

Chapter 10

General Provident Fund*

Governing Law

General Provident Fund (Central Services) Rules, 1960 regulate matters relating to General Provident Fund of Central Govt. employees.

Eligibility

- (i) Compulsory for all pensionable employees including probationers and apprentices, who have completed one year's service. Voluntarily one can subscribe even before completion of one year's service.
- (ii) Re-employed pensioners.
- (iii) Temporary employees, appointed on regular vacancies and likely to continue for more than one year's.
- (iv) Casual laborers' granted temporary status, and having completed 3 years of continuous service thereafter.

Note: (1) employees (including re-employed pensioners) who subscribe to Contributory Provident Fund, are not eligible to join GPF.

(2) these rules shall not apply to Govt. servants appointed on or after 1.1.2004 (since covered under NPS).

Subscriber's Account

An account is maintained in the name of each subscriber, which is credited by his subscriptions interest thereon and recoveries of advances, and debited by advance and withdrawals.

Subscriber's Account

The employee shall contribute a part of his salary every month to the fund.

Minimum -60%of the emoluments (8 1/3% in case of an employee who has previously been subscribing to Contributory Provident Fund) rounded off to the next higher rupee.

Maximum- equal to his total emoluments.

'emoluments' for this purpose means emoluments as on 31st March of the preceding year or on the date the employee joins the fund.

The employee should intimate the amount of his monthly subscription for each year, which shall be deducted from his salary every month.

Other Conditions

- (i) Any amount of bonus can be deposited into GPF.
- (ii) Employee can increase the rate of subscription twice and/or decrease the same once in a calendar year.

- (iii) Subscription shall be stopped during suspension of the employee. However on reinstatement the employee has option to pay the arrear subscription in one lump sum or in installments.
- (iv) No subscription shall be recovered during the last three months prior to retirement on superannuation.

Interest

The accumulation in the fund shall get interest at rates notified from time to time. The interest rate was 8.7% for 2013-14 to 2015-16 and 8.1% for 1.4.2016 to 30.9.2016 to 31.03.2017, 7.9% for 1.4.2017 to 30.9.2017 and 7.8% for 1.10.2017 to 31.12.2017.

Nomination

- (i) An employee can nominate one or more of his family, to receive the accumulation in the fund in the event of his death.
- (ii) If the employee does not have a family, he can nomination any person/institution.
- (iii) Where the employee nominatives' more than one person, he shall specify the amount of share payable to each of the nominee.
- (iv) An employee can cancel/change the nomination at any time (even after retirement, but before payment) but the change will take effect from the date of receipt of the same by A.O.

For scope of 'Family' for the purpose of GPF see Chapter on FR & SR.

Advance from GPF

Advance is allowed for following purpose:

- (a) Illness of the employee or any family members or any dependent, including travelling for the purpose.
- (b) Education (including primary, secondary or higher education) of the employee or any family member or any dependent, covering all streams and education institutions.
- (c) Obligatory expenses on ceremonies such as betrothal, marriage funeral, first shradh ceremony etc.
- (d) For the cost of legal proceedings instituted by or against the employee or any family member or any dependent.
- (e) Cost of a legal practitioner engaged to defend him in disciplinary proceedings against the employee.
- (f) For purchase of consumer durable such as TV, VCR, VCP, Washing Machine
Cooking range, Geysers, Computers etc.
- (g) For pilgrimage or visiting places of eminence of any religion.

Amount of Advance

The maximum amount of advance (s) for purpose above shall be 12 month' pay or 3/4th of the balance at credit, whichever is less.

Normally second advance is not granted until repayment of the previous advance. However in special cases, advance may be granted I excess of the limit aforesaid and before repayment of previous advance.

Note: pay for this purpose include dearness pay, if any. In case of an employee under suspension, pay means pay drawn by him immediately before suspension.

Recovery of Advance

- (a) the advance shall be recovered from the employee in minimum 12 and maximum 60, equal monthly installments.
- (b) An employee may opt for less than 12 installment or may repay more than one installment in a month.
- (c) Recovery will commence from the month next to the month in which the advance was drawn.
- (d) No recovery will be done, except with the consent of employees, while he is under suspension, or on half-pay leave or leave without pay for 10 days or more in a calendar month.
- (e) No recovery will be done during last 3 months or service.
- (f) The sanctioning authority may order recovery of an advance if it has a reason to believe that the advance has been misutilised by the employee and the explanation furnished by him is found not satisfactory.

Withdrawal from GPF

Withdrawal from GPF is permitted for almost all such purpose for which an advance can be obtained from GPF. Besides, withdrawal from GPF can also be made for purchasing a residential plot or constructing/acquiring a residential house/flat or repayment of a housing loan, or for reconstruction/addition/alteration/renovation of a house/flat. For housing needs, withdrawal can be made upto 90% of the amount at credit.

Beside withdrawal can be allowed for the same purpose or extensive repair/overhauling of motor car.

Conditions of withdrawal

- (a) only one withdrawal can be allowed for the same purpose.
- (b) Illness on different occasions and education/marriage/betrothal of different children or further additions/alterations to house/flat with a fresh plan duly approved by the local authority are treated as different purposes.
- (c) Withdrawal and advance cannot be sanctioned for one and the same purpose and at the same time.
- (d) Advance outstanding can be converted into a withdrawal on satisfying the condition for withdrawal.
- (e) The employee shall furnish within a reasonable period, proof of utilizations of the money for the purpose of withdrawal. If he fails to do so, the unutilized amount shall be repaid forthwith.
- (f) Withdrawal for building/constructing a house or for additions/alteration thereto shall be sanctioned only submission of a house plan approved by the local municipal body.

Final Payment of Accumulations in Provident Fund

1. The entire amount at credit shall become payable to the employee on following occasions:
 - (i) Retirement on superannuation or otherwise, or quitting service,
 - (ii) Dismissal/removal from service.
 - (iii) Proceeding on leave preparatory to retirement,
 - (iv) While on leave, he is permitted to retire/declared unfit for further service by competent medical authority, and
 - (v) Death while in service (in this case the amount is payable to nominee/member of the family).
2. if the balance at credit is not paid on the date it become payable, interest is to be paid on the balance.

3. any dues to the Government from the employee including any amount misappropriated is not recoverable from the final payment of PF accumulation to the employee.

4. payment on death while in service will be as follows:

(i) if nomination subsists, payment will be made to the nominee (s) in the specified proportion.

(ii) if nomination does not subsist or relates to a part of the amount only, the amount not covered will be equally distributed amongst members of the family (excluding major sons/grand sons and married daughter/grand daughters whose husbands are alive, if other members of the family are alive.

Deposit linked Insurance

In the event of death of the subscriber-employee his family/nominee will be entitled to in addition to the PF accumulation an amount equal to average balance in his PF account during the 3 years preceding the months of death subject to a maximum of Rs. 60,000. This amount is allowed on fulfillment of following conditions:

(a) the employee has put in minimum 5 years of service at the time of death,

(b) the employee has maintained specified minimum balance in his account during the preceding 3 years.