

THE CONTRIBUTORY PROVIDENT FUND RULES (INDIA), 1962

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THE CONTRIBUTORY PROVIDENT FUND RULES (INDIA), 1962

In exercise of the powers conferred by the proviso to Article 309 and Clause (5) of Article 148 of the Constitution, and of all other powers enabling him in this behalf, the President, after consultation with the Comptroller and Auditor-General in respect of persons employed in the Indian Audit and Accounts Department, hereby makes the following rules, namely:-

RULE 1- SHORT TITLE

1. Short title and commencement – (1) These rules may be called the Contributory Provident Fund Rules (India), 1962.

(2) They shall come into force at once.

RULE 2- DEFINITIONS

2. Definitions - (1) In these rules, unless the context otherwise requires,-

- (i) "*Accounts Officer*" means the officer to whom the duty to maintain the provident fund account of the subscriber has been assigned by Government or the Comptroller and Auditor-General of India, as the case may be-

NOTE.- In relation to those subscribers who are officers borne on the cadre of the Indian Audit and Accounts Department or officers belonging to Groups 'A', 'B' or 'C' Service and borne on the cadres of those Union Territory Administrations where the provident Fund Accounts have not been departmentalized, the duty to maintain the provident fund accounts shall be assigned by the Comptroller and Auditor-General of India. In relation to the other subscribers, this duty shall be assigned by Government;"

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

- (a) dearness pay appropriate to pay, leave salary or subsistence grant, if admissible;
- (b) any wages paid by Government 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 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 relates, unless the subscriber subsequently intimates in writing to the Accounts Officer 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 parents of the subscriber is alive, a paternal grandparent:

Provided that if a subscriber by notice in writing to the Accounts Officer expresses her desire to exclude her husband from her family, the husband 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 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

²[or a ward under the Guardians and Wards Act, 1890 (8 of 1890), who lives with the Government servant and is treated as a member of the family and to whom the Government servant has, through a special will, given the same status as that of a natural born child].

(iv) "*Fund*" means the Contributory Provident Fund (India).

(v) "*Leave*" means any kind of leave recognized by the Fundamental Rules or the Civil Service Regulations or the Revised Leave Rules, 1933, whichever may be applicable to the subscriber; and

(vi) "*Year*" means a financial year.

(2) Any other expression employed 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.

(3) Nothing in these rules shall be deemed to have the effect of terminating the existence of the Contributory Provident Fund (India), as heretofore existing or of constituting any new Fund.

². Inserted *vide* G.I., Dept. of Pen, & Pensioners' Welfare, Notification No. 13 (5)-P & PW/90-E (CPF), dated the 21st November, 1990, published as S.O. No. 3271, in the Gazette of India, dated the 8th December, 1990.

RULE 3 -CONSTITUTION OF THE FUND

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 Government to an account named "The Contributory Provident Fund (India) 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.

RULE 4 – CONDITIONS OF ELIGIBILITY

4. Conditions of eligibility

(1) These rules shall apply to every non-pensionable servant of Government belonging to any of the Services under the control of the President who-

(a) has been admitted before these rules came into force to the benefits of the Contributory Provident Fund (India); or

(b) may be admitted by Government to the Fund after these rules come into force:

Provided that these rules shall not apply to any such servant between whom and Government 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:

¹[Provided also that nothing contained in these rules shall apply to Government servant appointed on or after the 1st day of January, 2004.]

NOTE.- Any officer retired from any Civil or Military Department of the Central Government or from services of any State Government or from the services of any local fund administered by the Government, or Port Trust or Railways, may on re-employment in Civil Department be admitted to the Fund by the appointing authority subject to the general orders issued in this behalf by the Government of India, in the Ministry of Finance, from time to time.

(2) Every servant of Government to whom these rules apply shall be subscriber to the Fund.

(3) If a Government servant admitted to the benefit of the Fund was previously a subscriber to any other contributory or non-contributory provident fund of the Central Government, the amount of his subscriptions and Government 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.

(4) If a Government servant admitted to the benefit of the Fund was previously a subscriber to any other Government Contributory Provident Fund or non-Contributory Provident Fund, the amount of his subscriptions and the Government contributions in the Contributory Provident Fund or the amount of his subscriptions in the non-Contributory Provident Fund, as the case may be, together with interest thereon, shall be transferred to his credit in the Fund, with the consent of the other Government.

NOTE (1).- The provisions of sub-rules (3) and (4) shall not apply to a person who has retired and is subsequently re-employed, with or without a break in service, or to a person who was holding the former appointment on contract.

NOTE (2).- 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 (3).- The provisions of sub-rule (4) shall also apply *mutatis mutandis* to persons who are transferee, 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.

1. Inserted *vide* Dept. of Pen. & P.W., Notification No. 38/16/2003-P&PW (A), dated the 30th December, 2003, published as S.O. 1486 (E) in the Gazette of India, dated the 30th December, 2003.

RULE 5- NOMINATIONS

5. Nominations - (1) A subscriber shall, at the time of joining the Fund, send to the Accounts Officer a nomination through the Head of Office, 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:

Provided¹ 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 a notice in writing 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 payable 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 if at the time of making the nomination the subscriber has no family, he shall provide in the nomination that it shall become invalid in the event of his subsequently acquiring a family:

Provided further that if 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 cancelling 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 it is received by the Accounts Officer.

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.

¹. Omitted *vide* Notification No.20(6)-Pen & PW/86 dt.6-2-87

RULE 6 - SUBSCRIBER'S ACCOUNT

6. Subscriber's Account - An account shall be opened in the name of each subscriber, in which shall be shown-

- (i) his subscriptions;
- (ii) contributions made under Rule 11 by Government to his account;
- (iii) interest, as provided by Rule 12, on subscriptions;
- (iv) interest, as provided by Rule 12, on contributions;
- (iv-a) bonus, as provided by Rule 12-A on subscriptions; and
- (v) advances and withdrawals from the Fund.

RULE 7- CONDITIONS AND RATES OF SUBSCRIPTIONS

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 instalments, any sum not exceeding the maximum amount of arrears of subscriptions permissible 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 other 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), in the following manner:-

(a) if he is an officer who draws his own pay bills, by making no deduction on account of subscription in his first pay bill drawn after proceeding on leave;

(b) if he is not an officer who draws his own pay bills, by written communication to the head of his office 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 of subscription and interest thereon, 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.

RULE 8- RATES OF SUBSCRIPTION

Rates of subscription

(1) The amount of subscription shall be fixed by the subscriber himself subject to the following conditions, namely:-

(a) It shall be expressed in whole rupees;

¹(b) It may be any sum, so expressed not less than ten per cent of the emoluments and not more than his emoluments.

²[]

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

(a) in the case of a subscriber who was in Government 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 Government 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:

Provided that, if the emoluments of the subscriber are of a fluctuating nature, they shall be calculated in such manner as the President may direct.

(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 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 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.

¹&² substituted & deleted *vide* G.I., Dept. of Pen. & PW., 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.

RULE 9. TRANSFER TO FOREIGN SERVICE OR DEPUTATION OUT OF INDIA

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.

RULE 10- REALIZATION OF SUBSCRIPTIONS

10. **Realization of subscriptions** - (1) When emoluments are drawn from a Government treasury in India or from an authorized office of disbursement outside India, 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 shall forward his dues monthly to the Accounts Officer:

Provided that in the case of subscribers 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.

RULE 11-CONTRIBUTION BY GOVERNMENT

11. Contribution by Government - (1) Government shall with effect from the 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 casualty:

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) ¹The 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 Government by general or special order:

Provided that if, through oversight or otherwise, the amount subscribed 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 Government shall be equal to the amount actually paid by the subscriber or the amount normally payable by Government, whichever is less, unless the Government, in any particular case, otherwise directs.

(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 Government from the subscriber.

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

¹ 10% from 1.3.1992 vide OM No. 20(15)-P&PW/90(E) dated 7.10.1992.

RULE 12- INTEREST

12.**Interest** - (1) Government 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 upto 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 upto 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 sub-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, or, 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 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 Office (which expression includes the Pay and Accounts Officer, where there is one) up to a period of one year; and
- (b) the immediate superior to the Head of Accounts Office (which expression includes a Controller of Accounts, where there is one or the Financial Adviser to the concerned Administrative Ministry or Department) up to any period;

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 lumpsum, or in default, be ordered to be recovered by deduction in one lumpsum 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 instalments of moieties of his emoluments till the entire amount together with interest, is recovered. For his sub-rule, the rate of interest to be charged on overdrawn amount would be 2½% 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 Government account under a distinct sub-head "Interest on overdrawals from Provident Fund" under the Head "849-Interest Receipts C-Other interest receipts of Central Government - Other Receipts".

12-A.- Incentive Bonus Scheme – (1) A subscriber who does not withdraw any money from the amount standing to his credit in the Fund by way of advance under Rule 13 or withdrawal under rule 16 during a year, shall be entitled to a bonus at the rate calculated under sub-rule (2) on the total subscriptions made by him during that year.

(2) The bonus payable under sub-rule (1) shall be calculated at the rate of 3 per cent for subscribers drawing emoluments upto and inclusive of Rs.500 per month and 1 for subscribers drawing emoluments above Rs.500 and the total amount of bonus shall be rounded to the nearest whole rupee (fifty paise counting as the higher rupee.)

(3) The bonus so calculated shall be credited to the account of the subscriber and shall be in addition to the interest allowed under rule 12.

(4) Withdrawals for financing, insurance policies shall not make a subscriber ineligible for the benefits under this rule, but the bonus shall, in such cases, be related to the net subscriptions made during the year after deducting the amount of withdrawal for financing insurance policies.

Note 1: For calculating bonus under this rule, emoluments as on the 31st March of the preceding year shall be taken.

Note 2: Any lump sum amount credited to the account during the year, unless specifically treated as subscription shall not be taken into account for calculating bonus under this rule.

“Note 3: The bonus under this rule shall be admissible with a subscriber subscribes to the fund during full year except when the rules permit temporary suspension of subscription for a short period, e.g., while on leave or under suspension. For the purposes of the first and last year of a subscriber’s service, the period from the date of appointment to the end of the year or, as the case may be, from the date of commencement of the year to the date of quitting service, shall be deemed to be full year.”

RULE 13 - ADVANCES FROM THE FUND

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 half 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 an 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 subscriber'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 Government 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 meet the cost of plot or construction of a house or flat for his residence or to make any payment towards the allotment of plot or flat by the Delhi Development Authority or a State Housing Board or a House Building Cooperative Society.
- ^{2*}(f) to purchase consumer durables such as TV, VCR/VCP, Washing Machines, Cooking Range, Geysers and Computers.

(IA) The President may, in special circumstances, sanction the payment to any subscriber of an advance if he 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 instalment of any previous advance:

Provided that an advance shall in no case 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 instalment of any previous advance is completed, the balance of any previous advance not recovered shall be added to the advance so sanctioned and the instalments for recovery shall be fixed with reference to the consolidated amount.

(4) After sanctioning the advance, the amount shall be drawn on an authorization from the Accounts of Officer in cases where the application for final payment had been forwarded to the Accounts Officer under Clause (ii) of sub-rule (3) of Rule 37.

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 specified in the Fifth Schedule.

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.

2* Inserted *vide* G.I., Dept. of Pen. & P.W., Notification No. 20 (2)/92-P. & P.W. (E), dated the 28th December, 1995, published as S.O. No. 378 in the Gazette of India, dated the 10th February, 1996, read with Corrigenda, dated the 7th August, 1997, [S.D. No. 2228, dated the 13th September, 1997.]

RULE 14- RECOVERY OF ADVANCES

14. *Recovery of advances*

(1) An advance shall be recovered from the subscriber in such number of equal monthly instalments 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 instalments 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 instalments than that prescribed. Each instalment 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 instalments.

(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.

(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 instalments 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 President 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 account of subscriber account in the Fund.

RULE 15 – WRONGFUL USE OF ADVANCE

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 the total amount to be repaid be more than half the subscriber's emoluments recoveries shall be made in monthly instalments of moieties of his emoluments till the entire amount is repaid by him.

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

RULE 16- WITHDRAWALS FROM THE FUND

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 twenty ¹[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 subscriber 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;

2(d) meeting the cost of Consumer durables such as TV, VCR/VCP, Washing Machines, Cooking Range, Geysers and Computers.

(B)³ 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

4. or any payment towards allotment of a plot or flat by the Delhi Development Authority, State Housing Board or a House Building Co-operative Society;

(b) repaying an outstanding amount on loan expressly taken for building or acquiring a suitable house or ready-built flat for his residence;

⁵(c) Purchasing a house-site for building a house thereon for his residence or repaying any outstanding amount on account of loan expressly taken for this purpose.

- (d) reconstructing or making additions or alterations to a house or a flat already owned or acquired by a subscriber;
- (e) 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;
- (f) constructing a house on a site purchased under Clause (c);
- ⁶(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.
- ⁷(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 Central Government employees 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 sub-clauses (a), (c), (d) and (f) of 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.

1. Substituted *vide* G.I, Dept. of Pen. & P.W., Notification No. 20 (2)/92-P. & P.W. (E), dated the 28th December, 1995, published as S.O. No. 378 in the Gazette of India, dated the 10th February, 1996

2. Inserted *vide* G.I, Dept. of Pen. & P.W, Notification No. 20 (2)/92-P. & PW. (E), dated the 28th December, 1995, published as S.O. No. 378 in the Gazette of India, dated the 10th February, 1996, read with Corrigenda, dated the 7th August, 1997 [S.O. No. 2228, dated the 13th September, 1997.]

3. Substituted | - *vide* G.I., Dept. of Pen. & P.W., Notification No. 20 (II)-P. &

4. Inserted | P.W./86-E, dated the 9th November, 1990, published as S.O.

5. Deleted | No. 3409 in the Gazette of India, dated the 22nd December, 1990.

6. Substituted *vide* G.I., Dept. of Pen. & P.W., Notification No. 20 (26)-P & P.W./88-E (CPF), dated the 2nd May, 1991, published as S.O. No. 1415 in the Gazette of India, dated the 25th May, 1991.

7. Inserted *vide* G.I., D.P. & A.R., Notification No. F. 19/2/Pen./80-CPF, dated the 10th May, 1983.

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 Government he shall be eligible for the grant of a final withdrawal under sub-clauses (a), (c) and (f) of 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 sub-clauses (a), (d), (e) or (f) of 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 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.- See *Rule 17 (1)*. – The amount of withdrawal sanctioned under sub-clause (b) of clause (B) shall not exceed $3/4^{\text{th}}$ of the balance on date of application together with the amount of previous withdrawal under sub-clause (a), reduced by the amount of previous withdrawal. The formula to be followed is : $3/4^{\text{th}}$ of (the balance as on date plus amount of previous withdrawal(s) for the house in question) minus the amount of the previous withdrawal(s).

NOTE 4.- Withdrawal under sub-clause (a) or (d) of 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 5.- 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 of the area where the house or flat is situated shall not be treated as the same purpose. Second or subsequent withdrawal under sub-clause (a) or (f) of clause (B) for completion of the same house shall be allowed up to the limit laid down under Note 3.

NOTE 6.- A withdrawal under this 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 the Accounts Officer maintaining the accounts and a copy of the sanction should invariably be endorsed to that Accounts Officer. The Sanctioning Authority shall be responsible to ensure that an acknowledgement is obtained from the Accounts Officer that the sanction for withdrawal has been noted in the ledger account of the subscriber. In case the Accounts Officer reports that the withdrawal as sanctioned is in excess of the amount to the credit of the subscriber or otherwise inadmissible, the sum withdrawn by the subscriber shall forthwith be repaid in one lump sum by the subscriber to the Fund and in default of such repayment, 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 instalments, as may be determined by the President.

(3) After sanctioning the withdrawal the amount shall be drawn on an authorization from the Accounts Officer in cases where the application for final payment had been forwarded to the Accounts Officer under Clause *(ii)* of sub-rule (3) of rule 37.

RULE 17 – CONDITIONS FOR WITHDRAWAL

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 subscriber in the Fund or six months' pay, whichever is less. The sanctioning authority may, however, sanction the withdrawal of ¹[an amount in excess of this limit up to three-fourths 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] an amount in excess of this limit upto three-fourths 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:

²[Provided that in no case the maximum amount of withdrawal for purposes specified in Clause (B) of sub-rule (1) of Rule 16 17 shall exceed the maximum limit prescribed from time to time under rules 2 (a) and 3 (b) of the Scheme of the Ministry of Works and Housing for the grant of advances for house-building purposes:

Provided further that in the case of a subscriber who has availed himself of an advance under the Scheme of the Ministry of Works and Housing for the grant of advances for house-building purposes, or has been allowed any assistance in this regard from any other Government 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 Government source shall not exceed the maximum limit prescribed from time to time under Rules 2 (a) and 3 (b) of the aforesaid Scheme.”]

³[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.]

⁴NOTE 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 instalments, 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 instalments 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 instalment. Every such payment shall be treated as a payment for a separate purpose of the purposes of sub-rule (1) of Rule 17.

NOTE 3.- In case the sanctioning authority is satisfied that the amount standing to the credit of a subscriber in the Fund is insufficient and he is unable to meet his requirements otherwise than by withdrawal, the amount already withdrawn by the subscriber from the Fund to finance any insurance policy or policies under rule 19, may be taken into account as an addition to the actual amount standing to his credit in the Fund for the purpose of the limit laid down in the sub rule. After the amount of withdrawal admissible has been so determined:-

- (i) if the amount so determined exceeds the amount already withdrawn from the Fund to finance insurance policy or policies under rule 19, the amount so

withdrawn may be treated as final withdrawal and the difference, if any, between the amount so treated and the total amount of withdrawal admissible may be paid in cash; and

- (ii) if the amount so determined does not exceed the amount already withdrawn from the Fund to finance any insurance policy or policies under rule 19, the amount so withdrawn may, irrespective of the limit specified in sub-rule (1), be treated as final withdrawal.”

For the above purpose, the Accounts Officer shall reassign the policy or policies to the subscriber or to the subscriber and the joint assured as the case may be, and make it over to the subscriber who will then be free to utilize the same for the purpose for which it has been released.

(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 instalments, as may be determined by the President.

⁵ [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 President), gift, exchange or otherwise, without the previous permission of the President:

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 President, 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 instalments, as may be determined by it.”

NOTE.- A subscriber who has taken loan from Government in lieu thereof mortgaged the house or house-site to the Government 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 Government.”

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1. Inserted *vide* Notification No. 20 (11)-P & PW/86-E, dated the 9th November, 1990, published as *S.O.* No. 3409 in the Gazette of India, dated the 22nd December, 1990.
 2. Inserted *vide* Notification No. F. 10 (10)-Pen./79-CPF, dated the 3rd March, 1980.
 3. Inserted *vide* G.I., Dep. of Pen. & PW, Notification No. 20 (26)-P & PW/88-E (CPF), dated the 2nd May, 1991.
 4. Substituted *vide* Notification No. 10 (2)-Pen./81-CPF, dated the 21st December, 1981.
 5. Inserted *vide* G.I., D.P. & A.R., Notification No. F. 16 (2)-Pen./79-CPF, dated the 12th June. 1980.
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RULE 18 – CONVERSION OF AN ADVANCE INTO A WITHDRAWAL

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 clauses (a), (b) and (c) of the sub-rule (1) of rule 16 may convert, at his discretion, by written request addressed to the Accounts Officer, through the sanctioning authority, the balance outstanding against it into a final withdrawal on his satisfying the conditions laid down in Rules 16 and 17.

“NOTE 1.- The Head of Office in the case of non-Gazetted subscribers and the Treasury Officer concerned in the case of Gazetted subscribers may be asked by the administrative authority to stop recoveries from the pay bills when the application for such conversion is forwarded to the Accounts Officer by that authority. In the case of Gazetted subscribers, the administrative authority shall endorse a copy of the letter forwarding the subscriber's intimation to the Treasury Officer from where he draws his pay in order to permit stoppage of further recoveries.

NOTE 2.- 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.

RULE 19 - PAYMENT TOWARDS INSURANCE POLICIES AND FAMILY PENSION FUNDS

19. Payment towards Insurance Policies - Subject to the conditions contained in rules 20 to 30-

- (a) (i) subscriptions to a family pension fund approved in this behalf by the President; or
- (ii) payment towards a policy of life insurance, may at the option of a subscriber, be substituted for the whole or part or subscriptions to the Fund;
- (b) the amount of subscriptions with interest thereon standing to the credit of a subscriber in the Fund may be withdrawn to meet--
 - (i) payment towards a policy of life insurance;
 - (ii) purchase of a single payment insurance policy;
 - (iii) payment of a single premium or subscriptions to a family pension fund approved in this behalf by the President :

Provided that no amount shall be withdrawn (1) before the details of the proposed policy have been submitted to the Accounts Officer and accepted by him as suitable, or (2) to meet any payment or purchase made or effected more than three months before the date of application or presentation of claim for withdrawal,

or (3) to meet payment of any premium or subscription more, than three months in advance of the due date of payment.

Note.-Due date of payment for the purpose of this proviso will be the date upto which payment can be made including the grace period allowed by the insurance companies.

Explanation.-Under clause (3) of this proviso no withdrawal from the Fund for financing a policy of life insurances shall be made after the due date of payment without production of the premium receipt in token of such payment :

Provided further that payments towards an educational endowment policy may not be substituted for subscriptions to the Fund and that no amounts may be withdrawn to meet any payment or purchase in respect of such a policy if that policy is due for payment in whole or part before the subscriber's age of normal superannuation.

"(c) Any amount withdrawn under clause (b) shall be in whole rupees, but shall not include fraction of a rupee although such amount is less than the amount actually required".

RULE 20- NUMBER OF POLICIES THAT CAN BE FINANCED FROM THE FUND

20. Number of policies that can be financed from the Fund --- (1) The number of policies in respect of which substitution for subscriptions due to the Fund or withdrawal of subscriptions from the Fund may be permitted under rule 19, shall not exceed four.

Provided that where immediately before the 22nd June, 1953, substitution for subscription due to the Fund or withdrawal of subscriptions from the Fund, was permitted in respect of more than four policies, such substitution or withdrawal shall continue to be permitted in respect of these policies.

(2) The premium for a policy [including any policy referred to in the proviso to sub-rule (1) in respect of which withdrawal of subscriptions from the Fund may be permitted under rule 19 shall not be payable otherwise than annually.

Explanation.-In computing the maximum number of policies specified in sub-rule (1), policies which have matured or have been covered into paid up policies shall be excluded.

RULE 21- PAYMENT OF DIFFERENCE BETWEEN SUBSTITUTED PAYMENTS AND MINIMUM SUBSCRIPTIONS**21. *Payment of difference between substituted payments and minimum subscriptions.-***

(1) If the total amount of any subscriptions or payments substituted under clause (a) of rule 19 is less than the amount of the minimum subscription payable to the Fund under rule 8, the difference shall be rounded off to the nearest rupee in the manner provided in sub-rule (7) or rule 11 and paid by the subscriber as a subscription to the Fund.

(2) If the subscriber withdraws any amount standing to his credit in the Fund for any of the purposes specified in clause (b) of rule 19, he shall, subject to his option under clause (a) of that rule, continue to pay to the Fund the subscription payable under rule 8.

RULE 22- REDUCTION OF SUBSCRIPTION IN CERTAIN CASES

22. Reduction of subscription in certain cases.- (1) A subscriber who desires to substitute a subscription or payment under clause (a) of rule 19 may reduce his subscription to the Fund accordingly :

Provided that the subscriber shall-

- (a) intimate to the Accounts Officer on his pay-bill or by letter the fact of, and reason for the reduction;
- (b) send to the Accounts Officer, within such period as the Accounts Officer may require, receipts or certified copies of receipts in order to satisfy the Accounts Officer that the amount by which the subscription has been reduced was duly applied for the purposes specified in clause (a) of rule 19.

(2) A subscriber who desires to withdraw any amount under clause (b) of rule 19 shall-

- (a) intimate the reason for the withdrawal to the Accounts Officer by letter;
- (b) make arrangements with the Accounts Officer for withdrawal;
- (c) send to the Accounts Officer, within such period as the Accounts Officer may require, receipts or certified copies of receipts in order to satisfy the Accounts Officer that the amount withdrawn was duly applied for the purposes specified in clause (b) of rule 19.

(3) The Accounts Officer shall order the recovery of any amount by which subscriptions have been reduced, or any amount withdrawn, in respect of which he has not been satisfied in the manner required by clause (b) of sub-rule (1) and clause (c) of sub-rule (2), from the emoluments of the subscriber and place it to the credit of the subscriber in the Fund.

RULE 23- GOVERNMENT NOT TO MAKE PAYMENTS TO INSURER ON BEHALF OF SUBSCRIBER

23. *Government not to make payments to insurer on behalf of subscriber.*- (1) Government shall not make any payments on behalf of subscribers to insurance companies, nor take steps to keep a policy alive.

(2) It is immaterial what form the policy takes, provided that it shall be one effected by the subscriber himself on his own life and shall (unless it is a policy expressed on the face of it to be for the benefit of his wife, or of his wife and children, or any of them) be such as may be legally assigned by the subscriber himself to the President.

Explanation 1.-A policy on the joint lives of the subscriber and his wife shall be deemed to be a policy on the life of the subscriber for the purpose of this sub-rule.

Explanation 2.-A policy which has been assigned to the subscriber's wife shall not be accepted unless either the policy is first re-assigned to the subscriber or the subscriber and his wife both join in an appropriate assignment.

(3) The policy may not be effected for the benefit of any beneficiary other than the wife of the subscriber or his wife and children or any of them.

RULE 24- ASSIGNMENT OF POLICIES

24. Assignment of policies.-(1) The policy, within six months after the first withholding of a subscription or withdrawal from the Fund in respect of the policy, or, in the case of an insurance company whose headquarters are outside India, within such further period as the Accounts Officer, if he is satisfied by the production of the completion certificate (interim receipt), may fix, shall -

- (a) unless it is a policy expressed on the face of it to be for the benefit of the wife for the subscriber, or of his wife and children, or any, of them, be assigned to the President, as security for the payment of any sum which may become payable to the Fund under rules 26 to 30, and delivered to the Accounts Officer, the assignment being made by endorsement on the policy in Form (1) or Form (2) or Form (3) of the Forms in the Second Schedule according as the policy is on the life of the subscriber or on the joint lives of the subscriber and his wife or the policy has previously been assigned to the subscriber's wife;
- (b) if it is a policy expressed on the face of it to be for the benefit of the wife of the subscriber, or of his wife and children, or any of them, be delivered to the Accounts Officer.

(2) The Accounts Officer shall satisfy himself by reference to the insurance company, where possible, that no prior assignment or the policy exists.

(3) Once a policy has been accepted by an Accounts Officer for the purpose of being financed from the Fund, the terms of the policy shall not be altered nor shall the policy be exchanged for another policy without the prior consent of the Accounts Officer to whom details of the alteration or of the new policy shall be furnished.

(4) If the policy is not assigned and delivered, or delivered, within the said period of six months or such further period as the Accounts Officer may, under sub-rule (1), have fixed, any amount withheld or withdrawn from the Fund in respect of the policy shall, forthwith be paid or repaid, as the case may be, 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, by instalments 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.

(5) Notice of assignment of the policy shall be given by the subscriber to the insurance company, and the acknowledgment of the notice by the insurance company shall be sent to the Accounts Officer within three months of the date of assignment.

Note 1.-Subscribers are advised to send notice of the assignment to the insurance company in duplicate, accompanied, in cases in which the notice has to be sent to a company in Great Britain or Ireland, by a remittance of five shillings, which is the fee for the acknowledgment authorised by the Policies of Assurance Act, 1867. The policy itself, bearing the assignment endorsed thereon, need not be sent to the Company, as insurance companies do not ordinarily require the production of the original instruments affecting a policy-holder's title until the policy becomes a claim.

Note 2.-Subscribers who proceed to Great Britain or Ireland on quitting the service are advised that under the English Stamp Law assignments or re-assignments are required to

be stamped within 30 days of their first arrival in those countries. Otherwise penalty will be incurred under the Stamp Act, and difficulties may arise when the policy matures for payment.

RULE 25- BONUS ON POLICIES

25. Bonus on policies.-The subscriber shall not during the currency of the policy draw any bonus the drawal of which during such currency is optional under the terms of the policy and the amount of any bonus which under the terms of the policy the subscriber has no option to refrain from drawing during its currency shall be paid forthwith into the Fund by the subscriber or its default recovered by reduction from his emoluments by instalments 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.

RULE 26- REASSIGNMENT OF POLICIES

26. Re-assignment of Policies-(1) Save as provided by rule 30, when the subscribe -

- (a) quits the service, or
- (b) has proceeded on leave preparatory to retirement and applies to the Accounts Officer for re-assignment or return of the policy, or
- (c) while on leave, has been permitted to retire or declared by competent medical authority to be unfit for further service and applies to the Accounts Officer for assignment or return of the policy, or
- (d) pays or repays to the Fund the whole of any amount withheld or withdrawn from the Fund for any of the purposes mentioned in sub-clause (ii) of clause (a) and sub-clauses (i) and (ii) of clause (b) of rule 19, or
- (e) has been sanctioned withdrawal under rule 16 read with Note 3 below sub-rule (1) of rule 17.
- (f) has completed twenty years of service (including broken periods of services, if any).

The Accounts Officer shall-

- (i) if the policy has been assigned to the President under rule 24, re-assign the policy in Form I in the Third Schedule to the subscriber or to the subscriber and the joint assured, as the case may be, and make it over to the subscriber, together with a signed notice of the re-assignment addressed to the Insurance company;
- (ii) if the policy has been delivered to him under clause (b) of sub-rule (1) of rule 24 make over the policy to the subscriber :

Provided that, if the subscriber after proceeding on leave preparatory to retirement, or after being, while on leave, permitted to retire or declared by competent medical authority to be unfits for further service returns to duty, any policy so re-assigned or made over shall, if it has not matured or been assigned or charged or encumbered in any way, be again assigned to the President and delivered to the Accounts Officer, or again be delivered to the Accounts Officer, as the case may be, in the manner, provided in rule 24, and thereupon the provisions of these rules shall, so far as may be, again apply in respect of the policy:

Provided further that, if the policy has matured or been assigned or charged or encumbered in any way, the provisions of sub-rule (4) of rule 24 applicable to a failure to assign and deliver a policy shall apply.

(2) Save as provided by rule-30 when the subscriber dies before quitting the service, the Accounts Officer shall-

- (i) if the policy has been assigned to the President under rule 24, re-assign the policy in Form II in the Third Schedule to such person as may be legally entitled to receive it, and shall make over the policy to such person together with a signed notice of the re-assignment addressed to the Insurance Company;
- (ii) if the policy has been delivered to him under clause (b) of sub-rule (1) of rule 24, make over the policy to the beneficiary, if any, or, if there is no beneficiary to such person as may be legally entitled to receive it.

RULE 27- PROCEDURE ON MATURITY OF POLICIES**27. *Procedure on maturity of policies.***

(1) If a policy assigned to the President under rule 24 matures before the subscriber quits the service, or if a policy on the joint lives of a subscriber and his wife assigned under the said rule, falls due for payment by reasons of the wife's or husband's death, the Accounts Officer shall, shave as provided by rule 30, realise the amount assured together with any accrued bonuses and shall place the amount so realised to the credit of the subscriber in the Fund.

Provided that if the amount assured together with the amount of any accrued bonus is more than the whole of the amount withheld or withdrawn, it shall be the duty of the subscriber to inform the Account Officer in writing, within a month from the date of maturity of the policy, whether the difference or a part of the difference as specified by the subscriber, be paid to him; and it shall be the duty of the Account Officer to act in accordance with the option of the subscriber.

Note.-If no option is exercised by the subscriber in writing to the Accounts Officer within the period prescribed, he shall be deemed to have opted to deposit the difference in his account in the Fund. Such deposit will be merged in the amount of subscriptions and interest thereon standing to the subscriber's

(2) Save as provided by rule 30, if a policy delivered to the Accounts Officer under clause (b) of sub-rule (1) of rule 24 matures before the subscriber quits the service, the Accounts Officer shall make over the policy to the subscriber:

RULE 28- PROCEDURE ON CESSATION OF INTEREST OF THE SUBSCRIBER IN THE FAMILY PENSION FUND

28. *Procedure on cessation of interest of the subscriber in the Family Pension Fund*-If the interest of the subscriber in the family pension fund ceases in whole or part from any cause whatsoever, the provident fund account of the subscriber shall forthwith be reimbursed by the amount of the refund, if any, secured by the subscriber from the family pension fund which amount shall, in default of re-imburement, be deducted from the subscriber's emoluments by instalments 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.

RULE 29- LAPSE OR WRONGFUL ASSIGNMENT OF POLICIES

29. *Lapse or wrongful assignment of policies*-If the policy lapses or becomes assigned otherwise than to the President under rule 24, charged or encumbered, the provisions of sub-rule (4) of rule 24 applicable to a failure to assign and deliver a policy shall apply.

RULE 30 – DUTY OF ACCOUNTS OFFICER

30. *Duty of Accounts Officer:* when he receives notice of assignment, charge or encumbrance of policies-If the Accounts Officer receives notice of-

- (a) an assignment (other than an assignment to the president under rule 24), or
- (b) a charge or encumbrance on, or
- (c) an order of a Court restraining dealings with the policy or any amount realised thereon.

the Accounts Officer shall not-

- (i) re-assign or make over the policy as provided in rule 26, or
- (ii) realise the amount assured by the policy, or re-assign, or make over the policy as provided in rule-27, but shall forthwith refer the matter to the Government.

RULE 31 – WRONGFUL USE OF MONEY WITHHELD OR WITHDRAWAN

31. *Wrongful use of money withheld or withdrawn*-Notwithstanding anything contained in these rules, if the sanctioning authority is satisfied that money withheld or withdrawn from the Fund under clause (a) or clause (b) of rule 19 has been utilised for a purpose other than that for which sanction was given to the withholding or withdrawal of the money, the amount in question, shall, forthwith be repaid or paid, as the case may be by the subscriber to the Fund, or in default, be ordered to be recovered by deduction in one sum from the emoluments of the subscriber, even if he be on leave. If the total amount to be repaid or paid, as the case may be, be more than half the subscriber's emoluments recoveries shall be made in monthly instalments of moieties of his emoluments till the entire amount is repaid or paid, as the case may be, by him.

NOTE-the term 'emoluments' in this rule does not include subsistence grant.

RULE 32- RESTRICTION OF THE PROVISIONS RELATING TO FINANCING OF POLICIES TO EXISTING SUBSCRIBERS IN RESPECT OF EXISTING POLICIES

32. *Restriction of the Provisions relating to financing of policies to existing subscribers in respect of existing policies-* The provisions of rules 19 to 31 shall apply only to subscribers who, before the date of publication of these rules, have been substituting in whole or in part, payments towards policies of life insurance for subscriptions to the Fund or making withdrawals from the Fund for such payments :

Provided that such subscribers shall not be permitted to substitute such payments for subscriptions due to the Fund or to withdraw from the Fund for making such payments in respect of any new policy.

RULE 33- FINAL WITHDRAWAL OF ACCUMULATIONS IN THE FUND

33. *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 36, 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 34. 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 the Government contribution with interest thereon, being accounted for in the manner provided in Rule 6.

Explanation I.- A subscriber who is granted refused leave shall be deemed to have quit the service from the date of compulsory retirement or on the expiry of an extension of service.

Explanation II.- 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.

- (a) to his account in the other Fund in accordance with the rules of that Fund, if the new post is in another department of the Central Government, or
- (b) to a new account under the State Government concerned, if the new post is under a State Government and the State Government consents, by general or special order, to such transfer of his subscriptions, the Government contribution and interest.

NOTE. - Transfers should be held to include cases of resignations from service in order to take up appointment in another Department of the Central Government or under the State Government without any break and with proper permission of the Central Government. 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 III.- 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 Government 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 Central Government. 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 the amount of subscription and the Government 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. If, 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.

RULE 34- RETIREMENT OF SUBSCRIBER**34. *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 in that behalf to the Accounts Officer, become payable to the subscriber:

Provided that the subscriber, if he returns to duty, shall, except where the Government decides otherwise, 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 instalments 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.

RULE 35- PROCEDURE ON DEATH OF A SUBSCRIBER

35. Procedure on death of a subscriber - Subject to any deduction under rule 36, 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 or 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 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.

RULE 35A – DEPOSIT LINKED INSURANCE SCHEME

35-A. Deposit-linked Insurance Scheme - On the death of a subscriber, ¹on or before 30th September, 1991 and to whom rule 35B does not apply, the person entitled to receive the amount standing to the credit of the subscriber shall be paid by the Accounts Officer an additional amount equal to the average 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.4,000/- 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.1,300/- or more;
 - (ii) Rs.2,500/- 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.900/- or more but less than Rs. 1,300/-;
 - (iii) Rs.1,500 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.291/- or more but less than Rs.900/-;
 - (iv) Rs.1,000 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.291/-;

Provided that nothing in this clause shall apply if the death of such subscriber occurs before the 1st of February, 1978.

- (b) the additional amount payable under this rule shall not exceed Rs.10,000/-;
- (c) the subscriber has put in atleast 5 years service at the time of his death.

1. Inserted *vide G.I.*, Dept. of P. & PW., Notification No. 13 (4)-P. & P.W./90 (E), dated the 3rd December, 1990, published as S.O. No. 3410 in the Gazette of India, dated the 22nd December, 1990. Takes effect from the 1st January, 1989.

RULE 35 B – DEPOSIT LINKED INSURANCE REVISED SCHEME

¹**35-B. 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 by the Accounts Officer 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 balances 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.- Payments under this scheme should be in whole rupees. 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 Fund 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 budget estimates of expenditure in respect of this scheme will be prepared by the Accounts Officer responsible for maintenance of the account of the Fund having regard to the trend of expenditure, in the same manner as estimates are prepared for other retirement benefits.

1. Inserted *vide G.I.*, Dept. of P. & PW., Notification No. 13 (4)-P. & P.W./90 (E), dated the 3rd December, 1990, published as S.O. No. 3410 in the Gazette of India, dated the 22nd December, 1990. Takes effect from the 1st January, 1989.

RULE 36-DEDUCTIONS

36. 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 President may direct the deduction therefrom and payment to Government 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 President 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 President may direct the deduction therefrom and payment to the Government of any amount due under a liability incurred by a subscriber to Government.

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.- The powers of the President under this rule may, in respect of the amounts referred to therein, also be exercised by the authority competent to sanction an advance for the grant of which special reasons are required under sub-rule (2) of rule 13.

RULE 37- PAYMENT

37. 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 36 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 Head of 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 through the Head of Office or Department 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 Head of Office/Department shall forward the application to the Accounts Officer indicating the recoveries effected against the advances which are still current and the number of instalments 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, issue an authority for the amount indicated in the application at least a month before the date of superannuation but payable on the date of superannuation.

- (iv) The authority mentioned in Clause (iii) will constitute the first instalment of payment. A second authority for 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 instalments 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 33, 34 or 35, the Accounts Officer shall authorize prompt payment of the amount in the manner indicated in sub-rule (3).

RUE 38- PENSIONABLE SERVICE

38. Procedure on transfer to pensionable service - (1) If a subscriber is permanently transferred to pensionable service under the President, he shall, at his option, be entitled-

- (a) to continue to subscribe to the Fund, in which case he shall not be entitled to any pension; or
- (b) to earn pension in respect of such pensionable service, in which case, with effect from the date of his permanent transfer-
 - (i) he shall cease to subscribe to the Fund;
 - (ii) the amount of contributions by Government with interest thereon standing to his credit in the Fund shall be repaid to Government;
 - (iii) the amount of subscriptions together with interest thereon standing to his credit in the Fund shall be transferred to his credit in the General Provident Fund, to which thereafter he shall subscribe in accordance with the rules of that Fund; and
 - (iv) he shall thereupon be entitled to count towards pension, service rendered prior to the date of permanent transfer, to the extent permissible under the relevant Pension Rules.

(2) A subscriber shall communicate his option under sub-rule (1) by a letter to the Accounts Officer within three months of the date of the order transferring him permanently to pensionable service; and if no communication is received in the Office of the Accounts Officer within that period, the subscriber shall be deemed to have exercised his option in the manner referred to in Clause (b) of that sub-rule.

PROCEDURE RULES

RULE 39- Number of account to be quoted at the time of the payment of subscription

39. *Number of account to be quoted at the time of the payment of subscription* - When paying subscription in India either by reduction 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.

RULE 40- ANNUAL STATEMENT OF ACCOUNTS TO BE SUPPLIED TO SUBSCRIBER

40. 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 account 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 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.

GENERAL

RULE 41- Relaxation of the provisions of the rules in individual cases

41. *Relaxation of the provisions of the rules in individual cases* - When the President is satisfied that the operation of any of these rules causes or is likely to cause undue hardship to a subscriber, he 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.

RULE 42- INTERPRETATION

42. *Interpretation* - 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.

RULE 43- REPEAL

43. *Repeal* - The Contributory Provident Fund Rules (India) are hereby repealed.