

## **Employees' Provident Funds Scheme, 1952**

**Notification.-** SRO 1509, dated 2-9-1952 In exercise of the powers conferred by section 5 of the Employees' Provident Funds Act, 1952 (19 of 1952), the Central Government hereby frames the following Employees' Provident Funds Scheme, 1952, namely:—

### **CHAPTER I: PRELIMINARY**

**2. Definitions.-** In this Scheme, unless the context otherwise requires:—

(a) "Act" means the Employees' Provident Funds and Family Pension Fund Act, 1952 (19 of 1952);

(c) "Children" means legitimate children and includes adopted children if the Commissioner is satisfied that under the personal law of the member adoption of a child is legally recognized;

(d) "Commissioner" means a Commissioner for Employees' Provident Fund appointed under section 5D of the Act and includes a Deputy Provident Fund Commissioner and a Regional Provident Fund Commissioner;

(e) "continuous service" means uninterrupted service and includes service which is interrupted by sickness, accident, authorised leave, strike which is not illegal, or cessation of work not due to the employee's fault;

(f) "Excluded employee" means—

(i) An employee who, having been a member of the Fund, withdrew the full amount of his accumulations in the Fund under clause (a) or (c) of subparagraph (1) of paragraph 69;

(ii) an employee whose pay at the time he is otherwise entitled to become a member of the Fund, exceeds six thousand and five hundred rupees per month; Explanation: 'Pay' includes basic wages with dearness allowance, retaining allowance (if any) and cash value of food concessions admissible thereon;

(iii) Omitted

(iv) An apprentice.

**Explanation:** An apprentice means a person who, according to the certified standing orders applicable to the factory or establishment, is an apprentice, or who is declared to be an apprentice by the authority specified in this behalf by the appropriate Government;

(vi) Omitted;

(g) "Family" means—

(i) in the case of a male member, his wife, his children, whether married or unmarried, his dependant parents and his deceased son's widow and children:

**Provided that** if a member proves that his wife has ceased, under the personal law governing him or the customary law of the community to which the spouses belong, to be entitled to maintenance she shall no longer be deemed to be a part of the member's family for the purpose of this Scheme, unless the member subsequently intimates by express notice in writing to the Commissioner that she shall continue to be so regarded; and

(ii) in the case of a female member, her husband, her children, whether married or unmarried, her dependant parents, her husband's dependant parents and her deceased son's widow and children:

**Provided that** if a member by notice in writing to the Commissioner expresses her desire to exclude her husband from the family, the husband and his dependent parents shall no longer be deemed to be a part of the member's family for the purpose of this Scheme, unless the member subsequently cancels in writing any such notice.

**Explanation:** In either of the above two cases, if the child of a member or, as the case may be, the child of a deceased son of the member has been adopted by another person and if, under the personal law of the adopter, adoption is legally recognised, such a child shall be considered as excluded from the family of the member;

(h) "financial year" means the year commencing on the first day of April;

(i) "Government security" shall have the meaning assigned to it in the Public Debts Act, 1944 (18 of 1944);

(j) "Inspector" means a person appointed as such under section 13 of the Act;

(k) "Quarter" means a period of three months commencing on the first day of January, the first day of April, the first day of July and the first day of October of each year;

(kk) 'seasonal factory' means a factory which is exclusively engaged in the manufacture of tea, sugar, rubber, turpentine, rosin, indigo, lac, fruit and vegetable preservation industry, rice milling industry, dal milling industry, cashewnut industry, stemming or redrying of tobacco leaf industry, tiles industry, hosiery industry, oil milling industry, licensed salt industry, jute baling or pressing industry, fire works and percussion cap works industry, ice or ice cream industry or cotton ginning, baling and pressing industry;

(kkk) "seasonal establishment" means a plantation of tea, coffee, rubber, cardamom or pepper, a coffee curing establishment, a fireclay mine or a gypsum mine;

(l) "trustee" means a member of a Board of Trustees; and

(m) all other words and expressions shall have the meanings respectively assigned to them in the Act.

## **CHAPTER II: BOARD OF TRUSTEES, EXECUTIVE COMMITTEE AND REGIONAL COMMITTEES**

**3. Election of certain members of the Executive Committee.-** (1) The Chairman of the Central Board shall call a meeting of the Board for the purpose of election to the Executive Committee of the members representing the employer or, as the case may be, the employees referred to in clauses (d) and (e) of sub-section (2) of section 5AA of the Act.

(2) In the meeting referred to in sub-paragraph (1), the Chairman of the Central Board may invite the members to propose the names of those members, who represent the employers or, as the case may be, the employees and every such proposal shall be duly seconded by another member of the Board.

(3) If the number of persons proposed and seconded for election under sub-paragraph (2) does not exceed the number of vacancies to be filled up from amongst the persons representing the employers, or, as the case may be, the employees, the persons whose names have been so proposed and

seconded in relation to the category of employers or employees, shall be declared elected to the Executive Committee.

(4) If the number of persons proposed and seconded for election under subparagraph (2) exceeds the number of vacancies to be filled up from amongst the persons representing the employers or, as the case may be, the employees, each member of the Board present at the meeting shall be given a ballot paper containing the names of all the candidates so proposed and seconded and he may record his votes thereon for as many candidates belonging to the categories of employers or employees, as there are vacancies to be filled up in relation to each such category, but not more than one vote shall be given in favour of any one candidate. If any member votes for more candidates than the number of vacancies in relation to the categories of employers or employees or given more than one vote in favour of any one candidate, all his votes shall be deemed to be invalid.

(5) The persons getting the highest number of votes shall be declared by the Chairman as duly elected to the Executive Committee at the same meeting or as soon thereafter as possible:

**Provided that** where there is an equality of votes between any candidates, and the addition of one vote will entitle any of the candidates to be declared elected, such candidate shall be selected by lot to be drawn in the presence of the Chairman in such manner as he may determine.

(6) If any question arises as to the validity of any election, it shall be referred to the Central Government, who shall decide the same.

**4. Regional Committee.-** (1) Until such time as a State Board is constituted for a State, the Chairman of the Central Board may, by notification in the Official Gazette, set up a Regional Committee for the State, which will function under the control of the Central Board. The Regional Committee shall consist of the following persons, namely:—

(a) a Chairman appointed by the Chairman of the Central Board;

(b) Two persons appointed by the Chairman of the Central Board on the recommendation of the State Government;

(c) two persons representing employers in the industries or other establishments to which this Scheme applies in the State appointed by the Chairman of the Central Board in consultation with such organisations of employers in the State as may be recognised for the purpose by the Central Government;

(d) two persons representing employees in the industries or other establishments to which this Scheme applies in the State appointed by the Chairman of the Central Board in consultation with such organisations of employees in the State as may be recognised for the purpose by the Central Government; and

(e) the non-official members of the Central Board ordinarily resident in the State:

**Provided that** where the Chairman of the Central Board considers it expedient so to do, he may appoint up to five additional representatives of the employers or, as the case may be, the employees.

(2) A Regional Committee shall advise the Central Board,—

(i) on such matters as the Central Board may refer to it from time to time;

(ii) generally, on all matters connected with the administration of the Scheme in the State and, in particular, on—

(a) progress of recovery of provident fund contributions and other charges,

(b) expeditious disposal of prosecutions,

(c) speedy settlement of claims,

(d) annual rendering of accounts to members of the Fund, and

(e) speedy sanction of advances.

(3) As soon as a State Board is constituted for any State, the Regional Committee constituted for that State under this paragraph shall stand dissolved.

**5. Terms of office.**— (1) The term of office of the Chairman, Vice-Chairman and every Trustee of the Central Board referred to in clauses (b), (c), (d) and (e) of sub-section (1) of section 5A of the Act shall be five years commencing on and from the date on which their appointment is notified in the Official Gazette.

(2) The term of office of the Chairman and every Member of the Executive Committee referred to in clauses (b), (c), (d) and (e) of sub-section (2) of section 5AA shall be two years and six months commencing on and from the date on which their appointment is notified in the Official Gazette.

(2A) The term of office of the Chairman and every Member of a Regional Committee referred to in clauses (b), (c) and (d) of sub-paragraph (1) of paragraph 4 shall be three years commencing on and from the date on which their appointment is notified in the Official Gazette.

(2B) Notwithstanding anything contained in sub-paragraphs (1), (2) and (2A) every trustee or member shall continue to hold office until the appointment of his successor is notified in the Official Gazette: Provided that a member of the Executive Committee shall cease to hold office when he ceases to be a member of the Central Board.

(3) A trustee or a member referred to in sub-paragraphs (1), (2) and (2A) appointed to fill a casual vacancy shall hold office for the remaining period of the term of office of the trustee or member in whose place he is appointed and shall continue to hold office on the expiry of the term of office until the appointment of his successor is notified in the Official Gazette.

(4) An outgoing trustee or member shall be eligible for re-appointment.

**6. Resignation.-** A trustee of the Central Board or a member of the Executive Committee may resign his office by letter in writing addressed to the Central Government and his office shall fall vacant from the date on which his resignation is accepted by the Central Government.

A member of a Regional Committee may resign his office by a letter in writing addressed to the Chairman, Central Board, and his office shall fall vacant from the date on which his resignation is accepted by the Chairman, Central Board.

**7. Cessation and restoration of trusteeship.-** If a trustee or a member of the Executive Committee or a Regional Committee fails to attend three consecutive meetings of the Board or Committee, as the case may be, without obtaining leave of absence from the Chairman of the Board or Committee, he shall cease to be a trustee or member of the Committee:

**Provided that** the Central Government in the case of the Central Board or the Executive Committee and the Chairman, Central Board, in the case of any Regional Committee may restore him to trusteeship or membership of the Executive Committee or of the Regional Committee, as the case may be, if it is satisfied that there were reasonable grounds for the absence.

**8. Disqualifications for trusteeship or membership of Regional Committee.-** (1) A person shall be disqualified for being appointed as, or for being a trustee or member of a Regional Committee:—

- (i) if he is declared to be of unsound mind by a competent court; or
- (ii) if he is an undischarged insolvent; or
- (iii) if before or after the commencement of the Act he has been convicted of an offence involving moral turpitude; or
- (iv) if he as an employer in relation to an exempted establishment or an establishment to which the Scheme applies has defaulted in the payment of any dues to the Central Board or the Fund recoverable from him under the Act or the Scheme, as the case may be.

(2) If any question arises whether any person is disqualified under subparagraph (1), it shall be referred to the Central Government and the decision of the Central Government on any such question shall be final.

**9. Removal from trusteeship or membership of a Regional Committee.-** The Central Government may remove from office any trustee of the Central Board or the Chairman, Central Board, may remove from office any member of a Regional Committee—

- (i) if, in the opinion of the Central Government or the Chairman, Central Board, such trustee or member has ceased to represent the interest which he purports to represent on the Board or Committee, as the case may be; or
- (ii) if he as an employer in relation to an exempted establishment or an establishment to which the Scheme applies has defaulted in the payment of any dues to the Board or the Fund recoverable from him under the Act or the Scheme, as the case may be:

**Provided that** no such trustee or member shall be removed from office unless a reasonable opportunity is given to such trustee or member and the body whom he represents, of making any representation against the proposed action.

**10. Absence from India.-** (1) Before a non-official trustee or a member of a Regional Committee leaves India:—

- (a) he shall intimate to the Chairman of the Central Board or of the Committee, as the case may be, of the dates of his departure from and expected return to India, or
- (b) if he intends to absent himself for a period longer than six months, he shall tender his resignation.

(2) If any trustee or a member of a Regional Committee leaves India for a period of six months or more without intimation to the Chairman of the Central Board or of the Regional Committee, as the case may be, he shall be deemed to have resigned from the Central Board or the Committee.

**11. Meetings.-** (1) The Central Board of Trustees or the Executive Committee or Regional Committee shall, subject to the provisions of paragraph 12, meet at such place and time as may be appointed by the Chairman:

**Provided that** the Central Board or the Regional Committee shall meet at least twice in each financial year and the Executive Committee shall meet at least four times in each financial year.

(2) The Chairman may, whenever he thinks fit, and shall within fifteen days of the receipt of a requisition in writing from not less than one-third of the members in the case of the Central Board or the Executive Committee and not less than three members excluding the Chairman in the case of a Regional Committee, call a meeting thereof.

**12. Monthly member's pension.-** A member shall be entitled to:—

(a) superannuation pension if he has rendered eligible service of 10 years or more and retires on attaining the age of 58 years ;

(b) early pension, if he has rendered eligible service of 10 years or more and retires or otherwise ceases to be in the employment before attaining the age of 58 years.

(2) In the case of a new entrant, the amount of monthly superannuation pension or early pension, as the case may be, shall be computed in accordance with the following factors, namely:-

Monthly member pension =	Pension salary x pensionable service
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(3) In the case of an existing member in respect of whom the date of commencement of pension is after the 16th November, 2005—

(i) superannuation or early pension shall be equal to the aggregate of:—

(a) pension as determined under sub-paragraph (2) for the period of pensionable service rendered from the 16th November, 1995 or Rs. 635 per month whichever is more;

(b) past service pension shall be as given below:—

The past service pension payable on completion of 58 years of age on the 16th November, 1995:

S. No.	Years of past service	Salary upto Rs. 2,500 per month	Salary more than Rs. 2,500 per month
	(1)	(2)	(3)
(i)	Up to 11 years	80	85
(ii)	More than 11 years but upto 15 years	95	105
(iii)	More than 15 years but less than 20 years	120	135
(iv)	Beyond 20 years	150	170

The amount under column (2) or column (3) above, as the case may be, shall be multiplied by the factor given in Table "B" corresponding to the period between the 16th November, 1995, and the date of exit to arrive at past service pension payable.

(ii) The aggregate of (a) and (b) calculated as above shall be subject to a minimum of Rs. 800 per month, provided the eligible service is 24 years. Provided further, if it is less than 24 years, the pension as computed above shall be reduced proportionately subject to a minimum of Rs. 450 per month.

(4) In the case of an existing member and in respect of whom the, date of commencement of pension is between the 16th November, 2000, and the 16th November, 2005 —

(i) superannuation or early pension shall be equal to the aggregate of:—

(a) pension as determined under sub-paragraph (2) for the period of service rendered from the 16th November, 1995 or Rs. 438 per month whichever is more;

(b) past service pension as provided in sub-paragraph (3).

(ii) The aggregate of (a) and (b) calculated as above shall be subject to a minimum of Rs. 600 per month, provided the eligible service is 24 years. Provided further, if it is less man 24 years the pension shall be proportionately less subject to the minimum of Rs. 325 per month.

(5) In the case of an existing member and in respect of whom the date of commencement of pension is before the 16th November, 2000,—

(i) superannuation or early pension shall be equal to the aggregate of:—

(a) pension as determined under sub-paragraph (2) for the period of service rendered from the 16th November, 1995 or Rs. 335 per month whichever is more;

(b) past service pension as provided in sub-paragraph (3).

(ii) The aggregate of (a) and (b) calculated as above shall be subject to a minimum of Rs. 500 per month, provided the eligible service is 24 years. Provided further, if it is less than 24 years the pension shall be proportionately lesser but subject to the minimum of Rs. 265 per month.

(6) Except as otherwise expressly provided hereinafter, the monthly member's pension under sub-paragraphs (2) to (5) mentioned hereinabove, as the case may be, shall be payable from a date immediately following the date of completion of 58 years of age notwithstanding that the member has retired or ceased to be in the employment before the date.

(7) A member, if he so desires, may be allowed to draw an early pension from a date earlier than 58 years of age but not earlier than 50 years of age. In such cases, the amount of pension shall be reduced at the rate of three per cent of every year the age falls short of 58 years.

**13. Chairman to preside at meetings.-** The Chairman of the Central Board or the Executive Committee or a Regional Committee shall preside at every meeting of the Central Board or the Executive Committee or the Regional Committee, as the case may be, at which he is present. If the Chairman of the Central Board is absent at any time, the Vice-Chairman thereof shall preside over the meeting of the Central Board and exercise all the powers of the Chairman at the meeting. If the Vice-Chairman of the Central Board or the Chairman of the Executive Committee or of a Regional Committee is absent at any time, the trustees or members present shall elect one of the trustees or, as the case may be, the members to preside over the meeting and the trustee or member so elected, shall exercise all the powers of the Chairman at the meeting.

**14A. Nomination of a substitute during the absence of a trustee/member of the Central Board/Regional Committee.-** (1) If a

trustee or a member is unable to attend any meeting of the Central Board or the Regional Committee, as the case may be, he may, by a written instrument, signed by him, addressed to the Chairman of the Central Board or the Regional Committee, as the case may be, and explaining the reasons for his inability to attend the meeting, appoint any representative of the Organisation, which he represents on the Central Board or the Regional Committee, as his substitute for attending that meeting of the Central Board or the Regional Committee in his place: Provided that no such appointment shall be valid unless—

(i) such appointment has been approved by the Chairman of the Central Board or the Regional Committee as the case may be; and

(ii) the instrument making such appointment has been received by the Chairman of the Central Board or the Regional Committee, as the case may be before the date fixed for the meeting.

(2) A substitute validly appointed under sub-paragraph (1) shall have all the rights and powers of a trustee or a member, in relation to the meeting of the Central Board or the Regional Committee, in respect of which he is appointed and shall receive allowances, and be under obligations as if he were a trustee or a member appointed under the Act and the scheme respectively.

(3) A trustee or a member appointing a substitute for attending any meeting of the Central Board or the Regional Committee, as the case may be, shall, notwithstanding anything contained in this paragraph, continue to be liable for the misappropriation or misapplication of the Fund by the substitute and shall also be liable for any act of misfeasance or non-feasance committed in relation to the Fund by the substitute appointed by him .

**15. Disposal of business.-** Every question considered at a meeting of the Central Board, or the Executive Committee or a Regional Committee shall be decided by a majority of the votes of the trustees or members of the Executive Committee or a Regional Committee present and voting. In the event of an equality of votes the Chairman shall exercise a casting vote:

**Provided that** the Chairman may, if he thinks fit, direct that any question shall be decided by the circulation of necessary papers to trustees or members of the Executive Committee or a Regional Committee present in India and by securing their opinions in writing. Any such question shall be decided in accordance with the opinion of the majority of trustees or members received within the time limit allowed and if the opinions are equally divided, the opinion of the Chairman shall prevail:

**Provided further that** any trustee or member of the Executive Committee or Regional Committee may request that the question referred to trustees or, members of the Executive Committee or a Regional Committee, as the case may be, for written opinion be considered at a meeting of the Central Board, or the Executive Committee or a Regional Committee and thereupon the Chairman may, and if the request is made by not less than three trustees or members of the Executive Committee or a Regional Committee shall direct that it be so considered.

**16. Minutes of meetings.-** (1) The minutes of a meeting of the Central Board or the Executive Committee or a Regional Committee showing inter alia the names of the trustees or members of Executive Committee or a Regional Committee present thereat shall be circulated to all trustees or members of Executive Committee or a Regional Committee present in India not later than one month from the date of the meeting. The minutes shall thereafter be recorded in minute book as a permanent record:

**Provided that** if another meeting is held within a period of one month and ten days, the minutes shall be circulated so as to reach the trustees or members at least ten days before such meeting.

(2) The records of the minutes of each meeting shall be signed by the Chairman after confirmation with such modifications, if any, as may be considered necessary at the next meeting.

**17. Acts of a Regional Committee not invalid by reason merely of any vacancy in, or defect in the constitution, etc.-** No act or proceeding of a Regional Committee shall be deemed to be invalid by reason merely of any vacancy in or any defect in the constitution of the Regional Committee.

**18. Fees and allowances.-** (1) The travelling allowance and daily allowance of an official trustee or official member of the Executive Committee or a Regional Committee shall be governed by the rules applicable to him for journeys performed on official duties and shall be paid by the authority paying his salary.

(2) Subject to the provisions of sub-paragraphs (3) and (4), every non-official trustee or non-official member of the Executive Committee or a Regional Committee shall be allowed travelling and daily allowances for attending the meeting of the Central Board or the Executive Committee or the Regional Committee, as the case may be, at the following rates, namely:—

(i) Travelling allowance:—

(A) a non-official trustee or member residing at the place where a meeting is held shall be allowed the actual expenditure incurred by him on conveyance, subject to the maximum of rupees fifty for each day on which he attends one or more meetings,

(B) a non-official trustee or member not residing at the place where a meeting is held, shall be allowed,—

(a) actual expenditure incurred by him on air journey by economy (tourist) class;

(b) actual expenditure incurred by him on single return journey fare by rail by first air-conditioned class or by 2nd A.C., two-tier sleeper or first class, as the case may be;

(c) actual fare or expenditure incurred by him on road journey by taxi or own car or auto-rickshaw or bus (other than an air-conditioned bus) but not exceeding the rates notified by the concerned Director of Transport for journey by taxi or auto-rickshaw. When the journey is performed between places connected by rail, the fare will be limited to what would have been admissible to the trustee or member under clause (b) of this item.

(ii) Daily allowance:—

(A) a non-official trustee or member residing at a place where a meeting is held shall not be entitled to any daily allowance.

(B) a non-official trustee or member not residing at the place where a meeting is held shall be paid daily allowance at the rate of Rs. 150 per day if the member stays in a hotel and Rs. 100 per day if the member does not stay in a hotel:

**Provided that** the daily allowance shall be calculated for attending the meeting for the entire absence from the normal place of residence of the non-official trustee or member on calendar day basis, i.e., midnight to midnight as under :—

For absence not exceeding 6 hours	Nil
For absence exceeding 6 hours but not exceeding 12 hours	70 per cent
For absence exceeding 12 hours	100 per cent

(3) Where such trustee or member being a member of a State Legislature attends a meeting of the Central Board or the Executive Committee or the Regional Committee, as the case may be, he shall be entitled—

(i) when the State Legislature is not in session, to such travelling and daily allowances as are admissible to Grade I Officers of the State Government; and

(ii) when the State Legislature is in session, to such travelling and daily allowances as are admissible to the members of that Legislature for attending meetings of the Legislature.

(4) Where such trustee or member being a member of either House of Parliament attends a meeting of the Central Board or the Executive Committee or the Regional Committee, as the case may be, he shall be entitled to such travelling and daily allowances as may be admissible to him under the rules laid down by the Central Government on the subject from time to time:

**Provided that** when a Minister is appointed as Chairman or member of the Board or of the Executive Committee or of the Regional Committee, and attends a meeting of such Central Board or the Executive Committee or Regional Committee, as the case may be, his travelling and daily allowance shall be governed by the rules applicable to him for journeys performed on official duties and shall be paid by the authority paying his salary.

(5) Omitted

**Explanation I:** No daily or travelling allowance in respect of any day journey, as the case may be, shall be claimed under this paragraph by a trustee or member of the Executive Committee or a Regional Committee if he has drawn or will draw allowance for the same from his employer or as a member of any Legislature or of any Committee or Conference constituted or convened by Government and no travelling allowance shall be claimed if he uses a means of transport provided at the expense of Government or his employer.

**Explanation II.**

### **CHAPTER III: APPOINTMENT AND POWERS OF COMMISSIONER AND OTHER STAFF OF BOARD OF TRUSTEES**

**19. Central Provident Fund Commissioner and Financial Adviser and Chief Accounts Officer.-** The Central Provident Fund Commissioner and the Financial Adviser and Chief Accounts Officer shall not undertake any work unconnected with their office without the previous sanction of the Central Government.

**20. Omitted.-** Omitted

**21. Opening of regional and other offices.-** The Central Board may, open such regional and local offices as it may consider desirable for the proper implementation of the Scheme. It may also define the functions and duties of the regional and local offices.

**22. Secretary of the Central Board or a Regional Committee.-** (1) The Central Provident Fund Commissioner shall be the Secretary of the Central Board and of the Executive Committee. The Regional Provident Fund Commissioner-in-charge of the region shall be the Secretary of the Regional Committee of the State/Union Territory within his jurisdiction.

(2) The Secretary to the Central Board or the Executive Committee or a Regional Committee shall, in consultation with the Chairman, convene meetings of the Central Board or the Executive Committee or the Regional Committee, as the case may be, keep a record of its minutes and shall take the necessary steps for carrying out the decisions of the Central Board or the Executive Committee or the Regional Committee, as the case may be.

**22A. Appointment of officers and employees of the Central Board.-**

The power of appointment vested in the Central Board under sub-section (3) of section 5D of the Act shall be exercised by the Board in relation to posts carrying the maximum scale of pay of Rs. 14,300-18,300.

**23. Information of appointments to the Central Board.-** References relating to all appointments of officers of the level of the Regional Provident Fund Commissioners and above made by the Chairman, Central Board shall be placed before the next meeting of the Central Board for information.

**24. Administrative and financial powers of a Commissioner.-** (1) A Commissioner may, without reference to the Central Board sanction expenditure on contingencies, supplies and services and purchase of articles required for administering the Fund subject to financial provision in the budget and subject to the limits up to which a Commissioner may be

authorised to sanction expenditure on any single item from time to time by the Central Board.

(2) A Commissioner may also exercise such administrative and financial powers other than those specified in sub-paragraph (1) above, as may be delegated to him from time to time by the Central Board.

(3) A Commissioner may delegate from time to time the administrative and financial powers delegated to him by the Central Board to any officer under his control or superintendence to the extent considered suitable by him for the administration of the Scheme. A statement of such delegation shall be placed before the next meeting of the Central Board for information.

**24A. Delegation of power by the Central Board.-** (1) The Central Board may, by a resolution, empower its Chairman to sanction expenditure on any item, whether in the nature of capital expenditure or revenue expenditure, as it may deem necessary for the efficient administration of the Fund, subject to financial provisions in the Budget, where such expenditure is beyond the limits up to, which the Commissioner is authorised to sanction expenditure on any single item.

(2) The Central Board may also, by a resolution, empower its Chairman to appoint such officers and employees other than those mentioned in sub-sections (1) and (2) of section 5D of the Act, as he may consider necessary for the efficient administration of the Scheme.

(3) All sanctions of expenditure made by the Chairman in pursuance of sub-paragraph (1) shall be reported to the Central Board as soon as possible after the sanction of the expenditure.

**25. Powers of the Central Government until the Central Board is constituted.-** Until the Central Board is constituted, the Central Government shall administer the Fund and may exercise any of the powers and discharge any of the functions of the Board:

**Provided that** on the constitution of the Central Board, the Central Government shall transfer amounts standing to the credit of the Fund to the Central Board.

## **CHAPTER IV: MEMBERSHIP OF THE FUND**

**26. Classes of employees entitled and required to join the fund.- (1)**

(a) Every employee employed in or in connection with the work of a factory or other establishment to which this Scheme applies, other than an excluded employee, shall be entitled and required to become a member of the Fund from the day this paragraph comes into force in such factory or other establishment.

(b) Every employee employed in or in connection with the work of a factory or other establishment to which this scheme applies, other than an excluded employee, shall also be entitled and required to become a member of the fund from the day this paragraph comes into force in such factory or other establishment if on the date of such coming into force, such employee is a subscriber to a provident fund maintained in respect of the factory or other establishment or in respect of any other factory or establishment (to which the Act applies) under the same employer:

**Provided that** where the Scheme applies to a factory or other establishment on the expiry or cancellation of an order of exemption under section 17 of the Act, every employee who but for the exemption would have become and continued as a member of the fund, shall become a member of the fund forthwith.

(2) After this paragraph comes into force in a factory or other establishment, every employee employed in or in connection with the work or that factory or establishment, other than an excluded employee, who has not become a member already shall also be entitled and required to become a member of the fund from the date of joining the factory or establishment.

(3) An excluded employee employed in or in connection with the work of a factory or other establishment to which this Scheme applies shall, on ceasing to be such an employee, be entitled and required to become a member of the fund from the date he ceased to be such employee.

(4) On re-election of an employee or a class of employees exempted under paragraph 27 or paragraph 27A to join the fund or on the expiry or cancellation of an order under that paragraph, every employee shall forthwith become a member thereof.

(5) Every employee who is a member of a private provident fund maintained in respect of an exempted factory or other establishment and who but for exemption would have become and continued as a member of the fund shall, on joining a factory or other establishment to which this Scheme applies, become a member of the fund forthwith.

(6) Notwithstanding anything contained in this paragraph, an officer not below the rank of an Assistant Provident Fund Commissioner may, on the joint request in writing of any employee of a factory or other establishment to which this Scheme applies and his employer, enrol such employee as a member or allow him to contribute more than rupees six thousand and five hundred of his pay per month if he is already a member of the fund and thereupon such employee shall be entitled to the benefits and shall be subject to the conditions of the fund, provided that the employer gives an undertaking in writing that he shall pay the administrative charges payable and shall comply with all statutory provisions in respect of such employee.

**26A. Retention of membership.-** (1) A member of the Fund shall continue to be member until he withdraws under paragraph 69 the amount standing to his credit in the Fund or is covered by a notification of exemption under section 17 of the Act or an order of exemption under paragraph 27 or paragraph 27A.

**Explanation:** In the case of claim for refund by a member under sub-paragraph (2) of paragraph 69, the membership of the Fund shall be deemed to have been terminated from the date the payment is authorised to him by the authority specified in this behalf by Commissioner irrespective of the date of claim.

(2) Every member employed as an employee other than an excluded employee, in a factory or other establishment to which this Scheme applies shall contribute to the Fund, and the contribution shall be payable to the Fund in respect of him by the employer. Such contribution shall be in accordance with the rate specified in paragraph 29:

**Provided that** subject to the provisions contained in sub-paragraph (6) of paragraph 26 and in sub-paragraph (1) of paragraph 27, or sub-paragraph (1) of paragraph 27A, where the monthly pay of such a member exceeds six thousand and five hundred rupees the contribution payable by him, and in respect of him by the employer, shall be limited to the amounts payable on a monthly pay of six thousand and five hundred rupees including dearness allowance, retaining allowance (if any) and cash value of food concession.

**26B. Resolution of doubts.-** If any question arises whether an employee is entitled or required to become or continue as a member, or as regards the date from which he is so entitled or required to become a member, the decision, thereon of the Regional Commissioner shall be final:

**Provided that** no decision shall be given unless both the employer and the employee have been heard.

**27. Exemption of an employee.-** (1) A Commissioner may by order and subject to such conditions as may be specified in the order exempt from the operation of all or any of the provisions of this Scheme an employee to whom the Scheme applies on receipt of application in Form I from such an employee:

**Provided that** such an employee is entitled to benefits in the nature of Provident Fund, gratuity or old age pension according to the rules of the factory or other establishment and such benefits separately or jointly are on the whole not less favourable than the benefits provided under the Act and the Scheme.

(2) Where an employee is exempted as aforesaid, the employer shall in respect of such employee maintain such account, submit such returns, provide such facilities for inspection, pay such inspection charges and invest provident fund collections in such manner as the Central Government may direct.

(3) An employee exempted under sub-paragraph (1) may by an application to the Commissioner make a declaration that he shall become a member of the Fund.

(4) No employee shall be granted exemption or permitted to apply out of exemption more than once on each account.

**27A. Exemption of a class of employees.-** (1) The appropriate Government may by order and subject to such conditions as may be specified in the order exempt from the operation of all or any of the provisions of this Scheme any class of employees to whom the Scheme applies: Provided that such class of employees is entitled to benefits in the nature of provident fund, gratuity or old age pension according to the rules of the factory or other establishment and such benefits separately or jointly or on the whole not less favourable than the benefit provided under the Act and this Scheme.

(2) Where any class of employees is exempted as aforesaid, the employer shall in respect of such class of employees maintain such account, submit such returns, provide such facilities for inspection, pay such inspection charges and invest provident fund collections in such manner as the Central Government may direct.

(3) A class of employees exempted under sub-paragraph (1) or the majority of employees constituting such class may by an application to the

Commissioner make a declaration that the class desires to join the Fund and thereupon such class of employees shall become members of the Fund.

(4) No class of employees shall be granted exemption or permitted to apply out of exemption more than once on each account.

(5) The provisions of this paragraph shall be deemed to have come into force with effect from the 14th of October, 1953.

**27AA. Terms and conditions of exemption.-** All exemptions already granted or to be granted hereafter under section 17 of the Act or under paragraph 27A of the scheme shall be subject to the terms and conditions as given in the Appendix A.

**28. Transfer of accumulations from existing Provident Funds.-** (1) Every authority in charge of, or entrusted with the management of, any Provident Fund in existence the accumulations wherein are to be transferred to the Fund under sub-section (2) of section 15 of the Act, or sub-section (5) of section 17 thereof, as the case may be shall—

(i) send to the Commissioner a statement showing the amount standing to the credit of each subscriber on the date of the transfer, the total accumulations to the credit of subscribers generally on that date and the advances, if any, taken by the subscribers within twenty-five days of the application of the Scheme, or cancellation of exemption, as the case may be,

(ii) transfer to the Fund in the manner specified in sub-paragraph (2) the total accumulations standing to the credit of the subscribers in relation to each factory or other establishment within ten days of the application of the Scheme, or cancellation of the exemption, as the case may be, in case of liquid cash in bank and within thirty days in case of securities, and

(iii) transfer to the Central Board all pass books, books of account and other documents relating to the said accumulations.

(2) All accumulations standing to the credit of the subscribers, howsoever invested, shall be transferred to the Fund by the authority aforesaid in cash:

**Provided that** where the whole or any part of such accumulations consists of investments in Government securities, or in securities guaranteed by appropriate Government as regards repayment of principal and payment of interest or in both, the authority making the transfer to the Fund shall transfer those securities at the price for which they were actually purchased or transfer a sum equivalent to such price. In case, however, the whole or

any part of such accumulations is invested in National Savings Certificates or National Plan Savings Certificates, the appreciated value of such certificates at the time of the transfer will be taken into account in determining the amount of the accumulations to be transferred, provided that the difference between the face value of such certificate and their appreciated value at the time of the transfer has already been credited to the accounts of the subscribers:

**Provided further that** where the whole or any part of such accumulations consists of investments in securities bearing no guarantee of an appropriate Government as regards repayment of principal and payment of interest, the Central Government may, in exceptional cases, allow acceptance of the transfer of such securities from the authority making the transfer to the Fund at the price for which they were actually purchased.

**Explanation:** The total amount of provident fund accumulations includes interest thereon and the authority in charge of the Fund shall transfer in cash any balance of interest on investments which happens to be undistributed on the date of the transfer, or realised or realisable for the period prior to the registration of the securities in the name of the Central Board of Trustees, Employees' Provident Fund.

(3) Any cash transferred under sub-paragraph (2) shall be deposited in any office or branch of the Reserve Bank of India or the State Bank of India to the credit of the Central Board and the receipt obtained in respect thereof shall be forwarded to the Commissioner:

**Provided that** where there is no office or branch of either of the two Banks at the place where the factory or other establishment is situated the amount shall be credited to the Central Board by means of a Reserve Bank of India Governmental Draft at par.

(4) The accumulations transferred to the Fund in accordance with this paragraph shall be credited to the account of each of the members of the Fund, to the extent to which he may be entitled thereto having regard to the statement furnished by the authority aforesaid.

(5) When the accumulations in any such Provident Fund as is referred to in sub-paragraph (1) have been so transferred to the Fund, the Commissioner may, by notification in the Gazette of India, declare that the subscribers of such Provident Fund have now become members of the Fund and that the accumulations aforesaid have now become vested in the Central Board.

## CHAPTER V: CONTRIBUTIONS

**29. Contribution.-** (1) The contributions payable by the employer under the Scheme shall be at the rate of ten per cent of the basic wages, dearness allowance (including the cash value of any food concession) and retaining allowance (if any) payable to each employee to whom the Scheme applies:

**Provided that** the above rate of contribution shall be twelve per cent in respect of any establishment or class of establishments which the Central Government may specify in the Official Gazette from time to time under the first proviso to sub-section (1) of section 6 of the Act.

(2) The contribution payable by the employee under the Scheme shall be equal to the contribution payable by the employer in respect of such employee:

**Provided that** in respect of any employee to whom the Scheme applies, the contribution payable by him may, if he so desires, be an amount exceeding ten per cent or twelve per cent, as the case may be, of his basic wages, dearness allowance and retaining allowance (if any) subject to the condition that the employer shall not be under an obligation to pay any contribution over and above his contribution payable under the Act.

(3) The contributions shall be calculated on the basis of basic wages, dearness allowance (including the cash value of any food concession) and retaining allowance (if any) actually drawn during the whole month whether paid on daily, weekly, fortnightly or monthly basis.

(4) Each contribution shall be calculated to the nearest rupee, 50 paise or more to be counted as the next higher rupee and fraction of a rupee less than 50 paise to be ignored.

**30. Payment of contributions.-** (1) The employer shall, in the first instance, pay both the contribution payable by himself (in this Scheme referred to as the employer's contribution) and also, on behalf of the member employed by him directly or by or through a contractor, the contribution payable by such member (in this Scheme referred to as the member's contribution).

(2) In respect of employees employed by or through a contractor, the contractor shall recover the contribution payable by such employee (in this Scheme referred to as the member's contribution) and shall pay to the principal employer the amount of member's contribution so deducted

together with an equal amount of contribution (in this Scheme referred to as the employer's contribution) and also administrative charges.

(3) It shall be the responsibility of the principal employer to pay both the contribution payable by himself in respect of the employees directly employed by him and also in respect of the employees employed by or through a contractor and also administrative charges.

**Explanation :** For the purposes of this paragraph the expression "administrative charges" means such percentage of the pay (basic wages, dearness allowance, retaining allowance, if any, and cash value of food concessions admissible thereon) for the time being payable to the employees other than an excluded employee, as the Central Government may, in consultation with the Central Board and having regard to the resources of the Fund for meeting its normal administrative expenses, fix.

### **31. Employer's share not to be deducted from the members.-**

Notwithstanding any contract to the contrary the employer shall not be entitled to deduct the employer's contribution from the wage of a member or otherwise to recover it from him.

**32. Recovery of a member's share of contribution.-** (1) The amount of a member's contribution paid by the employer or a contractor shall, notwithstanding the provisions in this scheme or any law for the time being in force or any contract to the contrary, be recoverable by means of deduction from the wages of the member and not otherwise:

**Provided that** no such deduction may be made from any wage other than that which is paid in respect of the period or part of the period in respect of which the contribution is payable:

**Provided further that** the employer or a contractor shall be entitled to recover the employee's share from a wage other than that which is paid in respect of the period for which the contribution has been paid or is payable where the employee has in writing given a false declaration at the time of joining service with the said employer or a contractor that he was not already a member of the Fund:

**Provided further that** where no such deduction has been made on account of an accidental mistake or a clerical error, such deduction may, with the consent in writing of the Inspector, be made from the subsequent wages.

(2) Deduction made from the wages of a member paid on daily, weekly or fortnightly basis should be totalled up to indicate the monthly deductions.

(3) Any sum deducted by an employer or the contractor from the wages of an employee under this Scheme shall be deemed to have been entrusted to him for the purpose of paying the contribution in respect of which it was deducted.

**32A. Recovery of damages for default in payment of any contribution.-** (1) Where an employer makes default in the payment of any contribution to the fund, or in the transfer of accumulations required to be transferred by him under sub-section (2) of section 15 or sub-section (5) of section 17 of the Act or in the payment of any charges payable under any other provisions of the Act or Scheme or under any of the conditions specified under section 17 of the Act, the Central Provident Fund Commissioner or such officer as may be authorised by the Central Government, by notification in the Official Gazette in this behalf, may recover from the employer by way of penalty, damages at the rates given below:—

Period of default	Rate of damages (% of arrears per annum)
(a) Less than two months	17
(b) Two months and above but less than four months	22
(c) Four months and above but less than six months	27
(d) Six months and above	37

(2) The damages shall be calculated to the nearest rupee, 50 paise or more to be counted as the nearest higher rupee and fraction of a rupee less than 50 paise to be ignored.

**32B. Terms and conditions for reduction or waiver of damages.-** The Central Board may reduce or waive the damages levied under section 14B of the Act in relation to an establishment specified in the second proviso to section 14B, subject to the following terms and conditions, namely:—

(a) in case of a change of management including transfer of the undertaking to workers' co-operative and in case of merger or amalgamation of the sick industrial company with any other industrial company, complete waiver of damages may be allowed;

(b) in cases where the Board for Industrial and Financial Reconstruction, for reasons to be recorded in its schemes, in this behalf recommends, waiver of damages up to 100 per cent may be allowed;

(c) in other cases, depending on merits, reduction of damages up to 50 per cent may be allowed.

## **CHAPTER VI: DECLARATION, CONTRIBUTION CARDS AND RETURNS**

**33. Declaration by persons already employed at the time of institution of the Fund.-** Every person who is required or entitled to become a member of the Fund shall be asked forthwith by his employer to furnish and shall, on such demand, furnish to him, for communication to the Commissioner, particulars concerning himself and his nominee required for the declaration form in Form 2. Such employer shall enter the particulars in the declaration form and obtain the signature or thumb impression of the person concerned.

**34. Declaration by persons taking up employment after the Fund has been established.-** The employer in relation to a factory or other establishment shall, before taking any person into employment, ask him to state in writing whether or not he is a member of the Fund and if he is, ask for the Account Number and/or the name and particulars of the last employer. If he is unable to furnish the Account Number, he shall, require such person to furnish and such person shall, on demand, furnish to him for communication to the Commissioner, particulars regarding himself and his nominee required for the Declaration Form. Such employer shall enter the particulars in the Declaration Form and obtain the signature or thumb impression of the person concerned:

**Provided that** in the case of any such employee who has become a member of the Family Pension Fund under the Employees' Family Pension Scheme, 1971, the aforesaid Declaration Form shall also contain such particulars as are necessary to comply with the requirements of that Scheme.

**35. Preparation of contribution cards.-** The employer shall prepare a contribution card in Form 3 or Form 3A as may be appropriate, in respect of every employee in his employment at the commencement of the Scheme or who is taken into employment after that date and who is required or entitled to become or is a member of the Fund including those who produce an Account Number and in respect of whom no fresh Declaration Form is prepared:

**Provided that** in the case of any such employee who has become a member of the Family Pension Fund under the Employees' Family Pension Scheme, 1971, the aforesaid Forms shall also contain such particulars as are necessary to comply with the requirements of that Scheme.

**36. Duties of employers.-** (1) Every employer shall send to the Commissioner, within fifteen days of the commencement of this Scheme, a consolidated return in such form as the Commissioner may specify, of the employees required or entitled to become members of the Fund showing the basic wage, retaining allowance (if any) and dearness allowance including the cash value of any food concession paid to each of such employees:

**Provided that** if there is no employee who is required or entitled to become a member of the Fund, the employer shall send a 'NIL' return.

(2) Every employer shall send to the Commissioner within fifteen days of the close of each month a return—

(a) in Form 5, of the employees qualifying to become members of the Fund for the first time during the preceding month together with the declarations in Form 2 furnished by such qualifying employees, and

(b) in such form as the Commissioner may specify, of the employees leaving service of the employer during the preceding month:

**Provided that** if there is no employee qualifying to become a member of the Fund for the first time or there is no employee leaving service of the employer during the preceding month, the employer shall send a 'NIL' return.

(4) Every employer shall maintain an inspection note book in such form as the Commissioner may specify, for an Inspector to record his observation on his visit to the establishment.

(5) Every employer shall maintain such accounts in relation to the amounts contributed to the Fund by him and by his employees as the Central Board may, from time to time, direct, and it shall be the duty of every employer to assist the Central Board in making such payments from the Fund to his employees as are sanctioned by or under the authority of the Central Board.

(6) Notwithstanding anything hereinbefore contained in this paragraph, the Central Board may issue such directions to employer generally as it may consider necessary or proper for the purpose of implementing the Scheme, and it shall be the duty of every employer to carry out such directions.

**36A. Employer to furnish particulars of ownership.-** Every employer in relation to a factory or other establishment to which the Act applies on the date of coming into force of the Employees' Provident Funds (Tenth Amendment) Scheme, 1961, or is applied after that date, shall furnish in duplicate to the Regional Commissioner in Form No. 5A annexed hereto, particulars of all the branches and departments, owners, occupiers, directors, partners, manager or any other person or persons who have the ultimate control over the affairs of such factory or establishment and also send intimation of any change in such particulars, within fifteen days of such change, to the Regional Commissioner by registered post and in such other manner as may be specified by the Regional Commissioner:

**Provided that** in the case of any employer of a factory or other establishment to which the Act and the Family Pension Scheme, 1971, shall apply the aforesaid Form may be deemed to satisfy the requirements of the Employees' Family Pension Scheme, 1971, for the purpose specified above.

**37. Allotment of Account Numbers.-** On receipt of the information referred to in paragraphs 33, 34 and 36, the Commissioner shall promptly allot an Account Number to each employee qualifying to become a member and shall communicate the Account Number to the member through the employer.

**38. Mode of payment of contributions.-** (1) The employer shall, before paying the member his wages in respect of any period or part of period for which contributions are payable, deduct the employee's contribution from his wages which together with his own contribution as well as an administrative charge of such percentage of the pay (basic wages, dearness allowance, retaining allowance, if any, and cash value of food concessions admissible thereon) for the time being payable to the employees other than an excluded employee, as the Central Government may fix. He shall within fifteen days of the close of every month pay the same to the fund by separate bank drafts or cheques on account of contributions and administrative charge:

**Provided that** if the payment is made by a cheque, it should be drawn only on the local bank of the place in which deposits are made: Provided further that where there is no branch of the Reserve Bank or the State Bank of India at the station where the factory or other establishment is situated, the employer shall pay to the Fund the amount mentioned above by means of Reserve Bank of India Governmental Drafts at par separately on account of contributions and administrative charge.

(2) The employer shall forward to the Commissioner within twenty-five days of the close of the month, a monthly abstract in such form as the Commissioner may specify showing the aggregate amount of recoveries made from the wages of all the members and the aggregate amount contributed by the employer in respect of all such members for the month :

**Provided that** an employer shall send a Nil return, if no such recoveries have been made from the employees:

**Provided further that** in the case of any such employee who has become a member of the pension fund under the Employees' Pension Scheme, 1995, the aforesaid form shall also contain such particulars as are necessary to comply with the requirements of that Scheme.

(3) The employer shall send to the Commissioner within one month of the close of the period of currency, a consolidated annual contribution statement in Form 6A, showing the total amount of recoveries made during the period of currency from the wages of each member and the total amount contributed by the employer in respect of each such member for the said period. The employer shall maintain on his record duplicate copies of the aforesaid monthly abstract and consolidated annual contribution statement for production at the time of inspection by the Inspector.

**39. Fixation of administrative charges.-** The Central Government may, in consultation with the Central Board and having regard to the resources of the Fund available for meeting its normal administrative expenses, fix the percent-age of administrative charges payable under sub-paragraph (1) of paragraph 38 above.

**40. Contributions to be entered in the contribution card.-** The amount recovered every month from the wages of an employ-ee as well as the contribution made by the employer in respect of each such employee shall be entered by the employer every month in the contribution card opened in the name of each member under this Scheme.

**40A. Supply of pass books to the members.-** With effect from such date as the Commissioner may specify in this behalf, every employer shall, on an employee becoming a member of the fund, provide a pass book to every such member and maintain the same in such form and manner as the Commissioner may direct from time to time:

**Provided that** different dates may be specified for different industries or classes of establishments or for different areas.

**41. Currency of contribution cards.-** The contribution cards issued under this Scheme shall be current for one year:

**Provided that** the said period of one year may commence and terminate at such different times in different factories and other establishments as may be decided by the Commissioner from time to time:

**Provided further that** the cards issued,—

(i) in respect of the first contribution period, or

(ii) in respect of the contribution period immediately preceding the date from which the establishment is notified as an annually posted establishment,

may be for a period which may be less or more than a year.

**42. Renewal of contribution cards.-** An employer shall, on or before the expiration of the period of currency of the contribution card, prepare in respect of each member employed by him a card in Form 3 or Form 3A as may be appropriate, for the next period of currency:

**Provided that** in the case of any such employee who has become a member of the Family Pension Fund under the Employees' Family Pension Scheme, 1971, the aforesaid Form shall also contain such particulars as are necessary to comply with the requirements of that Scheme.

**43. Submission of contribution cards to the Commissioner.-** Every employer shall within one month from the date of expiration of the period of currency of the contribution cards in respect of members employed by him, send the contribution cards to the Commissioner together with a statement in Form 6:

**Provided that** where a member leaves service, the employer shall send the contribution card in respect of such members before the twentieth day of the month following that in which the members left the service:

**Provided further that** in the case of any such employee who has become a member of the Family Pension Fund under the Employees' Family Pension Scheme, 1971, the aforesaid Form shall also contain such particulars as are necessary to comply with the requirements of that Scheme.

**44. Custody of contribution cards.-** The employer shall retain in his custody the contribution cards in respect of each member employed by him

and shall take every precaution against loss or damage of the contribution cards.

**45. Inspection of cards by members.-** Any member making a request in this behalf to the employer shall be permitted to inspect his cards himself or to have the same inspected by any person duly authorised by him in writing to do so, within 72 hours of making such request provided that no such request shall be entertained more than once in every two calendar months.

**46. Production of cards and records for inspection by the Commissioner or Inspector.-** Every employer shall, whenever the Commissioner or any other officer authorised by him in this behalf or an Inspector so requests, either in person or by notice in writing, produce before the Commissioner, Officer, or Inspector, as the case may be, the records of any member employed by him and any card then in his possession, and if so required, by the said Commissioner, Officer or Inspector shall deliver such record to the said Commissioner, Officer or Inspector, who may, if he thinks fit, retain the record provided that he shall grant a receipt for every record retained by him.

**47. Supply of cards and Forms to employers.-** The Commissioner shall supply to employers, free of charge on demand contribution cards, pass books, declaration forms and other forms referred to in this Scheme:

**Provided that** if any employer desires to obtain any cards, pass books, or forms in excess of the number which the Commissioner considers to be the requirements of the employer, the Commissioner may, if he thinks fit, supply such extra cards, pass books, or forms and make such charge therefor as he considers reasonable.

**48. Current Account.-** The Commissioner shall deposit the Bank drafts or cheques received from the employers in the Reserve Bank or the State Bank of India in the Current Account of the Fund.

## **CHAPTER VII: ADMINISTRATION OF THE FUND, ACCOUNTS AND AUDIT**

**49. Administration Accounts.-** A separate account shall be kept called the "Central Administration Account" for recording all administrative expenses of

the Fund including such administrative charges as the Fund may be authorised to levy.

**50. Provident Fund Account.-** The aggregate amount received as the employers' and the employees' contributions to the Fund shall be credited to an account to be called the "Provident Fund Account".

**51. Interest Suspense Account.-** All interest, rent, and other income realised, and net profits or losses, if any, from the sale or investments not including therein the transactions of the Administration Account, shall be credited or debited, as the case may be, to an account called the "Interest Suspense Account". Brokerage and commission on the purchase and sale of securities and other investments shall be included in the purchase or sale price, as the case may be, and not separately charged to the "Interest Suspense Account".

**52. Investment of moneys belonging to Employees' Provident Fund.-**

(1) All moneys belonging to the Fund shall be deposited in the Reserve Bank or the State Bank of India or in such other Scheduled Banks as may be approved by the Central Government from time to time or shall be invested, subject to such directions as the Central Government may from time to time give, in the securities mentioned or referred to in clauses (a) to (d) of section 20 of the Indian Trusts Act, 1882 (2 of 1882), provided that such securities are payable both in respect of capital and in respect of interest in India.

(2) All expenses incurred in respect of, and loss, if any, arising from, any investment shall be charged to the Fund.

**53. Disposal of the Fund.-** (1) Subject to the provisions of the Act and of this Scheme, the Fund, not including therein the Administration Account, shall not, except with the previous sanction of the Central Government, be expended for any purpose other than the payment of the sums standing to the credit of individual members of the Fund or to their nominees or heirs or legal representatives in accordance with the provisions of this Scheme.

(2) The Fund shall be operated upon by such officers as may be authorised in this behalf by the Central Board.

**54. Expenses of Administration.-** (1) All expenses relating to the administration of the Fund including those incurred on Regional Committee shall be met from the Fund.

(2) All expenses of administration of the Fund, including the fees and allowances, of the trustees of the Central Board and salaries, leave and joining time allowances, travelling and compensatory allowances, gratuities and compassionate allowances, pensions, contributions to provident fund and other benefit fund instituted for the officers and employees of the Central Board, the cost of audit of the accounts, legal expenses and cost of all stationery and forms incurred in respect of the Central Board, cost and all expenses incurred in connection with the construction of office buildings and staff quarters shall be met from the Administration Account of the Fund.

(3) The expenses incurred by the Central Government in connection with the establishment of the Fund shall be treated as a loan and such loan shall be repaid from the Administration Account.

**55. Form and manner of maintenance of accounts.-** The Central Board shall maintain proper accounts of its income and expenditure, including its administrative accounts, in Form 10, and the balance sheet in Form 11. The accounts shall be prepared for the financial year and the books shall be balanced on the thirty-first March each year.

**56. Audit.-** (1) The accounts of the Fund, including the Administration Account shall be audited in accordance with the instructions issued by the Central Government in consultation with the Comptroller and Auditor-General of India.

(2) The charges on account of audit shall be paid out of the Administration Account.

**57. Inter-State transfer of members.-** (1) Where a member of the Fund ceases to be employed in one region and secures employment in another region in an establishment to which this Scheme applies or which is an exempted establishment or which is not covered under the Act but has a provident funds scheme of its own, he may apply to the Commissioner within whose jurisdiction he was previously employed, in such form as the Commissioner may specify, for transfer of balance of the provident fund in his existing account to his account in the other region.

(2) Where a member of the Fund ceases to be employed in one establishment and secures employment in another establishment in the same region, he may apply to the Commissioner of the region, in such form as the Commissioner may specify for the transfer of balance of the Provident Fund in his previous account to his account in the new establishment where he takes up the employment.

**58. Budget.-** (1) The Commissioner shall place before the Central Board each year before the first fortnight of February, a budget showing separately the probable receipts from the contributions and from the levy of administrative charges and the expenditure which it proposes to incur during the following financial year. The budget as approved by the Central Board shall be submitted for sanction to the Central Government within a month of its being placed before the Central Board.

(2) The Central Government may make such modifications in the budget as it considers desirable before sanctioning it.

(3) The Commissioner may, at any time during the year, make budgetary reappropriation of funds sanctioned in the budget by the Central Government, provided that—

(i) the total amount sanctioned in the budget by the Central Government is not exceeded;

(ii) it is made only for meeting such expenses of administration as are to be met from the Administration Account in accordance with paragraph 54; and

(iii) every reappropriation so made shall be reported by him to the Central Board at the next meeting of such Board.

(4) The Commissioner shall place before the Central Board a supplementary budget for a financial year, giving detailed estimates and reasons, of inescapable expenditure which are likely to be incurred during the year for which no provision has been made in the sanctioned budget and which cannot be covered under the provisions of sub-paragraph (3) of paragraph 58. The supplementary budget as approved by the Central Board shall be submitted for sanction to the Central Government within a month of its being placed before the Central Board.

(5) Any expenditure incurred by the Commissioner over and above the sanctioned budget of a financial year and not covered under the provisions of sub-paragraphs (3) and (4) of paragraph 58 shall be reported to the Central Board at the earliest practicable moment after the excess is established for its consideration and for obtaining sanction of the Central Government.

**59. Member's accounts.-** (1) An account shall be opened in the office of the Fund in the name of each member in which it shall be credited:—

(a) his contributions,

(b) the contributions made by the employer in respect of him, and (c) interest as provided in paragraph 60.

(2) All items of account shall be calculated to the nearest rupee, 50 paise or more to be counted as the next higher rupee and fraction of a rupee less than 50 paise to be ignored.

(3) On receipt of the contribution card or cards of a member from his employer or employers at the end of the period of currency of the contribution card, the Commissioner shall compare the entries made in the contribution card or cards with those made in the member's individual account in the office of the Fund and shall rectify any discrepancy found in these entries.

**60. Interest.-** (1) The Commissioner shall credit to the account of each member interest at such rate as may be determined by the Central Government in consultation with the Central Board.

(2) (a) Interest shall be credited to the member's account on monthly running balances basis with effect from the last day in each year in the following manner:—

(i) on the amount at the credit of a member on the last day 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 beginning of the current year up to the last day of the month preceding the month of withdrawal;

(iii) on all the sums credited to the member's account after the last day of the preceding year—interest from the 1st day of the month succeeding the month of credit to the end of the current year;

(iv) the total amount of interest shall be rounded to the nearest whole rupee (fifty paise counting as the next higher rupee).

(b) In the case of a claim for the refund under paragraph 69 or 70, interest shall be payable up to the end of the month preceding the date on which the final payment is authorised irrespective of the date of receipt of the claim from the claimant concerned:

**Provided that** interest up to and for the current month shall be payable on the claims which are authorised on or after the 25th day of a particular month along with actual payment after the end of the current month:

**Provided further that** the rate of interest to be allowed on claims for refund for the broken currency period shall be the rate fixed for the financial year in which the refund is authorised.

**Explanation.**—If an establishment is covered for the first time under the Act/Scheme during the course of the currency period the interest shall be allowed on all the sums credited to the member's account on and from the first day of the month succeeding the month of credit to the end of the current year.

(3) The aggregate amount of interest credited to the accounts of the members shall be debited to "Interest Suspense Account".

(4) In determining the rate of interest, the Central Government shall satisfy itself that there is no overdrawal on the Interest Suspense Account as a result of the debit thereto of the interest credited to the accounts of members.

(5) Interest shall not be credited to the account of a member if he informs the Commissioner in writing that he does not wish to receive it. If, however, the member subsequently asks for interest, it shall be credited to his account with effect from the first day of the period of currency in which he makes a request therefor.

## **CHAPTER VIII: NOMINATIONS, PAYMENTS AND WITHDRAWALS FROM THE FUND**

**61. Nomination.**— (1) Each member shall make in his declaration in Form 2, a nomination conferring the right to receive the amount that may stand to his credit in the Fund in the event of his death before the amount standing to his credit has become payable, or where the amount has become payable before payment has been made.

(2) A member may in his nomination distribute the amount that may stand to his credit in the Fund amongst his nominees at his own discretion.

(3) If a member has a family at the time of making a nomination, the nomination shall be in favour of one or more persons belonging to his family.

Any nomination made by such member in favour of a person not belonging to his family shall be invalid :

**Provided that** a fresh nomination shall be made by the member on his marriage and any nomination made before such marriage shall be deemed to be invalid.

(4) If at the time of making a nomination the member has no family, the nomination may be in favour of any person or persons but if the member subsequently acquires a family, such nomination shall forthwith be deemed to be invalid and the member shall make a fresh nomination in favour of one or more persons belonging to his family.

(4A) Where the nomination is wholly or partly in favour of a minor, the member may, for the purposes of this Scheme appoint a major person of his family, as defined in clause (g) of paragraph 2, to be the guardian of the minor nominee in the event of the member predeceasing the nominee and the guardian so appointed:

**Provided that** where there is no major person in the family, the member may, at his discretion, appoint any other person to be a guardian of the minor nominee.

(5) A nomination made under sub-paragraph (1) may at any time be modified by a member after giving a written notice of his intention of doing so in Form 2 annexed hereto. If the nominee predeceases the member, the interest of the nominee shall revert to the member who may make a fresh nomination in respect of such interest.

(6) A nomination or its modification shall take effect to the extent that it is valid on the date on which it is received by the Commissioner.

**62. Financing of Members' Life Insurance Policies.-** (1) Where a member desires that premium due on a policy of Life Insurance taken by him on his own life should be financed from his Provident Fund Account, he may apply in such form and in such manner as may be prescribed by the Commissioner.

(2) On receipt of such application, the Commissioner, or, where so authorised by the Commissioner, any other officer subordinate to him may make payment on behalf of the member to the Life Insurance Corporation of India towards premium due on his policy: Provided that no such payment shall be made unless the premium is payable yearly.

(3) Any payment made under sub-paragraph (2) shall be made out of and debited to the member's own contribution with interest thereon standing to his credit in the Fund.

(4) No payment shall be made under sub-paragraph (2) unless the member's own contribution in his Provident Fund Account with interest thereon is sufficient to pay the premium; and where the payment is to be made on the first premium, sufficient to pay the premium for two years.

(5) No payment shall be made towards a policy unless it is legally assignable by the member to the Central Board.

(6) The Commission shall before making payment in respect of existing policies, satisfy himself by reference to the Life Insurance Corporation that no prior assignment of the policy exists and the policy is free from all encumbrances.

(7) No education endowment policy or marriage endowment policy shall be financed from the Fund, if such policy is due for payment in whole or in part before the member attains the age of 55 years.

**63. Conversion of policy into a paid-up one and payment of late fee, etc.-** Where a policy of Life Insurance of a member is financed from his Provident Fund Account, the Commissioner may,

(a) convert the Insurance Policy into a paid-up one when the credit in his Provident Fund on account of his share becomes inadequate for the payment of any premium;

(b) pay late fee and interest out of the member's own contribution in his Provident Fund Account, if any, premium cannot be remitted to the Life Insurance Corporation in time because of delay in sending to the Commissioner the policy duly assigned to the Central Board or any other reasons for which the member or his employer may be responsible.

**64. Assignment of policies to the Fund.-** (1) The policy shall, within six months of the first payment under paragraph 62, be assigned by endorsement thereon, to the Central Board and shall be delivered to the Commissioner.

(2) Notice of the assignment of the policy shall be given by the member to the Life Insurance Corporation and the acknowledgement of the said notice by the Corporation shall be sent to the Commissioner within three months of the date of assignment.

(3) The terms of the policy shall not be altered nor shall the policy be exchanged for another policy without the prior consent of the Commissioner to whom the details of the alteration or of the new policy shall be furnished in such form as he may specify.

(4) If the policy is not assigned and delivered as required under subparagraph (1), or is assigned otherwise than to the Central Board, or is charged or encumbered or lapses, any amount paid from the Fund in respect of such policy shall, with interest thereon at the rate provided under paragraph 60 be repaid by the member forthwith to the Fund. In the event of default, the employer shall, on receipt of such directions as may be issued by the Commissioner in this behalf deduct the amount in lump sum or in such instalments as the Commissioner may determine from the emoluments of the member and pay it to the Fund within such time and in such manner as may be specified by the Commissioner. The amount so repaid or recovered shall be credited to the members' account in the Fund.

**65. Bonus on policy to be adjusted against payments made from the Fund.-** So long as the policy remains assigned to the Central Board, any bonus accruing on it may be drawn by the Central Board or where authorised by the Central Board by the Commissioner, and adjusted against the payments made on behalf of the member under paragraph 62.

**66. Reassignment of policies.-** (1) Where the accumulations standing to the credit of the member are withdrawn under paragraph 69 or when the member repays to the Fund the amounts of premium paid by the Board with interest thereon at the rate provided in paragraph 60, the Central Board or where authorised by the Central Board, the Commissioner shall reassign by endorsement thereon the policy to the member together with a signed notice of reassignment addressed to the Life Insurance Corporation.

(2) If the member dies before the policy has been reassigned under subparagraph (1), the Central Board or where authorised by the Central Board, the Commissioner, shall reassign by the endorsement thereon, the policy to the nominee of the member if a valid nomination subsists and if there be no such nominee, to such person as may be legally entitled to receive it together with a signed notice of reassignment addressed to the Life Insurance Corporation.