Provided that the subscriber shall along with such notice send a fresh nomination made in accordance with the provisions of clauses (1) to (3).

Note: The proviso to this clause is directly and not mandatory. The additional provision that a fresh nomination should be sent along with a notice does not affect the validity or otherwise of the notice. The proviso, thus, does not constitute a condition for the validity of the notice. Once a notice is given complying with the above requirements, it operates as a valid and effective notice; provided it is given in clear and unambiguous terms, in view of this it shall not be in order to make the payment of deposits in the Contributory Provident Fund on the basis of the nomination, which is expressly cancelled by the subscriber by a notice given in clear and unambiguous terms but which is not replaced by another valid nomination. After receiving such a notice of cancellation of a nomination, the nomination should be cancelled forthwith and returned to the subscriber. If the subscriber fails to furnish along with the notice of cancellation or separately in due course, a fresh nomination which is in accordance with the Rules and the Provident Fund becomes payable as a result of the death of the subscriber, the payment should be made in accordance with the rules of the Fund as if no valid nomination subsists.

(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.

(b) that the nomination shall become invalid in the event of 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 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 provision 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 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.

(8) Nothing in clauses (1) to (3), shall be deemed to invalidate, or to require the replacement by a nomination thereunder of a nomination duly made before, and subsisting on the 26th November, 1941:

Provided that in respect of every such nomination the subscriber shall as soon as may be after the said date send to the Accounts Officer a contingent notice of cancellation in such one of the Forms P.F.2 or 2-A as is appropriate in the circumstances.

SUBSCRIBERS ACCOUNTS

14.6 An account shall be opened in the name of each subscriber, in which shall be credited—

(i) the subscribers' subscriptions;

(ii) contributions made under rule 14.11 by Government to his account;

(iii) interest as provided by Rule 14.12, on subscriptions; and

(iv) interest as provided by Rule 14.12 on contribution.

CONDITIONS AND RATES OF SUBSCRIPTIONS

14.7 (1) Every subscriber shall subscribe monthly to the Fund when on duty or on foreign service.

(2) A subscriber may, at his option, not subscribe during leave.

(3) The subscriber shall intimate his election not to
subscribe during leave in the following manner:

(a) if he is a Government employee 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 a Government employee 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 clause shall be final.

Note: See also note below Rule 13.9.

14.6 (1) The amount of subscriptions shall be fixed by the subscriber himself subject to the following conditions:

(a) It shall be expressed in whole rupees;

(b) It may be any sum, so expressed, not less than 6-1/4 percent of his emoluments (i.e., one anna in the rupee and not more than his emoluments).

(2) For the purposes of clause (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 as follows:

(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 his emoluments shall be the emoluments to which he was entitled on the date of joining the fund.
(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 fluctuating nature, they shall be calculated in such manner as the competent authority 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 has been 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 pay 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 clause (2), in such manner as the competent authority may direct.

(4) The amount of subscription so fixed shall remain unchanged throughout the year;

Provided that the amount of subscription may be enhanced once at any time during the course of a year:

Provided further that if a subscriber is on duty for a part
of a month and on leave for the remainder of that month, and if he has elected not to subscribe during leave, the amount of the subscription payable shall be proportionate to the number of days spent on duty in the month.

Note: See also sub-rule 1 below Rule 13.10

14.9 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.

REALISATION OF SUBSCRIPTIONS

14.10 (1) When emoluments are drawn from a Government treasury in India or from the Treasury in U.K. or a colonial treasury, recovery of subscriptions on account of these emoluments and of the principal and interest of advances shall be made from the emoluments themselves; except that, when emoluments other than sterling overseas pay are so drawn in India, deductions in respect of sterling overseas pay, when admissible, shall be made in India.

(2) When emoluments are drawn from any other source the subscriber shall forward his dues monthly to the Accounts Officer.

CONTRIBUTION BY GOVERNMENT

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

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

(2) The contribution shall be such percentage of the subscriber's emoluments drawn on duty during the year or period, as the case may be, as has been or may be prescribed by the competent authority 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-rules (1) and (2) of rule 14.8 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 
clause (b) or clause (c) of rule 14.13, 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.

Note-1: The contribution to be paid by Government to the 
Account of a subscriber admitted to fund shall, with 
the exceptions noted below, be fixed at 6-1/4 percent 
(1/16th) of the subscriber's emoluments.

In the case of officers, other than those originally 
transferred from service under private bodies to 
service under Government, the rates of subscription 
and of Government contribution will be based on the 
pay drawn in the higher post; provided that the 
higher post also carried Contributory Provident Fund 
benefits.

Note-2: In the case of an officer transferred from service 
under a private body to service under Government or 
from one Government Department to another, the 
Government contribution should, where there is no 
provision to the contrary in the Contributory 
Provident Fund Rules of the Officer concerned, be 
based on the pay which he would have drawn but for 
his transfer and not on the pay drawn by him from 
time to time after transfer.

Exception-1: [Deleted]**

Exception-2: [Deleted]**

(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 
unless otherwise directed by the competent authority.

(5) 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.

(6) The amount of contribution payable shall be 
rounded to the nearest whole rupee (fifty paisas 
counting as the next higher rupee).
14.12 (1) Government shall pay to the credit of the account of a subscriber interest, at such rate as the competent authority may from time to time prescribe for the payment of interest on subscriptions to the General Provident Fund, on the amount at 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 at the credit of the subscriber on the 31st March of the preceding year, less any sums withdrawn during the current year - interest for twelve months;

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

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

(iv) the total amount of interest shall be rounded to the nearest rupee in the manner provided in clause (6) of Rule 14.11:

Provided that when the amount standing at the credit of a subscriber has become payable, interest shall thereupon be credited under this clause 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 at the credit of the subscriber became payable.

(3) For the purposes 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 a delay in the drawal of pay or leave salary and allowances of a subscriber and consequently in the recovery of his subscription towards the Provident Fund, the interest on such
subscription 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.

(4) In addition to any amount to be paid, under Rule
14.30, 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 persons 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
is subsequently absorbed in such body corporate 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, becomes payable, subject however, to the
conditions that the amount recovered as subscription
during the period of commencing from the date of
absorption and ending with the date of issuing 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 six months may be authorised by :-

(a) the Head of Accounts Office upto a period of one
year; and

(b) the Finance Department upto any period; after
fully satisfying that the delay in payment was
occasioned by circumstances beyond the control of the
subscriber or the persons 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 Mohammedan 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 1st April of the year in which he asks for it.

(6) The interest on amounts which, under clause (3) of Rule 14.18 or clause (4) of Rule 14.20, or clause (1) of Rule 14.22 or clause (1) or clause (2) of Rule 14.23 or rule 14.24 or Rule 14.26 or Rule 14.27 are replaced at the credit of the subscriber in the Fund, shall be calculated at such rates as may be successively prescribed under clause (1) of this rule and so far as may be in the manner described in this rule.

Note: The provisions of notes 1 and 2 below Rule 13.13 apply mutatis mutandis in respect of subscriptions to the Punjab Contributory Provident Fund.

ADVANCES FROM THE FUND

14.13 (1) A temporary advance may be granted to a subscriber from the amount standing to his credit in the Fund at the discretion of the authority specified in clause (2) subject to the following conditions:

(a) No advance shall be granted unless the sanctioning authority is satisfied that the applicant's pecuniary circumstances justify it, and that it will be expended on the following object or objects and not otherwise:

(i) to pay expenses incurred in connection with the prolonged illness of the applicant or any person actually dependent on him;

(ii) to pay for the overseas passage only for reasons of health or education of the applicant or any person actually dependent on him. Advances from Provident Funds may also be granted to a subscriber, subject to the usual conditions to meet the cost of education of himself or of any person actually dependent on him in the following types of cases:

(1) for education outside India, whether for an academic, technical, professional or vocational course.

(2) for medical, engineering and other technical or specialised courses in India beyond the High School stage, provided that the course of study is not less than three years.
(iii) To pay obligatory expenses on a scale appropriate to the applicant’s status which by customary usage the applicant has to incur in connection with [betrothal,] marriage, funerals, or other ceremonies of persons actually dependent on him:

Provided that the condition of actual dependence shall not apply in the case of son or daughter of the subscriber.

(iv) to meet the cost of legal proceedings instituted by the subscriber for vindicating his position in regard to any allegations made against him in respect of any act done or purporting to have been done by him in the discharge of his official duty, the advance in this case being available in addition to any advance admissible for the same purpose from any other Government source:

Provided that the advance under this sub-clause shall not be admissible to a subscriber who institutes legal proceedings in any court of law either in respect of any matter unconnected with his official duty or against Government, in respect of any condition of service or penalty imposed on him.

(v) to meet the cost of his defence when he is prosecuted by Government in any court of law in respect of any alleged official misconduct on his part.

Note-1: In cases falling under item (i) above, advances may be, granted by the sanctioning authority to pay debts incurred; provided an application is made within a reasonable time after the event to which it relates, what is a reasonable time will be determined on the merits of each case. Advances to pay debts incurred in cases falling under items (ii) and (iii) require the sanction of Government.

Note-2: Advances under sub-clause (iii) are also permissible for meeting expenditure in connection with marriage or other ceremonies of the subscriber himself/herself.

Note-3: For the purpose of this rule, "pay" does not include "dearness pay".

[Note-4: The provision of Note 2 below Annexure "B" referred to in note 2 below rule 13.14 shall also apply in the case of Contributory Provident Fund Cases.]
(b) An advance shall not, except for special reasons to be recorded in writing by the sanctioning authority, exceed six months' pay and shall in no case exceed the amount of subscriptions and interest thereon standing to the credit of the subscriber in the fund.

(c) An advance shall not, except for special reasons to be recorded in writing by the sanctioning authority, be granted until at least twelve months after the final payment of all previous advances together with interest thereon, unless the amount already advanced does not exceed two thirds of the amount admissible under sub-clause (b).

(d) Notwithstanding anything contained in clauses (b) and (c), the advance to be sanctioned for the purposes of sub-clause (iv) or sub-clause (y) of clause (a) shall not exceed three months' pay or Rs.500, whichever is greater, and shall in no case exceed the amount of subscriptions and interest thereon standing to the credit of the subscriber in the Fund.

(e) The sanctioning authority shall record in writing its reasons for granting the advance:

Provided that if the reason is of a confidential nature, it may be communicated to the Accounts Officer personally and/or confidentially.

(2) The authority competent to grant an advance -

(a)(i) exceeding three months' pay, or

(ii) within twelve months of the final repayment of all previous advances together with interest thereon,

shall be the authority competent to dismiss the subscriber.

(b) in any case not specified in sub-clause (a) shall be the authority competent to grant an advance of pay on transfer under the rule in the Punjab Financial Rules, Volume I.

Note: An authority competent to sanction an advance of pay for himself on transfer cannot sanction an advance for himself under clause (2) (b). The authority competent to sanction an advance in such a case will be next higher administrative authority.
14.14 (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, or in any case more than twenty-four. A subscriber may, at his option make repayment in a 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 provided in Rule 14.10 for the realisation of subscriptions and shall commence with the issue of pay for the month following one in which the advance was drawn. Recovery shall not be made, except with the subscriber's consent while he is on leave or is in receipt of subsistence grant, and may be postponed by the sanctioning authority during the recovery of an advance of pay granted to the subscriber.

Note-1: The expression "advance of pay" includes any ordinary advance of pay granted under the relevant rules, such as Rule 10.25(a),(b) and (f) of the Punjab Financial Rules, Volume I, but does not include advances for the building or repair of a house, for the purchase of a conveyance or for the payment of passages overseas. This ruling shall apply only in respect of advances from the Punjab Contribution Provident Fund sanctioned on or after the 1st September, 1936.

Note-2: For the purposes of repayment of an advance vacation combined with leave shall be treated as leave.

(3) If more than one advance has been made to a subscriber each advance shall be treated separately for the purpose of recovery.

(4) (a) After the principal of the advance has been fully repaid, interest shall be paid thereon at the rate of one-fifth percent of the principal for each month or broken portion of a month during the period between the drawal and complete repayment of the principal:

Provided that Muhammadan subscribers whose deposits in the Funds carry no interest shall not be required to pay into the Fund any additional instalments on account of interest on advances granted to them from the Fund.
(b) Interest shall ordinarily be recovered in one instalment in the month after complete repayment of the principal but if the period referred to in clause (a) exceeds twenty months, interest may, if the subscriber so desires, be recovered into equal monthly instalments. The method of recovery shall be that provided in clause (2). Payments shall be rounded to the nearest rupee in the manner provided in clause (6) of Rule 14.11.

(5) 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, with interest at the rate provided in Rule 14.12, 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 laid down in sub-section (a) of clause (2) of Rule 14.13.

Provided that Mohammadan subscribers whose deposits in the funds carry no interest shall not be required to pay any interest.

(6) Recoveries made under this rule shall be credited as they are made, to the account of the subscriber in the Fund.

PAYMENTS TOWARDS INSURANCE POLICIES

14.15 Subject to the conditions contained in Rules 14.16 to 14.23:-

(a) payments towards policy of life insurance may, at the option of a subscriber, be substituted for the whole or part of subscriptions to the Funds;

(b) the amount of subscriptions with interest thereon standing to the credit of a subscriber in the Fund may be withdrawn to meet:

(i) payments towards a policy of life insurance;

(ii) purchase of a single payment insurance policy;

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
withdrawal; or (3) in excess of the amount required to meet any premium actually due for payment within three months of the date of withdrawal:

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 paid in whole rupees only rounded to the nearest rupee, in the manner provided in the list proviso to Rule 13.16.

14.15-A (1) The number of policies in respect of which substitution for subscriptions due to the Fund or withdrawal of subscription from the Fund may be permitted under Rule 14.17, 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, is permitted in respect of more than four policies, such substitution or withdrawal shall continue to be permitted in respect of those 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 14.17) shall not be payable otherwise than annually.

Explanation: In computing the maximum number of policy specified in sub-rule (1) policies which have matured or have been converted into paid up one's shall be excluded.

14.16 (1) If the total amount of any subscriptions or payments substituted under clause (a) of Rule 14.15 is less than the amount of the minimum subscription payable to the Fund under Rule 14.8, the difference shall be rounded to the nearest rupee in the manner provided in clause (6) of Rule 14.11 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 (a) of Rule 14.15 he shall, subject to his option under clause (a) of that rule, continue to pay to the Fund the subscription payable under Rule 14.8
14.17 (1) A subscriber who desires to substitute a payment, under clause (a) of Rule 14.15 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 14.15.

(2) A subscriber who desires to withdraw any amount under clause (b) of Rule 14.15, shall—

(a) intimate the reason for the withdrawal to the Accounts Officer by letter;

(b) make arrangements with the Accounts Officer for the 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 14.15.

(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 sub-clause (b) of clause (1) and sub-clause (c) of clause (2), with interest thereon at the rate provided in Rule 14.12, from the emoluments of the subscriber and place it to the credit of the subscriber in the Fund.

14.18 (1) The 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 fact 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 Governor of the Haryana.
(Planation-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 himself for the purpose of this clause.

(Planation-2: A policy which has been assigned to the subscriber's wife shall not be accepted unless either the policy is first reassigned to the subscriber or to the subscriber and his wife both jointly in an appropriate assignment.

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

1.19 (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 effected by a male subscriber, which is 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 (except on Endowment policy of the usual type) be assigned to the Governor of the Haryana, as security for the payment of any sum which may become payable to the Fund under Rules 14.21 to 14.23 and delivered to the Accounts Officer, the assignment being made by endorsement on the policy in Form P.F.3 or Form P.F.4 or Form P.F.5 or Form P.F.6 or Form P.F.6-A 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 been assigned to the subscriber's wife or where a subscriber to the General Provident Fund who has effected an insurance policy under the rules of that Fund is admitted to the Haryana Contributory Provident Fund.

(b) if it is a policy effected by a male subscriber which is 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 of 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.

Note: The provisions of notes 1 to 5 under Rule 13.20(3) apply mutatis mutandis here also.

(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 clause (1), have fixed, any amount withheld or withdrawn from the fund in respect of the policy shall, with interest thereon at the rate provided in Rule 14.12, 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 one of the authorities laid down in sub-clause (a) of clause (2) of Rule 14.13.

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

Note-1: A subscriber who is required to assign his policy to the Governor of the Haryana in accordance with sub-clause (a) of clause (1) may execute the prescribed form of assignment, on the policy itself either in his own handwriting or in type or alternatively paste on the blank space provided for the purpose on the policy a typed or printed slip containing the endorsement. A typed or printed endorsement must be duly signed and if pasted on the policy initialed across all four margins.

Note-2: 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 acknowledgement authorised by the policies of Assurances 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.
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Note-3: See also note 2 under Rule 13.20 (5).

14.20 The subscriber shall not during the currency of the policy draw any bonus on which 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 in default recovered by deduction from his emoluments by instalments or otherwise as the Governor may direct.

14.21 (1) Save as provided by clause (3) of Rule 14.23 when the subscriber -

(a) quits the service, or

(b) has proceeded on leave preparatory to retirement and applies to the Accounts Officer for reassignment 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 reassignment 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) of Rule 14.15 and sub-clause (i) and (ii) of clause (b) of Rule 14.15 with interest thereon at the rate provided in 14.12, the Accounts Officer shall -

(i) if the policy has been assigned to the Governor of the Haryana under Rule 14.19, re-assign the policy in Part-I of Form P.F.7 to the subscriber or to the subscriber and the joint assured, as the case may be, within one month from the date of application of the subscriber and make it over to the subscriber, together with the signed notice of the reassignment addressed to the insurance company;

(ii) if the policy has been delivered to him under sub-clause (b) of clause (1) of Rule 14.19 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 unfit 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 Governor of Haryana 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 14.19, 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 clause (4) of Rule 14.19 applicable to a failure to assign and deliver a policy shall apply.

(2) Save as provided by clause (3) of Rule 14.23, when the subscriber dies before quitting the service, the Accounts Officer shall:

(i) if the policy has been assigned to the Governor of the Haryana under Rule 14.19, re-assigned the policy in Part-II of Form P.F.7 to such person or persons as may be legally entitled to receive it, and shall make over the policy to such person or persons together with a signed notice of the reassignment addressed to the insurance company.

(ii) If the policy has been delivered to him under sub-clause (b) of clause (1) of Rule 14.19 make over the policy to the beneficiary, if any, or, if there is no beneficiary, to such person or persons as may be legally entitled to receive it.

14.22 (1) If a policy assigned to the Governor of the Haryana under Rule 14.19 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 death, the Accounts Officer shall, save as provided by clause (2) of Rule 14.23 proceed as follows:

(i) if the amount assured together with the amount of any accrued bonuses is greater than the whole of the amount withheld or withdrawn from the Fund in respect of the policy with interest thereon at the rate provided in Rule 14.12, the Accounts Officer shall re-assign the policy in form P.F.8 to the subscriber or to the subscriber and the joint assured as the case may be, and make it over to the subscriber, who shall pay or repay to the Fund the whole of any amount withheld or withdrawn with interest, and in default, the provisions of rule 14.24 shall apply as they apply in relation to cases where money withheld or withdrawn from the Fund under clause (a) or clause (b) of rule 14.15 has been utilised for a
purpose other than that for which sanction was given to the withholding or withdrawal.

(ii) if the amount assured together with the amount of any accrued bonuses is less than the whole of the amount withheld or withdrawn with interest the Accounts Officer shall realize the amount assured together with any accrued bonuses and shall place the amount so realised to the credit of the subscriber in the Fund.

(2) Save as provided by clause (2) of Rule 14.23 if a policy delivered to the Accounts Officer under sub-clause (b) of clause (1) of Rule 14.19 matures before the subscriber quits the service, the Accounts Officer shall make over the policy to the subscriber:

Provided that if the interest in the policy of the wife of the subscriber, or of his wife and children or any of them, as expressed on the face of the policy, expires, when the policy matures, the subscriber if the policy moneys are paid to him by the Insurance Company, shall immediately on receipt thereof, pay or repay to the Fund either -

(i) the whole of any amount withheld or withdrawn from the Fund in respect of the policy with interest thereon at the rate provided in Rule 14.12,

or

(ii) an amount equal to the amount assured together with any accrued bonuses, whichever is less, and, in default, the provisions of rule 14.24 shall apply as they apply in relation to cases where money withheld or withdrawn from the Fund under clause (a) or clause (b) of rule 14.15 has been utilised for a purpose other than that for which sanction was given to the withholding or withdrawal.

14.23 (1) If the policy lapses or becomes assigned otherwise than to the Governor of the Haryana under Rule 14.19 charged, or encumbered, the provisions of clause (4) of Rule 14.19 applicable to a failure to assign and deliver a policy shall apply.

(2) If the Accounts Officer receives notice of -

(a) an assignment (other than an assignment to the Governor of the Haryana) under Rule 14.19, 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 14.21, or

(ii) realise the amount assured by the policy, or reassign or make over the policy as provided in Rule 14.22 but shall forthwith refer the matter to the Government.

14.24 Notwithstanding anything contained in these rules, if the sanctioning authority is satisfied that money drawn as an advance from the Fund under Rule 14.13 or withheld or withdrawn from the Fund under clause (a) or clause (b) of Rule 14.15 has been utilised for a purpose other than that for which sanction was given to the drawal, withholding or withdrawal of the money, the amount in question, shall, with interest at the rate provided in Rule 14.12 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 moiety of his emoluments, till the entire amount recoverable be repaid or paid, as the case may be, by him.

Note: The term "emoluments" as used in this rule does not include subsistence grant.

CIRCUMSTANCES IN WHICH ACCUMULATIONS ARE PAYABLE

14.25 When a subscriber quits the service, the amount standing to his credit in the Fund shall, subject to any deduction under Rule 14.28, 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 Government, repay any amount paid to him from the Fund in pursuance of this rule, with interest thereon at the rate provided in Rule 14.12 in the manner provided in the proviso to Rule 14.27. 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 14.6.
Examination: A subscriber, other than one who is appointed on Contract or one who has retired 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 any other Government or in another department of the State 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 the 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 State Government, or

(b) to a new account under the Government concerned, if the new post is under any other Government, and that Government consents by general or special orders, 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 State Government or under any other Government in India, without any break and with proper permission of the State Government. In cases where there has been a nominal break it should strictly 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.

14.26 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 subscriptions 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, if required to do so by Government, repay to the Fund, for credit to his account the whole or part of
any amount paid to him from the Fund in pursuance of this rule, with interest thereon at the rate provided in Rule 14.12 in cash or securities, or partly in cash and partly in securities, by instalments or otherwise, by recovery from his emoluments or otherwise, as Government may direct.

14.26-A. (a) In the case of a subscriber to his fund, construction of a house and purchase of a site at Chandigarh shall for the purpose of clause (a) of section 2 of the Provident Funds Act, 1925, be regarded as one of the contingencies, on the happening of which deposits in the Fund shall, at his option, become payable, up to a maximum of 50 percent of the balance at his credit, excluding the Government share of contribution with interest thereon, on the date on which such withdrawal is applied for subject to such restrictions as Government may prescribe.

(b) Upon application made to the Accounts Officer in that behalf by a subscriber a sum not exceeding 50 per cent of the amount standing to his credit excluding Government share of contribution plus interest thereon, shall become payable to him provided that any amount that may be outstanding against him in respect of an advance already granted to him for this purpose, shall be added to amount standing to his credit on the date of such application for purpose of computing 50 per cent of the balance payable to him and the outstanding amount shall be adjusted against the amount actually payable.

14.26-AA. (1) The Government may sanction withdrawals to a subscriber at any time after the completion of 12 years of service (including broken period of service, if any) by him or within ten years before the date of his retirement on superannuation, whichever is earlier, from the amount standing to his credit, in the fund for one or more of the following purposes, namely:-

(a) building or acquiring a suitable house for his residence including the cost of the site or repaying any outstanding amount on account of loan expressly taken for this purpose or reconstruction or making additions or alterations to a house already owned or acquired by a subscriber;

(b) purchasing a house site or repaying any outstanding amount on account of loan expressly taken for this purpose;
(c) for constructing a house on a site purchased by utilising the sum withdrawn under clause (b).

(2) Any sum withdrawn by a subscriber at any one time for one or more purposes specified in sub-rule (1) from the amount standing to his credit in the Fund shall not ordinarily exceed the amount actually subscribed by him along with interest thereon or six months pay whichever is less. The Government may, however, sanction the withdrawals of an amount in excess of this amount upto 3/4th of the amount actually subscribed plus interest thereon in the fund with due regard to:

(i) the object for which the withdrawal is being made;

(ii) the status of the subscriber; and

(iii) the amount to the credit in the Fund.

Provided that in the case of a subscriber who has taken loan or any other assistance from the Government for any of the above purposes, the sum withdrawn under this rule and the amount of advance or loan already taken from the Government shall not exceed Rupees one lakh or nine years pay, whichever is less.

Provided further that no advance shall be admissible under this rule to a subscriber who has taken advance under rule 14.26-A."

14.27 Subject to any deduction under Rule 14.28, on the death of a subscriber before the amount standing to his credit has become payable, or when 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 14.5 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 this 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 payable to:-

(1) sons who have attained legal majority;

(2) sons of a deceased son who have attained legal 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 sums payable under these rules to a member of the family of a subscriber vests in such member under sub-section (2) of section 23 of Provident Funds Act, 1925 (See Appendix 4).

(ii) When the subscriber leaves no family, if a nomination made by him in accordance with the provisions of Rule 14.5 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 dependent of the subscriber as defined by 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 the Act.

Note-2: When the subscriber leaves no family and no nomination made by him in accordance with the provisions of Rule 14.5 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 (iii) of clause (e) 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.

DEDUCTIONS

14.28 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 Rule 14.11 and 14.12 before the amount standing to the credit of a subscriber in the Fund is paid out of the Fund, the Government may direct the deduction therefrom and payment to itself of-

(a) any amount, if a subscriber has been dismissed or is removed from service on account of the charges/irregularities of serious nature;

Provided that, if the order of dismissal or removal from service is subsequently vacated, the amount so deducted shall, on his reinstatement in the service, be replaced at his credit in the fund;

(b) any amount, if a subscriber resigns his employment under Government within five years of the commencement thereof, otherwise than by reason of superannuation or a declaration by a competent medical authority that he is unfit for further service;

(c) any amount due under a liability incurred by the subscriber to Government.

Note: The head of department in the case of a gazetted Government employee and a head of office in the case of a non-gazetted Government employee may order that the payment of any contributions by Government to the account of a subscriber and of interest thereon be postponed for any period not exceeding two months from the date on which the amount becomes payable under this rule to enable the recovery of any sums due which may not have been ascertained and adjusted, and advised to the Accounts Officer in time to enable him to make the recovery before the payment falls due. If within this period all possible outstandings have not been ascertained and adjusted, the authorities mentioned before may order that a sum not exceeding one month's pay of the subscriber be retained for a further period of one month.

PAYMENT

14.29 (1) When the amount standing to the credit of a subscriber in the Fund, or the balance thereof after
any deduction under Rule 14.28, 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 as provided in section 4 of the Provident Funds Act, 1925.

(2) If the person to whom, under these rules, any amount or policy is to be paid, re-assigned 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 re-assignment or delivery will be made to such manager and not to the lunatic.

(3) Any person who desires to claim payment under this rule shall send a written application in that behalf to the Accounts Officer. Payment of amounts 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.

*Note-1: When the amount standing to the credit of a subscriber has become payable under Rules 14.25, 14.26 or 14.27, the Accounts Officer shall authorise prompt payment of that portion of the amount standing to the credit of a subscriber in regard to which there is no dispute or doubt, the balance being adjusted as soon after as may be.

[Note-2: When the amount standing to the credit of subscriber has become payable under rule 14.25, 14.26 and 14.27 the Head of Department/Office should immediately take up the preparation of Provident Fund papers for furnishing them to Audit Office. In the case of subscribers who are likely to retire in a particular year the papers should be prepared and furnished in the requisite forms P.F. 9 or P.F. 9-(A) or P.F. 9-(B), as the case may be, in time (i.e. 6 months in advance of the anticipated date of retirement). The Head of the Department/Office should see to it that these forms are furnished to the Audit in time. He should also indicate the recoveries affected 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 subscribers' account sent by the Accounts Officer.)

PENSIONABLE SERVICE

14.30 (1) If a subscriber is permanently transferred to pensionable service 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 subscription 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 or may subscribe in accordance with the rules of that Fund; and

(iv) he shall be entitled to count towards pension such part of the period during which he subscribed to the Fund as Government may determine.

(2) A subscriber shall communicate his option under clause (1) by letter to the Accounts Officer within three months of the date of the order transferring him permanently to pensionable service; and if the communication is not received in the office of Accounts Officer within that period, the subscriber shall be deemed to have exercised his option in the manner referred to in sub-clause (a) of that clause.

Note: Whenever a contract service officer is appointed to a pensionable Government service the provisions of this rule may be brought to the notice of the Government employee concerned by the appointing authority. If the Government employee fails to exercise his option within the prescribed limit, the competent authority will not be prepared to relax the rules unless there are very strong reasons to justify such relaxation.

PROCEDURE

14.31 All sums paid into the Fund under these rules shall be credited in the books of Government in an account named "The Punjab Contributory Fund Account." Sums of which payment is not 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.
14.32 When paying a subscription in India either by
deduction from emoluments or in cash, a subscriber
shall quote the number of his account in the Fund
which shall be communicated to him by the Accounts
Officer. Any change in the number shall similarly be
communicated to the subscriber by the Accounts
Officer.

14.33 (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 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 14.5;

(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 clause
(1) of Rule 14.5.)

(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.
CHAPTER XV - Punjab Government (India Provident Fund) (Sterling Accounts) Rules

[Deleted]
### APPENDICES

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APPENDIX 1

FAMILY PENSION SCHEME, 1964.

1. This scheme called the "Family Pension Scheme 1964" has been formulated to afford further relief to the family of the deceased Government employees and provides for the following benefits:

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(i) Not exceeding Rs.1500

(ii) Exceeding Rs.1500 but not exceeding Rs.3000

(iii) Exceeding Rs.3000

30% of pay subject to a minimum of Rs.300.
20% of pay subject to a minimum of Rs.450.
15% of pay subject to a minimum of Rs.600 and a maximum of Rs.1250.

Note: The minimum pension will be Rs.300 and maximum Rs.1250."

"Pay" for this purpose means the pay as defined in Rule 2.44 of Punjab Civil Services Rules, Volume I, Part I, which the person was drawing on the date of his death while in service or immediately before his retirement. If on the date of his death while in service or immediately before his retirement, a person has been absent from duty on leave (including extraordinary leave) or suspension, "Pay" means the pay which he drew immediately before proceeding on such leave or suspension.

It includes "Dearness Pay".

2. [(a) in respect of Government employees who die in harness, family pension will be admissible for a period of 7 years from the date following the date of death or till the date on which the officer/deceased pensioner would have attained the age of 65 years, had he remained alive, whichever period is shorter, the pension payable will be at 50 per cent of the pay last drawn, subject to a maximum of twice the pension admissible under para 1 above.

(b) in the event of death after retirement, the family pension at the enhanced rates shall be payable up to the date on which the deceased Government employee would have attained the age of 65 years, had he survived or for a period of 7 years, whichever period
is less, but in no case the amount of family pension shall exceed the pension sanctioned to the Government employee at the time of retirement, which shall include the pension which the retired Government employee may have commuted before death.\textsuperscript{179}

3. This scheme comes into force with effect from 1st July, 1964 and is applicable to all regular employees on pensionable establishment - temporary or permanent who were in service on the 1st July, 1964, or are recruited thereafter.

4. [This scheme is administered as below:\textsuperscript{180}]

   (i) The family pension is admissible in case of death while in service or after retirement on or after the 1st July, 1964, if at the time of death, the retired officer was in receipt of a compensation, invalid, retiring or superannuation pension. The family pension will not be admissible in case of death after retirement if the retired employee at the time of death was in receipt of gratuity only. In case of death while in service a Government employee should have completed a minimum period of one year of continuous service without break.

Note-1: The term 'one year continuous service' used in para-4(i) above is inclusive of permanent/temporary service in a pensionable establishment but does not include periods of extraordinary leaves, boy service and suspension period unless that is regularised by the competent authority or before completion of one year continuous service provided the deceased Government employee concerned immediately prior to his recruitment to the service or post was examined by the appropriate Medical Authority and declared fit by that authority for Government service.

Note-2: In the cases of persons who were in service in composite state of Punjab prior to 1st November, 1966 and came over to Haryana state on or after 1st November, 1966 or those who have been recruited by the Haryana Government on or after 1st November, 1966, or who are transferred to the Haryana State from the Central Government or other State Governments and to those cases it had been agreed to count their previous service for pension, the family pension scheme would be applicable in the event of their death/retirement without putting in one year continuous service under the state Government; if their total service at the time of death' (inclusive of service rendered under the previous Government) exceeds one year.\textsuperscript{174}
(ii) "Family" for purposes of this scheme includes the following relatives of the officer:

- (a) wife, in the case of a male officer;
- (b) husband, in the case of a female officer;
- (c) minor sons; and
- (d) unmarried minor daughters.

Note-1: (c) and (d) include children adopted legally before retirement.

Note-2: Marriage after retirement is not recognised for purposes of this scheme.

Note-3: A judicially separated wife/husband does not lose her/his legal status of wife/husband of the Government employee and is thus eligible for the benefit of the Family Pension Scheme, 1964.

(iii) The pension is admissible:

- (a) in the case of widow/widower up to the date of death or remarriage, whichever is earlier; and
- (b) in the case of son/daughter until he/she attains the age of 25 years.

Provided that an unmarried daughter will become ineligible for pension from the date she gets married.

Provided further that the son/unmarried daughter shall become ineligible for pension if he or she starts earning livelihood.

Note: (i) Where an officer is survived by more than one widow, the pension will be paid to them in equal shares. On the death of a widow, her share of the pension will become payable to her eligible minor child. If at the time of her death, a widow leaves no eligible minor child the payment of her share of the pension will cease.

(ii) Where an officer is survived by a widow but has left behind an eligible minor child from another wife, the eligible minor child will be paid the share of pension which the mother would have received, if she had been alive at the time of the death of the officer.

(iv) Except as provided in the Note below sub-para (dii) of this para, pension awarded under this scheme will not be payable to more than one member of an officer's family at the same time. It will first be
admissible to the widow/widower and thereafter to the eligible minor children.

(v) In the event of remarriage or death of the widow/widower the pension will be granted to the minor children through their natural guardian, if any, otherwise through their de facto guardian on production of indemnity bond, etc., on the analogy of the orders contained in F.D. circular letter No. 6837-(5)FR-I-61/8358, dated the 29th July, 1961. In disputed cases, however, payments will be made through a legal guardian (i.e. guardian appointed by a court of law).

(vi) The adhoc increase granted under the Punjab Government circular letter No. 8206-6PR-I-64/7688, dated 13th August, 1964, will not be admissible on the family pension granted under this scheme.

14-A (a) If a person, who in the event of death of Government employee while in service, is eligible to receive family pension under this rule, is charged with the offence of murdering the Government employee or for abetting in the commission of such an offence, the claim of such a person, including other eligible member or members of the family to receive the family pension, shall remain suspended till the conclusion of the criminal proceedings instituted against him.

(b) If on the conclusion of the criminal proceedings referred to in clause (a), the person concerned:-

(i) is convicted for the murder or abetting in the murder of the Government employee, such a person shall be debarred from receiving the family pension which shall be payable, to other eligible member of the family, from the date of the death of Government employee;

(ii) is acquitted of the charge of murder or abetting in the murder of the Government employee, the family pension, shall be payable to such person from the date of death of the Government employee.

(c) The provisions of sub-para (a) and (b) shall also apply for the family pension becoming payable on the death of a Government employee after his retirement.

5. [Deleted]

6. Government employees in service on the 30th June, 1964, who are governed by the new Pension Rules wholly or partially, were given an option to elect
this scheme in substitution of the existing Family Pension benefits as admissible under the New Pension Rules or retain their existing benefits. The option was required to be exercised in Form A given at the end by the 31st March, 1965 which date was extended to 30th September, 1965. Persons who failed to exercise option within the stipulated period are to be deemed to have elected the Family Pension Scheme, 1964. Option once exercised was to be treated as final.

The Government employees who were in service on the 30th June, 1964 and retired with effect from the 1st July, 1964, were also eligible to exercise the option for this scheme; and hence the benefits of this scheme would accrue to them provided they opted for this Scheme.

Government employees who were in service on 30th June, 1964 and had not opted to be governed by the Family Pension Scheme, 1964, were allowed to exercise a fresh option by the 30th September, 1965, to elect this scheme. In case of failure to exercise a fresh option within the stipulated period, the earlier option, if any, was to be deemed to subsist. The option was to be exercised in writing and communicated by the officer concerned to the Head of Office if he was a non-Gazetted Officer and to the Accountant General, Haryana, if he was a gazetted officer. Non-gazetted officers who were officiating as gazetted officers, had to exercise their option like non-gazetted officers as laid down in para 8 infra.

Note: The cases of persons who died while in service after 1st July, 1964, but before 30th September, 1965, without exercising any option were to be dealt with on the merits and the beneficiaries were to be allowed the benefit of rules favourable to them. Those Government employees who retired after 1st July, 1964, but before 30th September, 1965, without exercising option could exercise option upto 30th September, 1965. In all such cases gratuity equal to two months emoluments was to be withheld till the official exercised the option for the scheme, when the amount so withheld could be resumed to Government; and in case he had opted out of the scheme, the gratuity previously withheld could be released. In respect of cases of retirement falling after 1st July, 1964 where full amounts of death-cum-retirement-gratuity, had already been paid to the retiree he had to be asked to deposit the gratuity equal to two months emoluments or pay as the case might be, if he had opted for the scheme before 30th September, 1965.
7. (i) Those who were governed by the Old Pension Rules in toto were not entitled to the benefits of this scheme unless they opted in favour of New Pension Rules wholly or partially. They were allowed to opt for New Pension Rules (wholly or partially) and to avail the benefit of this scheme. The option was to be exercised in Form "B" given at the end by the 31st March, 1965 (which was extended to 30th September, 1965).

(ii) In view of the further liberalisation of the Punjab New Pension Rules, the employees of erstwhile Punjab Government who were governed by the Punjab Pension Rules were allowed to exercise the option afresh for the corresponding clause of the Punjab New Pension Rules of Punjab Government by the 31st March, 1965, and further to exercise option for the Family Pension Scheme, 1964.

Note-1: The Government employees who were governed partially by Old Pension Rules and partially by New Pension Rules, i.e., under clause 9(i)(c) could come wholly under New Pension Rules, i.e., clause 9(i)(a) by exercising the option to that effect by 30th September, 1965.

Note-2: The employees governed under clause 8(i)(b) of Punjab New Pension Rules could opt for corresponding clause 9(i)(b) and then clause 9(i)(a) of Punjab New Pension Rules up to 3rd April, 1964, in terms of the Punjab Government Finance Department letter No.12198-FRI-62/3706, dated the 4th April, 1963. The same concession was further extended to them alongwith Family Pension Scheme. The employees governed under para 8(i)(b) could opt for clause 9(i)(b) and then for clause 9(i)(c) or 9(i)(a) of the Punjab New Pension Rules and could further avail the benefit of this scheme. Thus the employees governed by clause 8(i)(c) were not only allowed to opt for clause 9(i)(c) but could further exercise an option for clause 9(i)(a) ibid in terms of the Punjab Government Finance Department letter No.12198-FRI-62/3706, dated the 4th April, 1963. Similar concession was allowed to them under the Family Pension Scheme and they could opt for clauses 9(i)(c) and then 9(i)(a) and further avail of the benefit of the Family Pension Scheme.

Note-3: Class IV Government employees of erstwhile Punjab were not required to opt for the corresponding clause of Punjab Pension Rules but they could opt for Clause 9(i)(a) of Punjab New Pension Rules in case they wished to avail the benefit of this scheme.
8. The option, vide paragraphs 6 and 7 was to be exercised in writing and communicated by the officer concerned to the Head of his office, if he was a non-gazetted officer and to the Accountant General, Haryana, if he was a Gazetted Officer. The non-gazetted officers who were officiating as Gazetted Officers were required to exercise their option like non-gazetted officers. The option when received from a Non-gazetted officer was to be countersigned by the Head of office and pasted in the service book of the officer concerned. It will be the responsibility of the individual concerned to ensure that the option had reached the Head of Office/ Accountant General, Haryana.

Note: The Deputy Commissioners can delegate their power to countersign options exercised and the details of family furnished by non-gazetted staff working under them to one of their subordinate Gazetted Officers.

9. Those who enter service on or after the 1st July, 1964 will be automatically governed by this scheme.

10. Widows/Widowers of such Government employees as are governed by this Scheme will not be entitled to family pension under any other rules.

11. This Scheme will not be applicable to:

(a) Persons who retired before the 1st July, 1964 but may be re-employed on that date or thereafter;

(b) Persons paid from contingencies;

(c) Work-charged staff;

(d) Casual labour;

(e) Contract Officers; and

(f) Persons who were in service in the composite State of Punjab prior to 1st November, 1966 and came over to Haryana State on or after 1st November, 1966 or those who have been recruited by the Haryana Government on or after 1st November, 1966, without a minimum service of five years in the Haryana State.

12. The procedure to be followed in respect of claims arising out of this scheme is as under:

Furnishing of "Family" details

(i) All non-gazetted employees entitled to the benefit of this scheme shall be required to furnish
details of their "family" as defined in sub-para (ii) of paragraph 4 of the scheme, i.e., the date of birth of each member with his/her relationship with the Government employees. This statement shall be countersigned by the Head of Office and pasted in the service book of the Government employee. Government employees will thereafter be required to keep this statement up-to-date. Additions and alterations in this statement will be made by the Head of Office from time to time on receipt of information from the Government employees concerned.

(ii) All gazetted officers will furnish the details of their "family" to the Accountant General, Haryana. It will be their responsibility to keep these particulars up-to-date. The Accountant General, Haryana will be required to acknowledge the receipt of these communications.

CASES WHERE DEATH OCCURS WHILE IN SERVICE

(iii) On receiving information of death of an officer while in service, the administrative authority will send a letter as prescribed in Annexure I to the family of the deceased and ask for the necessary documents mentioned therein.

(iv) On receiving the documents referred in the sub-para (iii) above the pension sanctioning authority will sanction family pension as in Annexure-III and send all these documents along with the service book of the Government employee to the Accountant General, Haryana, who will then issue the pension payment order to the beneficiary.

CASES WHERE DEATH OCCURS AFTER RETIREMENT

(v) In order to facilitate quick payment of family pension to the widow of the pensioner, pension payment order has been amended so as to provide for the admissibility of the family pension to her under the same pension payment order under which the pensioner was drawing his pension. It has, accordingly been decided that while applying for the grant of pension the Government employee would furnish three copies of his joint photograph with wife; one of which will after having been attested by the pension sanctioning authority be henceforth pasted in the pension payment order, pensioner's portion. The amount of family pension admissible will be mentioned in the pension payment order. The Treasury Officer will start payment of family pension to the widow/widower on receipt of death certificate of the pensioner and the Form of Application
for the grant of family pension to her/him (under intimation to the Accountant General, Maryana, in form given in Annexure IV). If the widow/widower is also not there and the family pension is payable to the minor children through their natural guardian, the guardian will apply on behalf of the children with two copies of his photograph and the other necessary documents to the administrative authorities on surrendering the First Pension Payment Order. Fresh Pension Payment Order will have to be issued in such cases.

13. Effect of commutation of pension on the quantum of Family pension.- The commutation of pension has no effect on the quantum of family pension at the rate of family pension is based on the pay which the Government employee was drawing immediately before his retirement and not on the pension sanctioned to him.

14. Payment of family pension in cases where both husband and wife are Government employees, and in the event of their death to their minor children. - The scheme does not debar a Government employee/pensioner from drawing family pension in addition to his/her pay or pension. In the event of death of the father and the mother who were both Government employees, the minor children will be eligible to draw two family pensions subject to a total of Rs.150 per mensem, provided both the employees were governed by the Family Pension Scheme, 1964.

15. Grant of option to persons who are on Contributory Provident Fund benefits to come over to pensionable service. -

(i) Government employees who were otherwise declared eligible to come on to the Pensionary Scheme on the day their services were provincialised but retained the Contributory Provident Fund benefits were allowed another opportunity to opt up to the 31st March, 1965 for the New Pension Rules including the benefits of the Family Pension Scheme, 1964. The option now exercised was to be final. The date of exercising option was extended up to 30th September, 1965 and finally extended up to 30th September, 1966. They, however, had no option to elect the Liberalized Pension Rules without the benefit of the Family Pension Scheme, 1964.

(ii) An Officer who does not exercise an option within the prescribed period or quits service or dies without exercising option or whose option is incomplete or conditional or ambiguous shall be
deemed to have opted to remain under the existing Contributory Provident Fund benefits.

Note: In the event of an officer dying without exercising option before the due date, the Administrative Department at its discretion, may give the benefits of the New Pension Rules, alongwith the Family Pension Scheme, 1964, in lieu of Contributory Provident Fund benefits, when such a request is specially made by the nominee or nominees validity nominated by the subscriber, or in their absence by all the members of the family as defined in the Contributory Provident Fund Rules. If all these latter are not agreed on making such a request then the Contributory Provident Fund will be paid to them according to provisions of the Rules in this regard.

(iii) In the case of an officer who elects to be governed by the New Pension Rules, the "Government Contribution" with interest thereon standing to his credit in the Contributory Provident Fund shall be credited to the State Government. The Government Employee's subscriptions together with interest thereon in that Fund shall be transferred to his General Provident Fund account which he shall be asked to open and to which he shall subscribe under the rules of Fund.

16. Minimum Pension for Government employees.—In all cases of retirement occurring on or after the 1st July, 1964, where the amount of pension together with the benefit of adhoc increase as admissible under Punjab Government Finance Department circular letter No.8286-PF-I-64/7668, dated the 13th August, 1964, thereon come to less than Rs.25 per mensem the same shall be raised to Rs.25 per mensem.

Note: A doubt arose whether in cases where the amount of pension admissible falls short of Rs.17.50 per mensem the person should be authorised at Rs.17.50 and the adhoc increase of Rs.7.50 per mensem should be shown as a distinct item. The matter was considered and it was decided that—

(i) In all cases where the actual pension is less than Rs.17.50 the amount of pension will be raised and shown as Rs.17.50 so that the pension together with the adhoc increase of Rs.7.50 comes to Rs.25 per mensem.

(ii) All future enhancement in adhoc increase would be regulated with reference to the enhanced pension of Rs.17.50 and not the original pension.
(On reconsideration it has been decided by Governor, vide orders contained in letter No. 5931-2 FR-67/3230 dated the 20th December, 1967 that in such cases the rounding off the amount of pension to the next higher rupee will be done before taking into account the adhoc increase.)

FORM "A"

(TO BE USED BY THOSE WHO ARE GOVERNED BY THE NEW PENSION RULES WHOLLY OR PARTIALLY)

Having fully understood the comparative advantages and disadvantages of the Family Pension Scheme, 1964, as applicable in my case:-

(i) I opt for the Scheme as introduced, vide Punjab Govt. letter No. 7856-7FR-1-64/9691, dated the 16th October, 1964, in substitution of the existing Family Pension benefits as now admissible under the New Pension Rules.

(ii) I opt to retain the existing Family Pension benefits under the New Pension Rules.

Witness:- *Signature__________

Signature__________ Date__________

Name in full__________ (in block letters)

Name in full__________ (in block letters)

Designation__________  Designation__________

Office__________ Office__________

*Left hand thumb-impression in the case of those who are not literate enough to sign their name.

CERTIFICATE

(Applicable only in the case of Class IV and illiterate employees and to be signed by a responsible officer of the office concerned).

The rules were explained to Shri__________ in my presence.

Signature__________

Name__________ (In block letters)

Designation__________
ACKNOWLEDGEMENT

Received from Shri ___________ Designation ___________
Office ___________ and ___________ an option, dated ___________.

*(1) For the Family Pension Scheme, 1964.
(2) For retaining the existing Family Pension benefits under the New Pension Rules.

*Signature ___________
  Designation ___________
  Office ___________

*Strike out which is inapplicable.
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Punjab Civil Services Rules Volume II

FORM B

(TO BE USED BY THOSE WHO ARE GOVERNED BY THE OLD PENSION RULES, IN TOTO)

Having fully understood the comparative advantages and disadvantages of the Family Pension Scheme, 1964, as applicable in my case:

(i) I opt to be governed by the New Pension Rules wholly including the benefit of the Family Pension Scheme, 1964.

(ii) I opt to be governed by the New Pension Rules, partially as per paragraph 9(i)(c) of the Punjab Government, Finance Department's letter No.3022-PR-51/3116, dated 4th July, 1951, together with the benefit of the Family Pension Scheme, 1964.

Witness: ____________________  *Signature________________
Signature ____________________ Dated ____________________
Name in full (in block letters) Name in full (in block letters)
Designation__________________ Designation__________________
Office______________________ Office______________________

*Left hand thumb-impression in the case of those who are not literate enough to sign their name.

Note: Strike out item (i) or (ii) as per option.

CERTIFICATE

(Applicable only in the case of illiterate employees and to be signed by a responsible officer of the office concerned).

The rules were explained to Shri____________________ in my presence.

*Signature__________________
Name ____________________(in block letters)
Designation__________________
acknowledgement

received from shri designation
office an option, dated

*(1) for the new pension rules wholly including the benefit of family pension scheme, 1964.

(2) for the new pension rules partially together with the benefit of the family pension scheme, 1964.

*signature designation office

* strike out which is inapplicable.
FORM OF LETTER TO THE WIDOW/WIDOWER OF A DECEASED
GOVERNMENT EMPLOYEE FOR A GRANT OF FAMILY PENSION,
1964

No. _______________________
Government of Haryana,
Department of _______________________
Dated the _______________________

To

Subject: Payment of Family Pension Scheme, 1964 in respect of late Shri/Shrimati _______________________

Sir/Madam,

I am directed to say that in terms of Appendix I of Punjab Civil Services Rules, Volume II, a family pension is payable to you as widow/widower of the late Shri/Shrimati _______________________(Designation ______________________ in the Office/Department of ______________________)  

2. You are advised that a claim for the grant of family pension may be submitted in the enclosed Annexure-II.

3. The family pension will be payable till your death or remarriage, whichever event occurs earlier. In the event of your death or re-marriage the family pension shall be granted to the child or children, if any, through the guardian.

Yours faithfully,

Head of Office.

Attestation should be done by two Gazetted Government employees or two or more persons of respectability in the town, village or Pargana in which the applicant resides.
FORM OF APPLICATION FOR THE GRANT OF FAMILY PENSION ON THE DEATH OF A GOVERNMENT EMPLOYEE/PENSIONER

1. Name of the applicant
   (i) Widow/Widower.
   (ii) Guardian, if the deceased person(s) is child or children survived by

2. Name and age of surviving widow/widower and children of the deceased Government employee/pensioner.

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<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Relationship with the deceased person</th>
<th>Date of birth by Christian era (to be attested by the Head of Office)</th>
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3. Date of death of the Government employee/pensioner.

4. Office/Department in which the deceased Government employee/pensioner served last.

5. If the applicant is guardian, his date of birth and relationship with the deceased Government employee/pensioner.

5A. If the applicant is a widow/widower the amount of service pension which she/he may be in receipt on the date of death of the husband/wife.

6. Full address of the applicant.

7. Place of payment of pension and gratuity (Treasury, Sub-Treasury, Public Sector Bank Branch).

8. Enclosures:
   (i) Two specimen signatures of the applicant, duly attested (To be furnished in two separate sheets)
   (ii) Two copies of passport size photograph of the applicant, duly attested.
(iii) Two slips each bearing left hand thumb and finger impressions of the applicant, duly attested.

(iv) Descriptive Roll of the applicant, duly attested, indicating (a) height and (b) personal marks, if any, on the hand, face, etc. (To be furnished in duplicate).

(v) Certificate(s) of age (in original with two attested copies) showing the dates of birth of the children. The Certificate should be from the Municipal Authorities or from the Local Panchayat or from the head of a recognised school if the child is studying in such school. (This information should be furnished in respect of such child or children the Particulars of whose date of birth are not available with the Audit Officer/Head of Office).

(vi) Death Certificate.

9. Signature or left-hand thumb impression of the applicant.

10. Attested by:

   Name       Full Address       Signatures
   (i)
   (ii)

11. Witnesses:

   (i)
   (ii)
   (iii)

Note: Attestation should be done by two gazetted Government employees or two or more persons of respectability in the town, village or Pargana in which the applicant resides. To be furnished in case the applicant is not literate enough to sign his name.

In the case of re-marriage of the widow applying for family pension on behalf of the minor child, the widow should furnish (i) the date of her re-marriage, (ii) name of the Treasury/ Sub Treasury at which payment is desired and (iii) her full address in the application for family pension. It is not necessary to furnish a fresh application nor the documents as they are already available with the pension papers on which family pension was originally admitted to her.
### ANNEXURE - III

#### FORM FOR SANCTIONING FAMILY PENSION

1. Name of the Government employee.
2. Father's name (and also husband's name in the case of a woman Government employee).
3. Religion and Nationality.
4. Last appointment held including name of establishment.
5. Date of beginning of service.
6. Date of ending of service.
7. Substantive appointment held.
9. Length of continuous qualifying service prior to death.
10. "Pay" as per paragraph 2 of the Punjab Government Finance Department letter No. 7856-(7) FRI-64/ 9691, dated the 16th October, 1964.
11. Amount of family pension admissible.
12. Date from which pension is to commence.
13. Place of payment (Government Treasury or Sub Treasury).

The undersigned having satisfied himself of the above particulars of late Shri/Smt.________________ hereby orders the grant of a family pension of Rs_____ P.M. to Shri/Smt_________ which may be accepted by the Accountant General, Haryana as admissible under the rules.

**Signatures and Designation of the Sanctioning Authority.**
ANNEXURE-IV

From:
The Treasury Officer,

To:
The Accountant General,
Haryana.

Dated, the__________.

Subject:- Intimation regarding death of pensioner who elected the new family pension scheme, 1964.

Sir,

I am to inform you that Shri/Shrimati__________holder of P.P.O. No.__________who was drawing his/her pension__________from this treasury/sub-treasury__________died on__________.

2. The first payment of family pension @ Rs.__________ (Rupees__________ only) per month has been made to__________for the period from__________to__________in T.V.No.__________dated__________, and included in the pension payment schedule for__________19__________. Before making the said payment, the death certificate, the application form and other documents prescribed in Government of__________in Office Memorandum/letter No.__________have been obtained from the claimant and accepted after necessary scrutiny. I have also personally satisfied myself about the identity and title of the claimant.

Yours faithfully,

Treasury Officer
APPENDIX- 2

[See Rules 13.2(2) 13.31(1) and 14.2(2)]

PROVIDENT FUNDS ACT NO.XIX OF 1925

(As amended by Act No.28 of 1925, Nos.VII and XII of 1927, No.1 of 1930 and No.11 of 1946 and as adapted by the Adaptation of Laws Order, 1950).

An Act to amend and consolidate the law relating to Government and other Provident Funds.

WHEREAS it is expedient to amend and consolidate the law relating to Government and other Provident Funds; it is hereby enacted as follows:-

1. Short title, extent and commencement :-

(1) This Act may be called the Provident Funds Act, 1925.

(2) It extends to the whole of India, except Part B States.

(3) It shall come into force on such date as the Central Government may by notification in the official gazette appoint.

2. In this Act, unless there is anything repugnant in the subject or context,-

Definitions :-

(a) "compulsory deposit" means a subscription to, or deposit in, a Provident Fund which, under the rules of the Fund, is not, until the happening of some specified contingency, repayable on demand otherwise than for the purpose of the payment of premia in respect of a policy of life insurance or the payment of subscriptions or premia in respect of a family pension fund and includes any contribution and any interest or increment which has accrued under the rules of the Fund on any such subscription, deposit or contribution, and also any such subscription, deposit or contribution; interest or increment remaining to the credit of the subscriber or depositor after the happening of any such contingency;

(b) "contribution" means any amount credited in a Provident Fund, by any authority administering the Fund, by way of addition to, a subscription to, or deposit or balance at the credit of an individual
account in the Fund, and "Contributory Provident Fund" means a Provident Fund the rules of which provide for the crediting of contributions.

(c) "dependant" means any of the following relatives of a deceased subscriber to, or a depositor in, a Provident Fund, namely, a wife, husband, parent, child, minor brother, unmarried sister and a deceased son's widow and child, and, where no parent of the subscriber or depositor is alive, a paternal grand parent;

(d) "Government Provident Fund" means a Provident Fund, other than a Railway Provident Fund, constituted by the authority of the Government for any class or classes of its employees or of persons employed in educational institutions or employed by bodies existing solely for educational purposes;

(e) "Provident Fund" means a fund in which subscriptions or deposits of any class or classes of employees are received and held on their individual accounts, and includes any contributions and any interest or increment accruing on such subscriptions, deposits or contributions under the rules of the Fund;

(f) "Railway administration" means:

(i) any company administering a railway or tramway in a Part A or Part C State either under a special Act of Parliament of the United Kingdom or an Indian Law or under contract with Government, or

(ii) the manager of any railway or tramway administered by the Central Government or by a State Government, and includes, in any case referred to in sub-clause(ii) the Central Government or the State Government as the case may be;

(g) "Railway Provident Fund" means a Provident Fund constituted by the authority of a Railway administration for any class or classes of its employees.

3. Protection of Compulsory Deposit:

(1) A compulsory deposit in any Government or Railway Provident Fund shall not, in any way, be capable of being assigned or charged and shall not be liable to attachment under any decree or order of any Civil, Revenue or Criminal Court in respect of any debt or liability incurred by the subscriber or depositor,
and neither the official Assignee nor any Receiver
appointed under the Provincial Insolvency Act, 1900,
shall be entitled to, or have any claim on; any such
compulsory deposit.

(2) Any sum standing to the credit of any subscriber
to, or depositor in, any such Fund at the time of his
decease and payable under the rules of the Fund to
any dependant of the subscriber or depositor or to
such person as may be authorised by law to receive
payment on his behalf shall, subject to any deduction
authorised by this Act, and, save where the dependant
is the widow or child of the subscriber or depositor,
subject also to the rights of an assignee under an
assignment made before the commencement of this Act,
vest in the dependant, and shall, subject as
aforesaid, be free from any debt or other liability
incurred by the deceased or incurred by the dependant
before the death of the subscriber or depositor.

4. Provision regarding repayment:

(1) When under the rules of any Government or Railway
Provident Fund the sum standing to the credit of any
subscriber or depositor, or the balance thereof after
the making of any deduction authorised by this Act,
have become payable, the officer whose duty it is to
make the payment shall pay, the sum or balance, as
the case may be, to the subscriber or depositor; or
if he is dead, shall

(a) if the sum or balance, or any part thereof,
vests in a dependant under the provisions of
section 3, pay the same to the dependant or to such
person as may be authorised by law to receive
payment on his behalf; or

(b) if the whole sum or balance, as the case may
be, does not exceed five thousand rupees, pay the
sums, or any part thereof which is not payable
under clause(a), to any person nominated to receive
it under the rules of the Fund, or if no person is
so nominated to any person appearing to him to be
otherwise entitled to receive it; or

(c) in the case of any sum or balance, or any part
thereof, which is not payable to any person under
clause (a) or clause(b) pay the same,

(i) to any person nominated to receive it under
the rules of the Fund, on production by such
person of probate or letters of administration
evidencing the grant to him of administration to
the estates of the deceased or a certificate
granted under the succession Certificate Act, 1889, or under the Bombay Regulation, VIII of 1827, entitling the holder thereof to receive payment of such sum, balance or part, or

(ii) when no person is so nominated, to any person who produces such probate, letters or certificate:

Provided, that, where the whole or any part of any sum standing to the credit of the subscriber or deposit has been assigned to any other person before the commencement of this Act and notice in writing of the assignment has been received by the officer from the assignee, the officer shall, after making any deduction authorised by this Act and any payment due under clause (i) to or on behalf of the widow or children of the subscriber or depositor-

(i) if the subscriber or depositor or, if he is dead, the person to whom in the absence of any valid assignment the sum or balance would be payable under this sub-section gives his consent in writing, pay the sum or part or the balance thereof, as the case may be, to the assignee, or

(ii) if such consent is not forthcoming withheld payment of the sum, part or balance, as the case may be, pending a decision of a competent Civil Court as to the person entitled to receive it.

(2) The making of any payment authorised by sub-section (1) shall be a full discharge to the Government or the Railway administration, as the case may be, from all liability in respect of so much of the sum standing to the credit of the subscriber or depositor as is equivalent to the amount so paid.

5. Rights of nominees:-

(1) Notwithstanding anything contained in any law for the time being in force or in any disposition, whether testamentary or otherwise by a subscriber to, or depositor in; a Government or Railway Provident Fund of the sum standing to his credit in the fund, or of any part thereof where any nomination, duly made in accordance with the rules of the Fund, purports to confers upon any person the right to receive the whole or any part of such sum on the death of the subscriber or depositor occurring before the sum has become payable, or before the sum having become payable; has been paid, the said person shall on the death as aforesaid of the subscriber or depositor; become entitled to the exclusion of all
other persons, to receive such sum or part thereof as the case may be, unless -

(a) such nomination is at any time varied by another nomination made in like manner or expressly cancelled by notice given in the manner and to the authority prescribed by those rules, or

(b) such nomination at any time becomes invalid by reason of the happening of some contingency specified therein and if the said person predeceases the subscriber or depositor the nomination shall, so far as it relates to the right conferred upon the said person, become void and of no effect.

Provided that where provision has been duly made in the nomination in accordance with the rules of the Fund, conferring upon some other person such right instead of the person deceased, such right shall, upon the deceased as aforesaid of the said person, pass to such other person.

(2) Notwithstanding anything contained in the Indian Succession Act, 1925, or the Bombay Regulation VIII of 1827, in any person, who becomes entitled as aforesaid may be granted a certificate under that Act, or that Regulation, as the case may be, entitling him to receive payment of such sum or part, and such certificate shall not be deemed to be invalidated or superseded by any grant to any other person of probate or letters of administration to the estate of the deceased.

(3) The provisions of this section as amended by sub section (1) of section 2 of the Provident Funds (Amendment) Act, 1946, shall apply also to all such nominations made before the date of the commencement of the Act:

Provided that the provisions of this section as so amended shall not operate to effect any case, in which before the said date any sum has been paid, or has under the rules of the Fund become payable in pursuance of any nomination duly made in accordance with those rules.

6. Power to make deduction: -

When the sum standing to the credit of any subscriber or depositor in any Government or Railway Provident Fund which is a Contributory Provident Fund becomes payable, there may, if the authority specified in this behalf in the rules of the Fund so directs, be
deducted therefrom and paid to Government or the Railway Administration, as the case may be -

(a) any amount due under a liability incurred by the subscriber or depositor to Government or the Railway administration, but not exceeding in any case the total amount of any contributions credited to the account of the subscriber or depositor and of any interest or increment which has accrued on such contributions, or

(b) where the subscriber or depositor has been dismissed from his employment for any reasons specified in this behalf in the rules of the Fund, or where he has resigned such employment within five years of the commencement thereof, the whole or any part of the amount of any such contributions, interest and increment.

7. Protection for Acts done in good faith:

No suit or other legal proceedings shall lie against any person in respect of anything which is in good faith done or intended to be done under this Act.

8. Power to apply the Act to other Provident Funds:

(1) The appropriate Government may, by notification in the local official gazette, direct that the provisions of this Act shall apply to any Provident Fund established for the benefit of its employees by any local authority within the meaning of the Local Authorities Loans Act, 1914, and, on the making of such declaration, this Act shall apply accordingly, as if such Provident Fund were a Government Provident Fund and such local authority were the Government.

(2) The appropriate Government may, by notification in the official gazette, direct that the provisions of this Act shall apply to, any Provident Fund established for the benefit of the employees of any of the institutions specified in the Schedule, or of any group of such institutions, and on the making of such declaration, this Act shall apply accordingly as if such Provident Fund were a Government Provident Fund and the authority having custody of the Fund were the Government:

Provided that section 6 shall apply as if the authority making the contributions referred to in that section were the Government.
(3) The appropriate Government may, by notification in the official gazette, add to the schedule the name of any public institution it may deem fit, and any such addition shall take effect as if it had been made by this Act.

(4) In this section the appropriate Government means:

(a) in relation to a Cantonment authority, a port authority for a major port, and any institution which, or the objects of which, appear to the Central Government, to fall within List I, in the Seventh Schedule to the Constitution, the Central Government, and

(b) in other cases the State Government.

Explanation: The State Government in relation to an institution registered under the Societies Registration Act, 1860, means the State Government of the State in which the Society is registered.

9. Savings as to estates of soldier:

Nothing in section 4 or section 6 shall apply to money belonging to any estate for the purpose of the administration of which the Regimental Debts Act, 1893 applies.

10. Repeals:

Repealed by the Repealing Act, 1927 (XII of 1927).
THE SCHEDULE
List of Institutions
(See subsection (2) of section 81)

1. The Pasteur Institute of India, Kasauli.
2. The Calcutta Improvement Tribunal.
3. A Court of Wards.
4. The Indian Central Cotton Committee.
5. The Trustee for the European Hospital for mental diseases at Ranchi.
6. The National Association for supplying female medical aid to the women of India.
7. A College affiliated to a University established by Statute.
8. The India Coal Grading Board.
9. The Indian Red Cross Society.
10. The Lady Minto Indian Nursing Association.
11. The Indian Lac Cess Committee.
13. The Imperial Bank of India.
14. The Bihar and Orissa Medical Examination Board.
15. The Institution created for the Control of Emigrant Labour under the Districts Emigrant Grant Labour Act, 1932.
16. The Bombay Board of Film Censors.
17. The Calcutta University.
18. The Central Board of Irrigation.
19. The Reserve Bank of India.
20. The Banaras Hindu University.
21. The Medical Council of India.
22. The Indian Coffee Cess Committee.
23. The Punjab State Electricity Board.
APPENDIX-3

MEMORANDUM EXPLANATORY OF GOVERNMENT PROVIDENT FUND RULES VIS-A-VIS THE LAW ON THE SUBJECT

PREFACE

1. The object of this Memorandum is to lay down for the assistance of officers called upon to administer the Provident Fund Rules, certain practical principles which may be safely followed in their administration. The Memorandum is not exhaustive and exceptional cases may arise which are not covered by these instructions, but it is hoped that it will be found useful in dealing with the generality of cases arising under the various Provident Fund Rules.

2. The Memorandum does not cover the Railway Provident Fund Rules and therefore, its application to cases arising in connection with the administration of those Rules is limited to such provisions of the Railway Provident Fund Rules as are similar to those on the civil side.

3. It is hoped that the Memorandum will be useful also to subscribers and that it will assist them to arrange for the disposition of their policies in a manner which will enable their families to realize provident fund deposits with the minimum of inconvenience and expense.

4. This memorandum is intended for official use only.

(1) It may be observed at the outset that various Provident Fund Rules have been framed under section 96-B of the Government of India Act, 1919, and that they have been kept alive under Article 118(a) of the Constitution of India, so far as they are consistent with the Constitution and are to be deemed to be rules made under the appropriate provisions thereof.

(2) The rules come into contact with the law as regards—

(i) the protection of deposits,

(ii) the power of disposition of deposits,

(iii) the repayment of deposits on the death of the subscriber or depositor, and

(iv) life insurance policies and their assignment and reassignment. The Provident Fund Act itself and the statutory rules framed under the Act, legislate for (1), (2) and (3) and the Indian Contract Act, the
Transfer of Property Act, the Married Women's Property Act and the Insurance Act, 1938, govern the assignment and reassignment of insurance policies.

3. Effect of section 3 (1) and 3 (2).—The Protection of Deposits.—The Provident Fund Act protects deposits both during the life time and after the death of the depositor. Section 3 (1) gives complete protection during the lifetime of the subscriber against creditors and also against Government, save to the extent contemplated in section 6 in the case of a Contributory Provident Fund. Section 3 (2) deals with the protection of deposits after death and ensures that any sums standing to the credit of any subscriber to any Provident Fund at the time of his death and payable under the rules of the Fund to any dependant shall, subject to any deduction authorised by section 6 (if the Fund is a Contributory Provident Fund), vest absolutely in the dependant free of any charge (including even succession duty). This protection does not extend to a person who becomes entitled to the Provident Fund money but is not a dependant. The payment to the dependants is, however, subject to any assignment or charge made prior to the Act unless the dependant is a child or widow of the subscriber, in which case even an assignment made before the 1st April, 1926 will not prevail.

4. Power of disposition.—A subscriber after retirement from service is at perfect liberty to withdraw his deposits in a provident fund and deal with them as he pleases. While in service, however, he is entitled to and, as a matter of practice, required to make arrangements to dispose of his deposits by nominating some member or members of his "family" to receive the money after his death (the word "family" has been defined in the rules). A subscriber who has no family can nominate any one he pleases but such a nomination will become void when he acquires a family. The legal position, briefly stated, is that a nomination made in accordance with the rules of the fund confers on the nominee an absolute right notwithstanding that the personal law of the subscriber might prescribe a different destination for the deceased subscriber's estate.

The legal effect of a nomination is stated in section 5 of the Provident Fund Act. That section requires careful reading. Section 5(1) by itself does not provide for any nomination to be made and does not by itself create any right in favour of the nominee. It merely gives protection and force to a nomination
made in accordance with the rules of the Provident Fund. If, therefore, a rule exists in any Provident Fund Rules (as in Rule 26 of the State Railway Provident Fund Rules), rendering nominations invalid by marriage or remarriage nominations, even if valid when made, will become ineffective if a subscriber marries or remarries and will not be nominated to which the protection of section 5(1) of the Act will extend.

A nomination made under section 5(1) of the Act must be a valid nomination in accordance with the rules in force at the time such nomination is made. There is always a risk that such nomination may lose its effect in the light of subsequent amendments or alterations of the rules. Rules 137(8) of the Punjab General Provident Fund Rules only gives protection to nominations made before the rules came into force. It is on record that there may be no doubt as to the validity of any nomination it is in the interest of subscribers to see that nominations are in accordance with the rules as they may stand amended or altered from time to time.

Section 5(2) merely extends the scope of the Succession Certificate Act of 1889 and Bombay Regulation VIII of 1823, and enables a nominee mentioned in section 5(1) to claim succession certificates under these enactments (payment of such claims has also been provided for in section 4(c)(1) of the Act).

A subscriber or depositor is permitted in his lifetime to draw on his deposits or subscriptions for payment of premia on a life insurance policy which is thus financed out of the General Provident Fund. The subject of life insurance policies is, however, sufficiently important to merit separate treatment in another section.

(5) Repayment. - Section 3(2) and 4 of the Provident Fund Act regulate repayment of Provident Fund deposits but the latter section should be read in conjunction with the relevant provident fund rules governing the manner of distribution of deposits. Any sum payable under these rules to a dependant of a deceased subscriber, as defined in section 2(c) of the Act, vests in such person under sub-section(2) of section 3 of the Act and is payable to such dependant or, if such person is a minor or a lunatic, to the person authorised by law to receive it on his behalf. The person undoubtedly authorised by law to receive, on behalf of a minor, the sum payable is a guardian appointed by a Court.
(6) Under most of the Provident Fund Rules (except the Indian Civil Service and the State Railways Provident Fund Rules) the provident fund money must be paid in equal shares to the members of the family if there is no nomination or if the nomination is in favour of a person who is not a member of the family. If there is a family, and the subscriber has nominated a person who, though not a member of the family as defined in the relevant Provident Fund Rules, is a dependant as defined in section 2(c) of the Act, payment is regulated under section 4(1)(a) ibid. If, however, the nomination is in favour of an outsider, i.e., who is not a dependant of the subscriber, payment is regulated under section 4(1)(b) if the total amount does not exceed Rs. 5,000 and under section 4(1)(c)(i) if the amount exceeds Rs. 5,000.

The following examples illustrate how repayment is made under the Punjab General Provident Fund Rules:

Example-1: There is a family and there is a nomination in favour of one member of the family. The money vests in the nominee and payment must be made to the nominee. (See sections 3(2) and 4(1)(a) and the relevant Provident Fund Rules).

Example-2: There is a family, but there is no nomination in favour of any member of the family or the nomination is not valid under the rules. Payment must be made to all the members of the family in equal shares. (See Section 4(1)(a) and the relevant Provident Fund Rules).

Example-3: (i) There is no family and there is a nomination in favour of a person who is a dependant as defined in section 2(c) of the Act. The money vests in the nominee and payment must be made to the nominee. (See sections 3(2) and 4(1)(a) of the Act).

(ii) There is no family and there is a nomination in favour of a person who is also not a dependant. Payment will be made to the nominee if the amount does not exceed Rs. 5,000 (see section 4(1)(b) and the relevant Provident Fund Rules) but if the amount exceeds Rs. 5,000 payment will be made to such nominee only on production of a succession certificate, probate, or letters of administration (see section 4(1)(c)(i)).

Example-4: Where there is no family and no nomination in favour of any person, payment will be made -

(a) if the amount does not exceed Rs. 5,000, to the
person appearing to the Accounts Officer to be entitled to receive it (see section 4(1)(b)).

(b) if the amount exceeds Rs. 5,000 to the person producing letters of administration, probate or succession certificate.

An assignment of deposits by the subscriber made before the 1st April, 1926, will be recognised to the extent contemplated in section 3(2) of the Act, even if there is a family, but this concession gives no relief to the assignee if the subscriber leaves a widow or a child.

(7) Life Assurance Policies and their assignment and reassignment. - To enable Government employees to make more satisfactory provisions for their families, particularly during the early years of their career when their subscription and the total amounts of their deposits cannot be large, Government have agreed to allow subscribers to finance policies from Provident Funds.

This decision was largely actuated by the consideration (i) that the maximum amount of the insurance provided under the postal Life Insurance Scheme itself was not a high figure (Rs. 20,000) and (ii) that Government could not, while permitting policies under their own scheme of life insurance, refuse a right to take out policies with public companies. The result has been, however, innumerable references with regard to the legal aspects of the assignment and reassignment of policies necessitated by the fact that they are financed from the Provident Fund.

(8) Necessity for assignment.- A policy of assurance on human life means any instrument by which the payment of money is assured on death (except death by accident only) or the happening of any contingencies depending on human life or any instrument evidencing a contract which is subject to the payment of premia for a term depending on human life. Loosely put, an assurance policy may be defined as a contingent contract between the assured person and the assurer under the terms of which payment of a certain sum of money is guaranteed on the occurrence of a certain contingency, namely, the death of a subscriber or the maturity of the policy. The assured, if the policy matures during his lifetime, and the successors of the assured, if the policy matures on his death, have the right of claiming the proceeds of the policy from the assurance company. These policies, being as a
rule, actionable claims, are capable of being transferred. On a transfer, the transferee becomes entitled to proceed of the policy. Government permits the subscriber or depositor to pay assurance premia from the sum standing to his credit in his Provident Fund Account. Government also permit a favourable rate of interest as also certain other concessions for the benefit of the family of the Government employee in question. Money paid out of the Provident Fund to finance policies goes out of the fund altogether and it is conceived that as regards succession, protection from attachment and like purpose the provisions of the Provident Fund Act do not apply to the policy or the proceeds thereof. With a view to obtaining security for the moneys thus advanced Government insists that these assurance policies should be assigned to them. Government has also another object in view, namely, to prevent the subscriber from trafficking in the policy, and to secure the proceeds of the policy, as far as allowed by the law, for the purposes for which the Provident Fund is designed.

It has been urged that a formal assignment is unnecessary and leads to legal difficulties and that the same object could probably be achieved if the policy were merely kept in deposit by the Accounts Officer. The legal position is that a mere deposit creates no legal right and that a title to a policy can only pass by means of a formal assignment as required by section 130 of the Transfer of Property Act.

It has also been argued that assignment is unnecessary because Government does not foreclose on the policy at any time. This does not seem to be a correct statement of the position. Normally, it is true, Government does not realize the proceeds of the policy until maturity, but before maturity would be detrimental to the subscriber's interest except where the policy matures before the retirement of a subscriber and where the amount assured plus accrued bonuses is less than the whole of the amount withheld or withdrawn with interest. But in such cases it is clear that the policy money cannot be claimed in absence of an assignment as the insurance company would refuse to pay, and to cover these cases assignment is essential.

A further criticism that has been levelled is that assignments do not secure Government against a covert assignment, which it is suggested, can be effected by means of a separate document. There is no force in
this criticism because the notice of assignment given
to the insurance company concerned in every case
would take precedence over any other subsequent
notice that may be received.

It follows that if policies financed from the
Provident Fund are not assigned, difficulties will
arise and the purpose for which Provident Funds were
instituted may be defeated.

(9) Married Women's Property Act Policies.- The Provident
Fund Rules, therefore, rightly require the assignment
of all policies excepting only a type of 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". This type of policy is the
very type defined in section 6(1) of the Married
Women's Property Act, 1874, which applied originally
to all persons other than those professing the Hindu,
Mohammandan, Buddhist, Sikh or Jain religions, and
was extended to Hindus, Mohammandans, Sikhs and Jains
with effect from the 1st December, 1913, in Madras and
from the 1st April, 1923, in other parts of India. It
is, therefore, correct to say that all policies
except those covered by the Married Women's Property
Act should be assigned to Government.

The reason for making this exception is not far to
seek. A policy covered by the Married Women's
Property Act "shall insure and be deemed to be a
trust for the benefit of his wife and children or any
of them according to the interest so expressed and
shall not as long as any object of the trust remains,
be subject to the control of the husband or to his
creditors or form part of this estate". The policy
is at no time the property of the subscriber and he
cannot assign it. It is true that if his wife and
children join, the subscriber can assign the policy
to Government. But as in most cases the children are
minors, such an assignment is practically impossible.
An assignment of a policy covered by the Married
Women's Property Act being, for all practical
purposes, impossible, government has to be satisfied
with something less than an assignment. The rules,
therefore, require that such policies should be
delivered to the Accounts Officer.

Deposits of the policy is less satisfactory than
assignment. It creates no legal right in favour of
Government and the subscriber, his wife and his
children if of full age can acting together, transfer
the policy to a stranger. Immediately such a
transaction is discovered, Rule 13.25 of the Punjab
General Provident Fund Rules, or the corresponding rule in regard to other funds, can be enforced. It is quite conceivable that a wife, in whose favour there is a statutory limit under this Act, may, when the policy matures, insist upon retaining the proceeds of the policy and refuse to pay it to the Fund. In that case Government, it is apprehended, will be without a remedy.

High Courts differ on the question what is a policy "which, on the face of it is for the benefit of the subscriber's wife or of his wife and children or any of them". The ordinary endowment policy on the life of a subscriber is payable on the subscriber's death or at the age of 55 and is made payable to the subscriber's wife provided she survives the assured: failing her, to the assured, his executors, administrators or assigns. One High Court has held that this is not a policy for the benefit of the wife, that the wife is merely a contingent beneficiary and that the policy does not fall within section 6 of the Married Women's Property Act. Another High Court, giving a more extended meaning to a "policy on the face of it payable to a wife, etc." has taken the contrary view. In practice, it is safer to accept the restricted meaning and insist upon assignment of all policies, in which the wife and the children take a contingent interest. After all, if the Supreme Court were to hold that policies of the contingent beneficiary type are covered by the Married Women's Property Act and that the words should be given an extended meaning, as assignment would merely turn out to be ineffective. The safest principle in dealing with this class of cases is, when in doubt take an assignment. It can do no harm.

(10) Acceptability of policies. — Though no legal point arises in connection with the acceptability of policies it might be of advantage briefly to mention the conditions which have to be satisfied before a policy is allowed to be financed from a Provident Fund:

(i) The policy shall be one effected by the subscriber himself on his own life or on the joint lives of the subscriber and the subscriber's wife or husband (there are women subscribers).

(ii) The policy must be capable of being legally assigned by the subscriber to Government. The only exception are Married Women's Property Act policies, which have been dealt with in the previous paragraph. Without an assignment, that is
a legal transfer of the claim, Government has no legal right to the policy as a security against the advance made from the Provident Fund.

(iii) The policy must be free from any prior charge or encumbrance though an exception is, however, made in the case of a policy which has already been assigned to the wife. But in such an event, it is necessary, either that the wife should be divested of her right in the policy by a formal reassignment to the husband, or that both husband and wife should join in the assignment. A special form of assignment has been devised for this purpose. In all cases, therefore, the prior assignee must be divested of his rights before the policy can be accepted. The real point is that when a request is made for a policy to be financed from the Fund the interest in the policy which has been taken out must if it is to be financed from the Fund, belong wholly to the subscriber. An exception is a policy to which the Married Women's Property Act applies.

Policies financed from the Indian Civil Services Provident Fund are neither assigned to the President of India nor deposited with the Accounts Officer.

(iv) The policy must not be for the benefit of any person other than the subscriber, or his wife, or the husband of the subscriber, or the wife or husband and children of the subscriber or any of them. The Provident Fund has been credited in order that provision may be made for the support of the family in the event of the untoward death of the subscriber. The object of the fund would be defeated if the policy were so framed as to pass the benefit to an entire stranger.

(v) The policy should not be an educational endowment policy which falls due for payment in whole or in part before the subscriber's normal age of superannuation. It is the duty of a subscriber to provide for the education of his children before he reaches the age of superannuation.

(11) Assignments of policies.-- It has already been stated that all policies except those to which the Married Women's Property Act applies must be assigned. Such policies fall into the following classes:

(1) Policies in respect of which no prior assignment exists;
(2) Policies in respect of which there is a prior assignment in favour either of a stranger or the wife;

(3) Policies under which a subscriber and his wife or husband are jointly assured;

(4) Policies not falling within the Married Women's Property Act, but in which the wife has a clear interest (as in a case where on the death of the subscriber the sum assured is payable to the wife and on maturity to the subscriber and his wife jointly).

For convenience, reference has been made to the Punjab General Provident Fund Rules only.

(1) As regards the first class of policies an assignment in Form 1 to the third schedule would offer no difficulties.

(2) Where there is a prior assignment in favour of a stranger, however, the interest in the policy has passed to the stranger and it will be necessary, if legal title is to be passed to Government, for the stranger to divest himself of his right by a formal reassignment of his interests to the subscriber. The subscriber must then execute a fresh assignment to Government, in Form P.F.3. In cases where the policy was assigned to the wife it was the practice to treat her, as a joint assured and to make her join in the assignment to Government. The law officers disapproved of this procedure. They pointed out that the assured had already transferred his interest in the policy to his wife, and that it was doubtful, in the event of the death of the wife before maturity, whether the assured could claim payment to the exclusion of the heirs of the wife. They suggested either that the wife should reassign the policy to the subscriber and the subscriber should then assign the policy to Government or that by a single assignment the wife should divest herself of her rights and agree to the subscriber assigning the policy to Government. In the interests of simplicity and convenience the latter course was adopted and Form P.F. 5 is the result. This step, however, has caused some degree of hardship to the widows of subscribers a point which is discussed at some length in the section on reassignment.

(3) Where a husband and wife are jointly assured and the interest on the policy passes to the
survivor, it is clearly necessary that both parties
should join in the assignment to Government and
Form P.F.4 has been provided for this purpose.

(4) In this class of cases also, it will be
necessary for the husband and wife to join the
assignment to Government in Form P.F.4.

Notice.- All Accounts Officers should bear in
mind that notice of an assignment should always be
given to the Insurance Company immediately after execution.
This notice is very important, since under section 38
of the Insurance Act of 1938, priorities will rank in
order of notice, whereas at present priority is
decided according to the date on which an assignment
is executed. The Accounts Officer should either see
that Notice Assignment is promptly given by the
subscriber or send the notice signed by the
subscriber with a covering letter to the company and
see that the letter is acknowledged. It will be
possible for the Accounts Officer to satisfy himself
at the same time by an enquiry from the company that
no previous assignment has been registered.

Re-assignments.- The various Provident Fund Rules
require that a policy which has been assigned to
Government should be reassigned to the subscriber,
beneficiary or to such person "as may be legally
entitled to receive it". No difficulty arises in a
case in which a subscriber and his wife are jointly
assured or where they have a joint interest in the
policy and the husband and wife are joint assigns
ors as the survivor in such cases as the surviving
cosignor, is legally entitled to have the policy
reassigned to him or her. In all other cases,
however, where the subscriber dies in service the
problem arises as to who is legally entitled to
reassignment. Though it is open to Government under
the rules to reassign the policy to whatsoever person
it considers legally entitled to receive it, without
probate or letters of administration or succession
certificate, they follow the procedure entirely at
their own risk as there is always the possibility
that persons may later come forward as persons
rightfully entitled to the proceeds of the policy and
seek to fasten liability on Government for
reassigning it to a wrongful claimant. To be on the
safe side therefore, it is essential that Government
should satisfy themselves in all cases that the
person to whom they reassign the policy is the person
who is legally entitled to receive it and this can be
achieved only on production of letters of
administration, probate or succession certificate.
This requirement, however, has given rise to some degree of inconvenience as the production of the legal representation involves the expenditure of an appreciable sum of money which, in many cases, may not be proportionate to the balances standing to the credit of a deceased subscriber. To minimize the degree of inconvenience, therefore, it has been decided that where the amount is small and the claimant is the widow or a child of the subscriber and where there is other evidence to show that she is an heir to the estate, such as the fact that she has been handed back to the widow without a formal deed of assignment. A letter would then be addressed to the insurance company stating that Government have further claims against the policy and the company left to decide whether or not they should pay to a person who produces the policy on the evidence before them or on the production of legal proof of succession. Such a procedure has been criticised in conflict with the statutory rules which require formal reassignment. On the other hand, if a person who appears to be legally entitled to the policy is prepared to accept the policy without formal deed of assignment Government cannot insist on a formal reassignment, particularly if the claimant would thereby be committed to the expenditure of an appreciable sum of money.

A reference has been made in paragraph 11(2) above to cases of hardship to widows of subscribers. It arises because, when a wife divests herself of rights accruing under the original assignment in order to the policy may be assigned to Government, the policy can only be reassigned to her on production of proof of legal title; to obtain such proof in the shape of forceprobate of will, letters of administration or a succession certificate she has to pay heavy valorem fees.

It was the practice, therefore, to sanction assignment by the subscriber in favour of his wife and children subsequent to the assignment in favour of the wife and subject thereto. It was apprehended that such a subsequent assignment would attract provisions of Rule 13.25 of the Punjab Gen
Provident Fund Rules, but it was considered that so long as the assignment was with the sanction of Government, Government waived the enforcement of the rule.

This practice, however, should not be further countenanced, as an unobjectionable method by which reassignment can be secured without production of probate or letters of administration has been devised and will be available to subscribers.

It is as follows:

(i) Reassignment of the policy in favour of subscriber if an assignment in P.F.1 in favour of Government is already in existence.

(ii) Execution of an assignment in favour of the subscriber and his wife/husband and/or major son(s) and/or major daughter(s) as joint tenants in the following form:

"I (here state name and description of the assured) do hereby assign and transfer the benefit of the within policy and all moneys receivable thereunder or in respect thereof to myself and my________________________ (here state relationship and name) to hold the same into myself and the said ____________ or survivor or survivors as joint tenants, and I declare that on the death of one or more of us, the receipt of the survivor or survivors shall be a sufficient discharge to the insurance company within named.

the ____________ day of ____________ 19.


1.
2.

(Signature and Designation)

(iii) Execution of an assignment by the subscriber and his wife/ her husband and/or major son(s) and/or major daughter(s) in Form P.F.4 in favour of Government.

Such an assignment has the effect of creating a joint tenancy in favour of the wife/husband and/or major son(s) and/or major daughter(s) with the result that she/he/they is/are entitled to claim the policy in her/his/their own right as surviving contenant/contenants on the death of the subscriber."