

CHAPTER IX

GENERAL PROVIDENT FUND
(959 - 960)

GENERAL PROVIDENT FUND

*Extracts from the General Provident Fund (Central Services) Rules

Sl. No. 1

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1. (c) **Family means -**

- (i) In the case of a male subscriber, the wife or wives and children of a subscriber, and the widow and widows, and children of a deceased son of the subscriber. Provided that if a subscriber proves that his wife has been judicially separated from him or has ceased under the customary law of the community to which she belongs to be entitled to maintenance, she shall henceforth be deemed to be no longer a member of the subscriber's family in matters to which these rules relate, unless the subscriber subsequently indicates by express notification in writing to the Accounts Officer that she shall continue to be so regarded.

- (ii) In the case of a female subscriber the husband and children of a subscriber, and the widow or widows and children of a deceased son of a subscriber.

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*1. Complete set of Rules is available in the Compendium of Rules Applicable to Federal Government Employees published by the Pakistan Public Administration Research Centre (PPARC) (1992 edition).

2. Where necessary Central Government (Class IV Servants) Provident Fund Rules 1966 may also be consulted. These are also available in the Compendium of Rules Applicable to Federal

Government Employees published by the PPARC (1992 edition).

*6. (1) All eligible Government servants in permanent pensionable and non-pensionable service and those temporary or officiating Government servants who have completed 2 years continuous temporary and/or officiating service shall join the Fund as compulsory subscribers.

(2) All other eligible Government servants may elect to join the Fund as optional subscribers.

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

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

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

(3) Every nomination shall be in such one of the Forms set forth in the First Schedule as is appropriate in the circumstances.

(4) A subscriber may at any time cancel a nomination by sending a notice in writing to the Account Officer:

Provided that the subscriber shall, along with such notice,

*Subs with effect from 1-9-1951.

**Executive Authorities should inform the Accounts Officer concerned as soon as any Government servant becomes liable to subscribe.

send a fresh nomination made in accordance with the provisions of sub-rules (1) to (3).

(5) Without prejudice to the provisions of sub-rule (4), a subscriber shall along with every nomination made by him under this rule send to the Account Officer a contingent notice of cancellation which shall be in such one of the Forms set forth in the Second Schedule as is appropriate in the circumstances.

(6) Immediately on the occurrence of any event by reason of which the contingent notice of cancellation referred to in sub-rule (5) becomes operative and the nomination to which that notice relates consequently stands cancelled, the subscriber shall send to the Account Officer a fresh nomination made in accordance with the provisions of sub-rules (1) to (3).

(7) Every nomination made, and every notice of cancellation given, by a subscriber shall, to the extent that it is valid, take effect on the date on which it is received by the Account Officer.

(8) Nothing in sub-rules (1) to (3) shall be deemed to invalidate or to require the replacement by a nomination thereunder of, a nomination duly made before, and subsisting on the 4th September, 1941:

Provided that in respect of every such nomination, the subscriber shall, as soon as may be after the said date send to the Account Officer a contingent notice of cancellation in such one of the Forms set forth in Second Schedule as is appropriate in the circumstances.

9. Subscribers Accounts .- An account shall be prepared in the name of each subscriber and shall show the amount of his subscriptions with interest thereon calculated as prescribed in sub-rule (2) of Rule 14.

10. Conditions and Rates of Subscriptions .- (1) Except as provided in rule 7, a subscriber shall subscribe monthly to the Fund

except during a period of suspension:

Provided that a subscriber may, at his option, elect not to subscribe during leave:

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

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

- (a) If he is an officer who draws his own pay bills, by making no deduction on account of subscription in his first pay bill drawn after proceeding on leave.
- (b) If he is not an officer who draws his own pay bills, by written communication to the head of his office before he proceeds on leave. Failure to make due and timely intimation shall be deemed to constitute an election to subscribe.

The option of a subscriber intimated under this sub-rule shall be final.

(3) A subscriber who has, under rule 30, withdrawn the amount standing to his credit in the Fund shall not subscribe to the Fund after such withdrawal unless and until he returns to duty.

*[11. (1) The amount of subscription towards G.P. Fund shall be fixed by the Government from time to time.

(2) Where on account of promotion or reversion of a

*Subs *vide* Finance Division

Notification No. S.R.O. 423(1)/90, dated 24-4-1990.

subscriber his rate of subscription changes the change shall take

effect only from the 1st of June next].

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14. **Interest .-** (1) Subject to the provisions of sub-rule (5) below, Government shall pay to the credit of the account of a subscriber interest at such rate as may be determined for each year according to the method of calculation prescribed from time to time by the Government of Pakistan:

Provided that, if the rate of interest determined for a year is less than 4 per cent, all existing subscribers to the Fund in the year preceding that for which the rate has for the first time been fixed at less than 4 per cent, shall be allowed interest at 4 per cent.

(2) Interest shall be credited with effect from last day in each year in the following manner :-

- (i) on the amount at the credit of a subscriber 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 sums credited to the subscriber's account after the last day of the preceding year-interest from the date of deposit up 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:

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

(3) In this rule, the date of deposit shall, in the case of a recovery from emoluments, be deemed to be the first day of the month in which it is recovered; and in the case of an amount forwarded by the subscriber, shall be deemed to be the first day of the month of receipt if it is received by the Account Officer before the fifth day of that month, but if it is received on or after the fifth day of that month, the first day of the next succeeding month.

(4) In addition to any amount to be paid under rules 29, 30 or 31, interest thereon up to the end of the month preceding that in which the payment is made * [] shall be payable to the person to whom such amount is to be paid;

Provided that where the Account Officer has intimated to that person (or his agent) a date on which he is prepared to make payment in cash, or has posted a cheque in payment to that person, interest shall be payable only up to the end of the month preceding the date so intimated, or the date of posting the cheque, as the case may be:

**Provided further that if the person claiming the payment does not send an application in that behalf within six months of the date on which the amount standing at credit of the subscriber has become payable under Rule 29, interest shall be payable upto the end of sixth month after the month in which the amount became payable.

***"Note.- Where the payment of accumulations in the fund or any part thereof standing to the credit of a subscriber is delayed for administrative reasons (such as accounting for the missing credits, transfer of account from one audit office to an other audit

_____ * [] The words "or upto the end of the sixth month after the month in which such amount become payable, whichever of these periods be less" omitted *vide* Finance Division Notification No. 9(7)-R.3/65, dated 9-10-1965.

**Added *vide* Finance Division Notification No.F.8(8)/R-8/71, dated 8-8-1972.

***Added *vide* Finance Division Notification No. S.R.O. 423(1)/90, dated 24-4-1990.

office or other similar reasons) interest on the accumulations or, as

the case may be, the part thereof shall be payable upto the end of the month preceding that in which the payment of the accumulations or any part thereof is made."

(5) Interest shall not be credited to the account of a Muslim subscriber if he informs the Account Officer that he does not wish to receive it; but if he subsequently asks for interest, it shall be credited with effect from the first day of the year in which he asks for it.

(6) The interest on amounts which under sub-rule (3) of rule 13, sub-rule (5) of rule 16, sub-rule (3) of rule 19, sub-rule (4) of rule 21, sub-rule (1) of rule 23, sub-rule(1) or (2) of rule 24, rule 29 or rule 30 are replaced at the credit of the subscriber in the Fund, shall be calculated at such rates as may be successively prescribed under sub-rule (1) of this rule and so far as may be in the manner described in this rule.

15. Advances from the Fund .- (1)A temporary advance may be granted to a subscriber from the amount standing to his credit in the Fund at the discretion of the appropriate authority specified in the Sixth Schedule, subject to the following conditions:-

- (a) No advance shall be granted unless the sanctioning authority is satisfied that the applicant's pecuniary circumstances justify it, and that it will be expended on the following object or objects and not otherwise:-
 - (i) to pay expenses incurred in connection with the prolonged illness of the applicants or *[the applicants spouse] any person actually dependent on him;

* Ins *vide* Finance Division
Notification No.F.2(3)-R8/71, dated 12-1-1972.

- (ii) to pay for the overseas passage for reasons of health or education of the applicant or any person actually dependent on him;

- (iii) to pay obligatory expenses on a scale appropriate to the applicant's status in connection with funerals, or ceremonies which by his religion it is incumbent on him to perform * [or in connection with his marriage or the marriage of any member of his family] ** [or of a female relative who is actually dependent on him;].

*** Provided that an advance for the purchase of a motor car, motor cycle or bicycle may be granted, subject to the terms and conditions laid down in paragraphs 254 to 263-A of the General Financial Rules, Volume I, to a subscriber whose deposits in the Fund carry no interest and who does not take any advance for that purpose from Government.

- (b) The sanctioning authority shall record in writing its reason for granting the advance.

- @[(c) An advance shall not exceed three months pay half of the amount at the credit of the subscriber in the fund, whichever is less, except for special reasons. The subscriber shall state the special reasons in the application submitted for the grant of advance but if the reason is of a confidential nature which the subscriber does not want to disclose in writing it may be, or caused to be, communicated to the sanctioning authority personally and confidentially.

- (d) A second advance may be allowed but only in rare

^{*}Ins *vide* Finance Division

Notification No.F.1(17)-RI(3)/57, dated 22-9-1960

**Added *vide* Finance Division Notification No.F.14(1)-R2(RWP)/62, dated 13-3-1962.

***Added *vide* Finance Division Notification No. F.9(21)-R3/65, dated 10-2-1966.

@ Subs *vide* Finance Division Notification No. S.R.O. 423(1)/90, dated 24-4-1990.

and exceptional cases and subject to the following conditions :-

- (i) A second advance shall be sanctioned by the authority next above the sanctioning authority.
- (ii) The authority sanctioning the second advance shall record reasons for sanctioning the second advance; and
- (iii) The outstanding balance of the first advance with interest, if any, shall be recovered from the amount of the second advance being sanctioned so that only one advance remains outstanding at one time].

*15-A. An advance for construction of a house (anywhere in **Pakistan) for occupation by the subscriber himself *** [or completely reconstructing or for extending/renovating house already owned by the government servant concerned or by his wife and children or by any of them,] may be granted to him from the amount standing to his credit in the Fund at the discretion of the appropriate authority specified in the Sixth Schedule subject to the following conditions, namely:-

- (a) Advance shall be granted as nearly as may be in accordance with the terms and conditions set out in paragraph 253-A of General Financial Rules, except as expressly provided in this rule.
- (b) Advance shall in no case exceed [@](24) months pay of the subscriber or 80% of the amount at the credit of the subscriber in the fund, whichever is lesser.

* Ins *vide* Finance Division Notification No.F.30(1)-RI/50, dated 1-2-1951.

** Ins *vide* Finance Division Notification No.F.11(2)-R.6/68, dated 23-10-1969 and takes effect from 30-8-1969.

*** Added *vide* Finance Division O.M.No.F.1(8)-Reg.(8)/77, dated 19-5-1977.

@Subs for "18" with effect from 8-6-1962 *vide* Finance Division Notification No.F.9(5)-R.3/65, dated 29-3-1965.

- * (c) The sanctioning authority shall see that the land and the house constructed thereon, for which the advance is granted, is mortgaged to the President in the form set forth in the Seventh Schedule to these Rules, within three months after the advance is drawn.
- (d) Mortgage deed shall be registered within four months of its execution.
- (e) recovery shall be made at the rate of the ** [7%] of the subscriber's pay commencing from the fourth issue of pay after the 1st instalment of the advance is drawn.

***Provided that, where the amount of the advance does not exceed 18 months' pay of the subscriber, recovery shall be made at 5% of the pay.

[@][15-B. (1) Only three non-refundable advances one each after attaining the age of 45, 50 and 55 years, shall be admissible to a subscriber.

(2) A non-refundable advance applied for after the subscriber had attaining the age of 45 years but before attaining the age of 50 years shall be admissible for the purposes and subject to the conditions mentioned herein :-

- (i) Construction of a house (any where in Pakistan) on land owned by him or by his wife or children or by any of them. The advance shall *mutatis mutandis* be governed by the same terms and conditions as are applicable to an advance granted under rule 15-A.

*Subs *vide* Finance Division Notification No.F.12(9)-R.2(RWP)/63, dated 30-10-1964.

**Subs for "5" with effect from 8-6-1962 *vide* Finance Division Notification No.F.9(5)-R.3/65, dated 29-3-1965.

***Ins with effect from 8-6-1962 *vide* Finance Division Notification No.F.9(5)-R.3/65,

dated 29-3-1965.

*Rule 15-B, Subs *vide* Finance Division Notification No.S.R.O.423(1)/90, dated 24-4-1990.

- (ii) Completely re-constructing or for extending or renovating a house already owned by the Government servant concerned or by his wife and children or by any of them. The advance shall *mutatis mutandis* be governed by the same terms and conditions as are applicable to an advance granted under rule 15-A.
- (iii) Purchase of agricultural land.
- (iv) Purchase of house for his residence.
- (v) Repayment of loan taken from a financial institution].

Conditions:

- (a) Save as provided in clause (c), no recovery of the advance shall be made from the subscriber and the amount advanced shall be treated as part of the final payment of the amount standing to the credit of the subscriber when the final payment becomes due.
- (b) The land purchased, or the house constructed or reconstructed by expending the amount of the advance shall not be required to be mortgaged with the President.
- (c) The first instalment of the advance, or where the subscriber desires to draw the amount of the advance in a lump sum, shall be drawn only after an agreement is executed between the subscriber and the President in the forms set forth in the Eighth, Ninth or Tenth Schedule to these Rules, as the case may be.
- (d) In case the reconstructed house, the house, or the

agricultural land as the case may be, is sold or otherwise alienated while the subscriber is in service, the subscriber shall forthwith repay into the Fund the entire amount of the advance together with interest accrued thereon, in a lump sum.

- (e) In case the advance for purchase of a house is not utilized for the purpose for which it has been drawn within three months of drawal, the subscriber shall forthwith repay into the Fund the entire amount of the advance together with interest accrued thereon, in a lump sum. Satisfactory evidence shall be produced before the Account Officer to show that the advance has been spent within three months of its drawal.
- (f) Where an advance is applied to repay a loan taken from a financial institution the sanctioning authority shall satisfy itself of the amount of loan taken from a financial institution and the balance payable. The amount of advance shall not in any case, exceed the balance payable by the subscriber. The subscriber shall, within a period of two weeks from the date of drawal of the advance to repay the loan taken from a financial institution, produce satisfactory evidence before the Account Officer to show that the advance has been utilized for the purpose for which it was drawn, failing which the entire amount will become refundable in lump sum with interest.

(3) No reasons are required to be given for the advances after the subscriber has attained the age of 50 years.

(4) The amount of each advance shall not exceed eighty per cent of the balance in the account of the subscriber on the date of application for grant of advance.

(5) An advance drawn from G.P. Fund account on refundable basis, may be allowed to be converted into a non-refundable advance

if the subscriber has in the meanwhile attained the age of 45 years.

General Instructions

Sl. No. 2

Uniform Rates of Subscription towards General Provident Fund.- Reference Finance Division's O.M. No.F.1(5)-Reg.7/87-(D.583/90)/Dy.1076/91, dated 28-09-1991, regarding uniform rates of subscription it is stated that consequent upon the revision of basic pay scales for the civil employees of the Federal Government *vide* Finance Division's O.M.No.F.1(2)-Imp/94(i), dated 15-06-1994, it has been decided to revise the rates of subscription towards General Provident Fund as shown in column 6 of the Annex to this O.M. The deductions from the pay of employees in BPS 1-16 on the basis of new rates shall be made in June to be paid on 01-07-1994 and for Government employees in BPS-17 and above w.e.f. June, 1995 paid in July 1995 and onwards, until further orders.

2. There shall be no option to postpone subscription to the above fund either during leave (except extraordinary leave without pay) or during the training period. In cases of suspension, recovery of arrears of subscription towards the fund, will be effected if reinstatement takes place. However, the subscriber shall be allowed the option of paying in one sum, or in installments, any sum not exceeding the maximum amount of arrear subscriptions permissible for that period.

[*Authority.-* Finance Division O.M. No.F.1(5)-Reg.7/87(D.583/90)-D.793/94, dated 1-2-1995].

Annexure

STATEMENT SHOWING UNIFORM RATES OF SUBSCRIPTION
TOWARDS GENERAL PROVIDENT FUND EFFECTIVE FROM
1ST JUNE, 1994 *VIDE* O.M. NO. F.1(5)-REG.7/87-
(D.583/90) DY. 793/94, DATED 01-02-1995

Maximum Scale	Mean	Minimum	Rate of subscription (on mean) at the rates shown in column 7.	Remarks monthly subscription.	Pay		Minimum	
					1	2	3	4
5	6	7	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	
B.1	1245	1770	1507.50	45.23	50			
B.2	1275	1935	1605.00	80.25	85			
B.3	1320	2070	1695.00	84.75	85			
B.4	1360	2230	1795.00	89.75	90			
B.5	1400	2390	1895.00	94.75	95			
B.6	1440	2535	1987.50	99.38	100			
B.7	1480	2695	2087.50	100.00	100			
B.8	1540	2860	2200.00		110.00			
B.9	1605	3060	2332.50		116.63			
B.11	1725	3465	2595.00	129.75	130			
B.12	1830	3780	2805.00	140.25	145			
B.13	1950	4110	3030.00		242.40			
B.15	2190	4845	3517.50	281.40	285			
B.16	2535	5490	4012.50	321.00	325			
B.17	3880	7360	5620.00	449.60	450			
B.18	5085	8745	6915.00	553.20	560			
B.19	7750	11600	9675.00	774.00	780			
B.20	9195	13595	11395.00	911.60	920			
B.21	10190	15640	12915.00	1033.20	1040			
B.22	10900	17000	13950.00	1116.00	1120			

Sl. No. 3

Rate of Profit on GP Fund deposits.- The rate of profit on deposits and on balance at the credit of the subscribers to the General Provident and similar other funds was fixed under this Division's Resolution No. F.1(2)-Reg.7/88-D.1175/96, dated 30.11.1996 at 16.76% per annum. It has now been decided that the rate of profit applicable to the subscriptions and the balances in the various

Provident Funds during the financial year beginning on 01-7-1997 shall be 17.51% per annum. The funds concerned are:-

- (1) The General Provident Fund
- (2) The Contributory Provident Fund
- (3) The I.C.S. Provident Fund, and
- (4) The I.C.S (NEM) Provident Fund.

2. Necessary instructions regarding the rate of profit applicable to the balances in the various Provident Funds under the control of the Ministry of Railways and the Ministry of Defence for the year in question will be issued separately by these Ministries.

[Authority:- Finance Division No.F.1(2)-Reg-7/88-D.21/98, dated 6-1-1998].

Sl. No. 4

Procedure regarding sanctioning of the house building advances from the Government or from G.P.F. Accounts to officers of All-Pakistan Unified Grades.- The question of issuing sanction for the grant of house building advance from Government or from G.P. Fund to members of All-Pakistan Unified Grades, employed in the Provinces, has been considered and the following instructions are issued:-

- (i) Civil servants belonging to All-Pakistan Unified Grades (including Chief Secretaries) serving under the Provincial Governments/other Government Organizations should obtain prior approval of the Establishment Division for the construction/disposal of their houses or other property.
- (ii) The advances for the construction of the houses whether from Government or from G.P. Fund accounts should be sanctioned by the competent authority as defined in the rules after the approval of

the Establishment Division has been obtained.

- (iii) The advances are to be sanctioned under Federal Government rules and not under the Provincial Government rules.

[Authority.-Estt. Division O.M. No. 8/41-CI, dated the 18-3-1974].

Sl. No. 5

Grant of Interest-free loans to Government servants who do not receive interest from Government on their Provident Fund Deposits.- Under the existing rules, interest is not credited by Government to the Provident Fund Account of a Muslim subscriber if he does not wish to receive it. The question of the grant of interest-free loans to such subscribers had been under consideration of the Government for some time past. It has now been decided that no interest may be charged by Government on the house building and conveyance advances drawn by a Government servant whose deposits in the Provident Fund account carry no interest, subject to the following conditions:-

- (i) the Government servant has not received interest on his Provident Fund accumulations prior to the drawal of the advance from the Government;
- (ii) the interest to be remitted under these orders shall not exceed the amount of interest foregone by the Government servant concerned on his Provident Fund Account upto the date on which the interest on Government loans would become due for payment;
- (iii) if at any time in future the Government servant who has availed himself of this concession chooses to take interest on his Provident Fund deposits, he will be required to pay in full to the Government the amount

of interest accrued on the advance drawn by him from the Government.

2. The above decision will also be applicable in the case of Government servants who have already drawn advances from the Government but the recovery of interest charges accrued thereon has not been made from them.

[Authority.- Finance Division O.M.No.F.6(1)-R-8/74, dated 18-10-1975].

Sl. No. 6

Exemption from interest on House Building Advance, Motor Car Advance and Motor Cycle Advance.- Reference para 23 of Finance Division's O.M.No.F.1(1)-Imp/83, dated the 18th August, 1983, on the subject noted above it is clarified that the concession mentioned in para 23 of the said O.M. is admissible in cases where the House Building Advance, Motor Car Advance and Motor Cycle Advance have been sanctioned on or after 1-7-1983 and no interest is claimed on G.P. Fund balance by the Government servants concerned on or after this date. Advances granted prior to 1-7-1983 will continue to be governed by the instructions which were in force prior to that date.

[Authority.- Finance Division O.M. No.F.7(8)-R-7/83, dated 9-7-1984].

Sl. No. 7

Reference Establishment Division O.M.No.F.7(8)-R.7/83, dated the 9th July, 1984, where in it was clarified that the concession mentioned in para 23 of Finance Division O.M.No.F.1(1)-Imp/83, dated the 18th August, 1983, is admissible in case where the House Building Advance, Motor Car Advance and Motor Cycle Advance have been sanctioned on or after 1-7-1983 and no interest is claimed on G.P. Fund balances by the Government servants concerned on or after this date.

2. The matter regarding advances granted prior to 1.7.1983 has been re-examined. Government servants who had made their G.P. Fund account interest free prior to 1.7.1983, were allowed remission of interest on House Building, Motor Car and Motor Cycle advances to the extent of interest foregone by them on their G.P. Fund accounts. It has now been decided that in cases of those employees who had made their G.P. Fund account interest free prior to 1.7.1983, *no interest* would be charged on the balance of the advance that stood outstanding against them on or after 1.7.1983. However, the balance outstanding on 30th June, 1983, would be governed by the orders in force at that time *i.e.* interest on advance would be remitted to the extent of the amount of interest foregone by such Government servants on their F.P. Fund account.

[Authority.- Finance Division O.M.No.7(8)-R.7/83(Vol.II), dated 27-2-1986].

Sl. No. 8

Admissibility of option for converting non-interest bearing G.P. Fund Account or Vice Versa and remission/recovery of Interest on loan(s).- Under the existing orders as contained in Part-III Para 23 of Finance Division O.M.No.F.1(1)-Imp-1/83, dated 18.8.1983, a Government servant can avail the facility of interest free loan(s) such as House Building, Motor Car/Motor Cycle advances from Government, if he does not claim interest on his G.P. Fund balance.

2. A question has arisen as to whether a Government servant after availing interest free loan(s) on the basis of non-interest bearing G.P. fund account can change his option to claim interest on G.P. Fund account and if so to what extent the amount of interest on loan(s) is to be remitted/recovered.

3. The position has been reviewed in the light of Rule 14(5) of General Provident Fund (Civil Services) Rules, according to which a Muslim subscriber, at his own free will, can exercise option to have

a non-interest bearing G.P. Fund account as well as can change his option to have interest bearing G.P. Fund account at any later or subsequent stage.

4. The change of option from non-interest bearing to interest bearing G.P. Fund Account, however, involves the question of protection of interest on loan(s) drawn from Government. Keeping this purpose in view the following decision has been taken:-

"Except for interest free cycle advance and House Building advance admissible to Government servants B-15 and below, all [] subscribers who opt not to claim interest on G.P. Fund account to avail interest free House Building, Motorcycle or Motor Car Advance from Government, if subsequently, change their option into interest bearing G.P. Fund account either during or after the currency of the recovery of principal amount, shall be charged the amount of interest on loan(s) equal to the difference between the amount of interest accrued on loan(s) and the amount of interest foregone on G.P. Fund account".

*[5. The above decision is effective from 1.7.1999 and Finance Division's U.O.No.F.2(1)R.7/96-726 dated 7.10.1996 may be treated as amended to the above extent with effect from the same date *i.e.* 1.7.1999].

[Authority.- Finance Division O.M.No.F.2(1)R.7/96-1103/99, dated 29-9-1999].

*Omitted the word "Muslims" and subs *vide* Finance Division O.M.No.F.2(1)R-7/96-1327/99, dated 22-11-1999.

Procedure for operation of GP/ Pension Funds of the Employees of Public Sector Enterprises

Sl. No. 9

The question regarding keeping of G.P. Fund/Pension contributions of Public Sector Enterprises/Autonomous

Bodies/Corporations of the Federal Government whose services have been declared pensionable has been under consideration in the Finance Division for some time.

2. It has been decided in consultation with the Auditor General of Pakistan that all such accumulations may initially be deposited in PLS Account with the Nationalized Commercial Banks. The amounts available over and above the normal disbursement requirements may be invested in the Federal Investment Bonds/Defence Saving Certificates by opening Account with National Savings Centres. A quarterly report of these accounts and investment will be supplied to Finance Division through respective Ministries/Divisions.

3. It is requested that all Public Sector Enterprises may be directed to strictly adhere to these instructions.

[Authority.- Finance Division O.M.No.F.3(6)BR-II/93-552, dated 25-4-1994].

**Deduction of Zakat at the time of
final payment of G.P. Fund
Accumulation to the subscribers**

Sl. No. 10

According to the provision contained in serial No.11 of First schedule to the Zakat and Ushr Ordinance, 1980, Zakat @ 2.5% of the balance standing to the credit of the subscriber as on the Valuation Date, is required to be deducted at the time of final settlement. But contrary to the above provision, it has been observed that the audit offices are deducting Zakat @ 2.5% on the balance at the time of final settlement instead of as on the Valuation Date. This practice is against the Law.

2. Mst. Kaisar Jahan a retired Associate Professor of English Government College for Women Baghbanpura, Lahore has complained/represented that she retired from Government service on 7-7-1993. The Zakat was required to be deducted on the balance as

stood on 24-2-1993 *i.e.* Valuation Dates whereas the Zakat has been deducted on the balance as stood on 12/93 *i.e.* on the date of final payment.

3. It is, requested that the position may please be reexamined and over deducted amount of Zakat may be refunded to her. It may also please be ensured that the Law is implemented in its true sense and all the subordinate offices are instructed in this regard.

4. This issues with the approval of the Administrator General Zakat.

[Authority.- Central Zakat Administrators letter No.16-CE 806(3), dated 2-1-1994].