in the Fund, the Personnel office shall send to every subscriber necessary forms either one year in advance of the date on which the subscriber attains the age of superannuation, or before the date of his anticipated retirement, if earlier, with instructions that they should be returned to him duly completed within a period of one month from the date of receipt of the forms by the subscriber. The subscriber shall submit the application to the Accounts Officer for payment of the amount in the Fund. The application shall be made-
- (A) for the amount standing to his credit in the Fund as indicated in the Accounts Statement for the year ending one year prior to the date of his superannuation, or his anticipated date of retirement, or
- (B) for the amount indicated in his ledger account in case the Accounts Statement has not been received by the subscriber.
- (ii) The Personnel Department shall forward the application to the Accounts Officer indicating the recoveries effected against the advances which are still current and the number of installments yet to be recovered and also indicate the withdrawals, if any, taken by the subscriber after the period covered by the last statement of the subscriber's account sent by the Accounts Officer.
- (iii) The Accounts Officer shall, after verification with the ledger account, release the amount indicated in the application at least a month before the date of superannuation but payable on the date of superannuation.
- (iv) The amount released as mentioned in Clause (iii) will constitute the first installment of payment. A second payment will be issued as soon as possible after superannuation. This will relate to the contribution made by the subscriber subsequent to the amount mentioned in the application submitted under Clause (i) *plus* the refund of installments against advances which were current at the time of the first application.
- (v) After forwarding the application for final payment to the Accounts Officer, advance/withdrawal may be sanctioned but the amount of advance/withdrawal shall be drawn on an authorization from the Accounts Officer concerned who shall arrange this as soon as the formal sanction of sanctioning authority is received by him.

NOTE.- When the amount standing to the credit of a subscriber has become payable under Rules 19, 20 or 21, the Accounts Officer shall authorize prompt payment of the amount in the manner indicated in sub-rule (3).

#### **24. Number of account to be quoted at the time of the payment of subscription**

When paying a subscription in India, either by deduction from emoluments or in cash, a subscriber shall quote the number of his account in the Fund, already communicated to him by the Accounts Officer.

NOTE.- It shall be the duty of the Accounts Officer to communicate to the subscriber any change in the number assigned to his account.

## **25. Annual statement of accounts to be supplied to subscriber**

- (1) As soon as possible after the 31st March of each year, the Accounts Officer shall send to each subscriber a statement of his account in the Fund showing the opening balance as on the 1st April of the year, the total amount credited or debited during the year, the total amount of interest credited as on the 31st March of the year and the closing balance on that date. The Accounts Officer shall attach to the statement of accounts an enquiry whether the subscriber
  - (a) Desires to make any alteration in any nomination made under Rule 5;
  - (b) Has acquired a family in cases where the subscriber has made no nomination in favour of a member of his family under the proviso to sub-rule (1) of Rule 5.
- (2) Subscribers should satisfy themselves as to the correctness of the annual statement and errors should be brought to the notice of the Accounts Officer within three months from the date of the receipt of the statement.
- (3) The Accounts Officer shall, if required by a subscriber, once but not more than once, in a year, inform the subscriber of the total amount standing to his credit in the Fund at the end of the last month for which his account has been written up.

## **26. Relaxation of the provisions of the rules in individual cases**

When the Board of Governors of the Institute is satisfied that the operation of any of these rules causes or is likely to cause undue hardship to a subscriber, the Board may, notwithstanding anything contained in these rules, deal with the case of such subscriber in such manner as may appear to him to be just and equitable.

## **27. Interpretation**

- (a) These rules are to be interpreted with reference to the Contributory Provident Fund (India) Rules, 1962 together with corrections and amendments thereto from time to time and also with reference to the Government of India decisions, clarifications and the decisions given by the Comptroller and Auditor General of India. In the event of any contradiction between these rules and the Contributory Provident Fund (India) Rules 1962, the latter will prevail.
- (b) If any question arises relating to the interpretation of these rules, it shall be referred to the Central Government whose decision thereon shall be final.
- (c) Forms for various purposes of the funds will be used as per the formats given in the Contributory Provident Fund (India) Rules, 1962 suitably adapted to suit the purpose.

## **28. Power to amend:**

The Board of Governors of the Institute shall have powers to amend/modify and annul any or all provisions of these rules.

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