

**(PUBLISHED IN PART II, SECTION 3, SUB-SECTION (1)  
OF THE GAZETTE OF INDIA)**

**GOVERNMENT OF INDIA  
MINISTRY OF  
TRANSPORT AND AVIATION  
DEPARTMENT OF TRANSPORT, SHIPPING AND TOURISM  
(TRANSPORT WING)**

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**MERCHANT SHIPPING**

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**(NOTIFICATION)**

**New Delhi, Dated 27<sup>th</sup> July, 1966.**

G.S.R.1206 In exercise of the powers conferred by Section 3 of the Seamen's Provident Fund Act, 1966 (4 of 1966), the Central Government hereby frames the following Scheme I to be called the Seamen's Provident Fund Scheme, namely:-

**CHAPTER I**

**PRELIMINARY**

**1. Short title, application and commencement :-**

- (1) This Scheme may be called the Seamen's Provident Fund Scheme, 1966.
- (2) Unless otherwise expressly provided, this scheme shall apply to every seaman and to the employer of such seaman.
- (3) This Scheme shall be deemed to have come into force on the 1<sup>st</sup> July, 1964.

**2. DEFINITIONS :-**

In this Scheme, unless the context otherwise requires:

- (a) 'Act' means the Seamen's Provident Fund Act, 1966 (4 of 1966)
- (b) 'Board' means the Board of Trustees of the Seamen's Provident Fund Constituted under Section 5 of the Act.
- (c) 'Children' means legitimate children and includes legally adopted children.
- (d) 'Commissioner' means the Commissioner for Seamen's Provident Fund appointed under sub-Section (I) of Section 7 of the Act.
- (e) 'family' means, the wife, children whether married or unmarried and dependent parents of the member and the widow and children of a deceased son of the member.

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.

- (f) 'financial year' means the year commencing on the first day of April.
- (g) 'GOvernment Security' shall have the meaning assigned to it in the Public Debt Act, 1944 (18 of 1944);
- (h) 'Inspector' means a person appointed as such under section 15 of the Act;
- (i) 'Medical authority' means the medical officer appointed by the Central Government for the purposes of sub-section (2) of section 98 of the Merchant Shipping Act, 1958 (44 of 1958);
- (j) 'Seamen's Employment Office' means the office set up under Section 12 of the Merchant Shipping Act, 1958 (44 of 1958);
- (k) 'Shipping Master' shall have the meaning assigned to it in clause (46) of Section 3 of the Merchant Shipping Act, 1958 (44 of 1958).
- (l) 'trustee' means a member of the Board of Trustees; and
- (m) all other words and expressions used and not defined in this Scheme but defined in the Act shall have the meanings respectively assigned to them in the Act.

## **CHAPTER II.**

### **3. Terms of Office of Chairman and Trustees of the Board:**

- (1) The Chairman of the Board and every trustee of the Board referred to in Sub-Section(3) of Section 5 of the Act shall hold office during the pleasure of Government ;
- (2) The term of office of the trustees of the Board referred to in clauses (c) and (d) of the sub-Section (3) of Section 5 of the Act be five years commencing from the date on which their appointment is notified in the Official Gazette.

PROVIDED that any such trustee shall notwithstanding the expiry of the said period of five years, continue to hold office until the appointment of his successor is notified in the Official Gazette;

- (3) Any trustee referred to in sub-paragraph (2) appointed to fill a casual vacancy shall hold office for the remainder of the term of office of the trustee in whose place he is appointed.
- (4) An outgoing trustees shall be eligible for re-appointment.

### **4. Registration:**

- (1) A trustee may resign his office by a letter addressed to the Chairman, who shall forward the letter of resignation to the Central government within seven days from the date of receipt of the resignation.
- (2) The office of the trustee, shall fall vacant from the date on which his resignation is accepted in by the Central Government or on the expiry of thirty days from the date of receipt of the letter of resignation by the Central Government, whichever is earlier.

5. **Cessation and restoration of Trusteeship :**

If a trustee fails to attend three consecutive meetings of the Board, without obtaining leave of absence from the Chairman of the Board, he shall cease to be a trustee.

PROVIDED that the Government may restore him to trusteeship if it is satisfied that there were reasortable grounds for his absence.

6. **Disqualifications for Trusteeship :**

- (1) A person shall be disqualified for being appointed as, or for being a trustee;
  - (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 commencemtn of the Act he has been convicted of an offence involving moral turpitude.
- (2) If any question arises whether any person is disqualified under sub-paragraph (1), it shall be referred to the Government who shall decide the question.

7. **Removal from Trusteeship :**

The Government may remove from office any trustee if in its opinion such trustee has ceased to represent the interest which he purports to represent on the Board;

PROVIDED that no such trustee shall be removed unless a reasonable opportunity is given to him and the body whom he represents, or making any representation against the proposed action.

8. **Absence from India :**

- (1) Before a non-official trustee leaves India –
  - (a) he shall intimate to the Chairman of the Board 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 leaves India for a period of Six months or more without intimation to the Chairman of the Board he shall be deemed to have resigned from the Board.

9. **Office of the Board :**

The Head Office of the Board shall be in Bombay or at such other place as the Government may, by notification in the official Gazette specify. The Board may open regional and other offices at such places as it may deem fit.

10. **Meetings.**

- (1) The Board of Trustees shall subject to the provisions of paragraph 11, meet at such place and time as may be notified by the Chairman.
- (2) The Chairman, may, whenever he thinks fit, and shall within fifteen days of the receipt of requisition in writing from not less than one-third of the trustees, call a meeting thereof.

11. **Notice of meeting and list of business :**

Notice of not less than 15 days from the date of posting, containing the date, time and place of every ordinary meeting together with a list of business to be conducted at the meeting, shall be despatched by registered post or by special messenger to each trustee, present in India;

PROVIDED that when the Chairman calls a meeting for considering any matter which in his opinion is urgent, a notice giving such reasonable time as he may consider necessary, shall be deemed sufficient.

12. **Chairman to preside at meetings :**

The Chairman of the Board shall preside at every meeting of the Board, at which he is present. If the Chairman is absent at any time, the trustees present shall elect one of them to preside over the meeting and the trustee so elected shall exercise, all the powers of the Chairman at the meeting.

13. **Quorum :**

- (1) No business shall be transacted at a meeting of the Board unless at least four trustees are present, of whom, at least one shall be from among those appointed under clause(c) and at least one from among those appointed under clause (d) of Sub-Section(3) of Section 5 of the Act.

- (2) If at any meeting the number of trustees is less than the required quorum, the Chairman shall adjourn the meeting to a date not later than seven days from the date of the original meeting informing the trustees of the date, time and place of the adjourned meeting and it shall thereupon be lawful to dispose of the business at such adjourned meeting irrespective of the number of trustees present.

14. **Disposal of business :**

Every question considered at a meeting of the Board shall be decided by a majority of the votes of the trustees 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 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 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 may request that the question referred to trustees, for written opinion be considered at a meeting of the Board and thereupon the Chairman may, and if the request is made by not less than three trustees shall direct that it be so considered.

15. **Minutes of Meetings.**

- (1) The minutes of a meeting of the Board showing interalia the names of the trustees present there at shall be circulated to all trustees present in India not later than one month from the date of the meeting. The minutes shall thereafter be recorded in a 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 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.

16. **Fees and Allowances :**

- (1) The travelling allowance of an official trustee 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. If, however, the journey is performed solely or mainly in connection with the affairs of the Board, the whole expenditure on the travelling allowance of the official trustee, which is initially borne by the authority paying his salary, shall be recovered from the Board.
- (2) Every non-official trustee shall be paid travelling allowance for attending the meetings of the Board at such rates as are admissible to Grade I Officers of the

Government and daily allowance calculated at the maximum rates admissible to Grade I Officers of the Government in the respective localities

**PROVIDED** that, where such trustee :-

- (i) arrives at the place of the meeting in the afternoon of the day immediately preceding the day of the meeting or leaves the place of the meeting in the forenoon of the day immediately succeeding the day of the meeting, he shall be entitled to one-half of the daily allowance for such days of arrival and departure.
  - (ii) arrives at the place of the meeting in the forenoon of the day immediately preceding the day of the meeting or leaves the place of the meeting in the afternoon of the day immediately succeeding the day of the meeting he shall be entitled to full daily allowance for such days of arrival and departure ;
  - (iii) arrives at and departs from the place of the meeting on the same day, he shall be entitled to full daily allowance for the day of the meeting.
- (3) Where such trustee being a member of the state Legislature attends a meeting of the Board, 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 being a member of either House of Parliament attends a meeting of the Board, 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.
- (5) Where such trustee is neither a member of the State Legislature nor of either House of Parliament and he resides at the place where the meeting of the Board is held and he attends such meeting he shall be entitled only to the actual amount of conveyance hire subject to a maximum of Rs.10/- per day.

**EXPLANATION I:** No daily or travelling allowance in respect of any day or journey, as the case may be, shall be claimed under this paragraph by a trustee 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 Conferenc 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:** Where the journey is performed by road between places connected by railway, road mileage shall be paid only if the trustee certifies that the journey was undertaken by road to avoid loss of time which the journey by railway

would have entailed and the distance travelling does not exceed 120 Km. in a single journey.

### **CHAPTER III**

#### **POWERS OF COMMISSIONER AND OTHER STAFF OF BOARD OF TRUSTEES**

17. **Provident Fund Commissioner:**

- (1) The Commissioner shall not undertake any work unconnected with his office without the previous sanction of the Government.
- (2) The Commissioner may at any time for reasons to be recorded in writing and after he is given an opportunity of being heard be removed by the Government.
- (3) The Commissioner shall receive such salary and allowance and shall be subject to such conditions of service as may be specified in this behalf from time to time by the Government.
- (4) The Commissioner while attending the meetings of a Board may take part in its deliberations but shall not be entitled to vote.

18. **Secretary to the Board :**

- (1) The Government shall appoint a Secretary to the Board.
- (2) The Secretary to the Board shall, in consultation with the Chairman, convene meetings of the Board, keep a record of its minutes and shall take the necessary steps for carrying out the decisions of the Board. Commissioner is the Secretary to the Board vide Notification No.5-MT(2)66 dated 6.10.1966.

19. **Information of appointment to the Board.**

References relating to all appointments of officers of the Fund made by the Government shall be placed before the next meeting of the Board of Trustees for information.

\*\* 20. **Staff :**

- (1) The Commissioner may employ such as the Board may consider necessary for the efficient administration of the Scheme.
- (2) Subject to the provisions of this paragraph Regulations regarding the method of recruitment, salary and allowance discipline and other conditions

of service of members of the staff shall be made by the Board with the approval of the Government.

21. **Administrative and Financial Powers of the Commissioner :**

- (1) The Commissioner may, without reference to the 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 upto which the Commissioner may be authorized to sanction expenditure on any single item from time to time by the Board with the approval of the Government.
- (2) The 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 Board with the approval of the Government.
- (3) The Commissioner may delegate from time to time te administrative and financial powers delegated to him by the Board to any officer under his control and superintendence to the extent considered suitable by him for the administration of the Scheme with the prior approval of the Government. A statement of such delegation shall be placed before the next meeting of the Board for information.

22. **Delegation of power by the Board :**

- (1) The Board may, with the prior approval of the Government, by a resolution, empower its Chairman to sanction expenditure, subject to such limits as may be specified in the resolution, on contingencies, supplies and purchase of articles required for administering the Fund subject to Financial provision in the budget, where such expenditure is beyond the limits upto which the Commissioner is authorized to sanction expenditure on any single item.
- (2) The 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 7 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 Board as soon as possible after the sanction of the expenditure.

\*\* Amended by Notification No.GSR.12 dt. 31.12.1999.

**CHAPTER IV**

**MEMBERSHIP OF FUND**

23. **Membership :**



- (1) Every seaman employed on articles of agreement on or before the 1<sup>st</sup> day of July, 1964 is entitled and is required to become a member of the fund with effect from that date.
- (2) Every seaman who is not a member, and engaged on or after the 1<sup>st</sup> day of July, 1964 on articles of agreement for employment on a ship is entitled and is required to become a member with effect from the date of such engagement.

24. **Retention of Membership :**

A member of the Fund shall continue to be a member until he withdraws under paragraph 59 the amount standing to his credit in the Fund.

25. **Resolution of doubts :**

If any question arises whether a seaman is entitled or required to become or continue as member or as regards the date from which he is so entitled or required to become a member, the question shall be referred to the Commissioner and the Commissioner shall decide the question.

**PROVIDED** that no decision shall be given unless both the employer and the seaman himself or if the seaman so desires a representative of the recognized organisation of seaman on behalf of the seamen, have been heard.

**CHAPTER V.**

**CONTRIBUTIONS.**

**\*\* 26. CONTRIBUTIONS :**

(1) The contribution payable by the employer under the Scheme shall be at the rate of six percent of the wages payable to each seaman by his employer. The rate of such contribution shall be enhanced to eight percent of the wages of each such seaman with effect from the 1<sup>st</sup> April 1968, to 10% of the wages of each such seaman with effect from 1<sup>st</sup> January, 1978, and to 12% of the wages of each such seaman with effect from 22<sup>nd</sup> September, 1997.

(2) The contribution payable by the Seaman under the scheme shall be equal to the contribution payable by the employer in respect of such seaman.

PROVIDED that in respect of any seaman to whom the scheme applies, the Commissioner may, if the seaman so desire, allow such seamen to contribute an additional amount exceeding compulsory contribution of 10% of wages. This, however, shall not imply any corresponding obligation on the employer to increase this contribution, proportionately.

**\*\* Amended by Notification No. GSR No. 12 dated 31.12.1999**

- (3) The contribution shall be calculated on the basis of wages payable for each period of service.
- (4) Each contribution shall be rounded off to the nearest rupee and, for this purpose, where the amount of the contribution consists of a part of a rupee, then, if such part is fifty paise or more, it shall be increased to one complete rupee and if such part is less than fifty paise, it shall be ignored.

27. **Payment of Contribution :**

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, the contribution payable by the member (in this Scheme referred to as the member's contribution).

28. **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.

29. **Recovery of a member's share of contribution :**

- (1) The amount of a member's contribution paid by the employer shall, notwithstanding the provision 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 at the time of final settlement of wages in respect of each period of service and not otherwise.

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

**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 wages of the seaman for subsequent service.

- (2) Any sum deducted by an employer from the wage of a seaman under this Scheme shall be deemed to have been entrusted to the employer for the purpose of paying the contribution in respect of which it was deducted.

## **CHAPTER VI**

### **DECLARATION AND RETURNS**

30. **Declaration by seamen already employed at the time of Establishments of the Fund**

Every seaman who is required or entitled to become a member of the Fund shall be asked forthwith by his employer at the time of the final settlement of his wages 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 I. Such employer shall enter the particulars in the Declaration form and obtain the signature or thumb impression of the person concerned.

31. **Declaration by seamen taking up employment after the Fund has been established.**

At the time of engaging a seaman on articles of agreement for employment on a ship, the employer shall ascertain from him whether he is already a member of the Fund and if he is, he shall ask for the Account Number allotted to him by the Commissioner. If he is unable to furnish the Account Number, the employer shall require such seamen to furnish and such seamen 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 seaman concerned.

32. **Duties of Employers :**

- (1) Every employer shall send to the Commissioner within fifteen days from the date of final settlement of wages to seamen, a consolidated return in such form as the Commissioner may specify, of the seamen in respect of whom contributions to the Fund are due and are remitted to the Fund.
- (2) Every employer shall maintain such accounts in relation to the amounts contributed to the Fund by him and by the seamen employed on his ships as the Board may, from time to time, direct.
- (3) Notwithstanding anything herein before contained in this paragraph, the Board may issue such directions to the 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.

33. **Employers to furnish particulars of Ownership:**

Where the seamen to whom the provisions of this Scheme apply are employed by any company or agency the employer, in relation to such company or agency shall furnish to the Commissioner in Form II annexed hereto particulars of Owners, Agents, Directors, Partners, Manager of any other person or person's who have ultimate control over the affairs of the company or agency and also send intimation of any change in such particulars within fifteen days of such change to the Commissioner by registered post and in such manner as may be specified by the Commissioner.

34. **Allotment of Account numbers :**

On receipt of the Declaration form referred to in paragraphs 30 and 32 the Commissioner shall promptly allot an Account Number to each seaman qualifying to become a member and shall communicate the Account Number to the member and to his employer.

35. **Mode and periodicity of payment of contribution**

The employer shall, before paying the member his wages in respect of any service for which contributions are payable, deduct the seamen's contribution from his wages which together with the employer's own contribution and an administrative charge of such percentage of the total employer's and seaman's contribution as may be fixed by the Government, shall be paid to the Fund within 15 days of the date on which the wages became payable to the seaman by separate bank drafts/cheques on account of contributions and Administrative Charges. However, the contribution mentioned in this paragraph shall not include the additional voluntary contributions as provided for in Section 8(1) of the Act or paragraph 26 of the Scheme for the purpose of calculation of Administration charges.

**PROVIDED** that where the wages due to a seaman in respect of a service are deposited for any reason by the employer with the Shipping Master for payment to the seamen the employer shall deduct the seaman's contribution from his wages before depositing the same with the Shipping Master.

**PROVIDED** further that if payment is made by cheque on an outstation Bank, collection charges in respect of both the contributions and administrative charge at such rate as the Board may determine in this behalf shall be included in the amount for which the cheque is drawn in respect of the administrative charge.

36. **Statement as to deductions to be furnished to the Shipping Master and the Commissioner.**

- (1) The employer shall submit at the time of final settlement of wages, to the Shipping Master in the presence of whom the wages are paid to a seaman, a statement, in duplicate, in such form as may be prescribed by the Commissioner, indicating the particulars of the service performed by the seaman for which the contribution is payable, the amount of contribution deducted from his wages, the amount of contribution payable, by the employer as soon as such deductions are made. The Shipping Master shall, immediately on receipt of the Statement, forward a copy thereof to the Commissioner duly certifying the deductions shown in the statement on account of seamen's contribution.
- (2) The employer shall, while paying the contributions to the Fund, forward, along with the Bank drafts or cheques, a copy of the statement referred to in sub-paragraph (1) duly completed.

37. **Fixation of administrative charges :**

The Government may, in consultation with the Board and having regard to the resources of the Fund available for meeting its normal administrative expenses fix, from time to time the percentage of administrative charges payable under paragraph 35 above.

38. **Production of records for Inspection by the Commissioner or Inspector:**

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 :-

- (a) Every employer shall produce before the Commissioner, Officer or Inspector, as the case may be the records of any member employed by him.
- (b) Every Shipping Master shall produce before the Commissioner, Officer or Inspector, as the case may be, the records of any seamen engaged from his port and such employer or Shipping Master, if so required by Commissioner, Officer or Inspector, shall deliver such records 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 such record retained by him.

39. **Supply of forms to employers :**

The Commissioner shall supply to employers, free of charge, on demand Declaration Forms and other forms referred to in this Scheme.

40. **Current Account :**

The Commissioner shall deposit as soon as possible the Bank drafts or cheques received from the employers in the State Bank of India in the Current Account of the Fund.

## **CHAPTER VII.**

### **ADMINISTRATION OF THE FUND, ACCOUNTS AND AUDIT**

41. **Administration Accounts :**

A separate account shall be kept called the 'Administration Account' for recording all administrative expenses of the Fund including such administrative charges as the Fund may be authorised to levy.

42. **Provident Fund Account :**

The aggregate amount received as the employers' and the members' contributions to the Fund shall be credited to an account to be called the 'Seamen's Provident Fund Account.'

43. **Interest Suspense Account :**

All interest, rent and other income realised, and not profits or losses, if any, from the sale of 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.'

44. **Investment of monies belonging to Seamen's Provident Fund.**

- (1) All monies to the Fund shall be deposited in the State Bank of India or shall be invested, subject to such directions as the Government may from time to time give, I 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 ar 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.
- (3) The Commissioner shall prepare, in 'Form III' a classified summary of the assets of the Fund as on the 31<sup>st</sup> March in each year, or on such other date as the Government may specify and shall append it to the annual report submitted under paragraph 64 to the Government.

45. **Disposal of the Fund :**

- (1) Subject to the provisions of the act and of this Scheme the Fund shall not, except with the previous sanction of the Government, be expended for any purpsoe other than for the payment of 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 pffocers as may be authorised in this behalf by the Board.

46. **Expenses of administration :**

- (1) All expenses relating to the administration of the Fund, including the fees and allowances of the trustees of the Board and salaries, leave and joining time allowances, travelling and compensatory allowances, gratuities and compassionate allowances, pensions, contributions to provident fund and other benefit funds instituted for the officers and employees of the Board, the cost of audit of the accounts, legal expenses and cost of all stationery and forms incurred in respect of the Board and expenses of the Commissioner shall be met from the Administration Account of the Fund.

- (2) The expenses incurred by the 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 of the Fund.

47. **Forms of Accounts :**

The Accounts of the Fund including 'the Administration Account' shall be maintained by the Commissioner in such form and manner as may be specified by the Board with the approval of the Government.

48. **Audit.**

- (1) The accounts of the fund, including the Administration Account, shall be audited in accordance with the instructions issued by the 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.

49. **Budget.**

- (1) The Commissioner shall place before the Board each year in the first fortnight of January, a budget showing separately the probable receipts from the contributions and from the levy of administrative charge and the expenditure which it proposes to incur during the following financial year. The budget approved by the Board shall be submitted for sanction to the Government within a month of its being placed before the Board.
- (2) The 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 re-appropriation of funds sanctioned in the budget by the Government, provided that –
  - (i) the total amount sanctioned in the budget by the 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 46; and
  - (iii) every re-appropriation so made shall be reported by him in the next meeting of such Board.

50. **Member's Account.**

- (1) An account shall be opened in the office of the Fund in the name of each member in which shall be credited.
  - (a) his contributions
  - (b) the contributions made by the employer in respect of him, and

(c) interest as provided in paragraph 51.

- (2) All items of account shall be calculated to the nearest rupee and, for this purpose, where the amount of an item consists of a part of a rupee, then, if such part is fifty paise or more, it shall be increased to one complete rupee and if such part is less than fifty paise, it shall be ignored.

51. **INTEREST :**

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

\*\* (2) (a) Interest for the period of the currency of the account shall be calculated on monthly bearing balance basis at the credit of the member's account and credited on the last day of the period.

- (c) In the case of a claim for the refund under paragraph 59 or 60, 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 upto the end of the current month shall be payable on the amount of claims which is authorised on or after the 25<sup>th</sup> day of a calendar month alongwith actual payment of claims 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.

- (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 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 the members.

CHAPTER VIII.

**NOMINATIONS, PAYMENTS AND WITHDRAWALS FROM THE FUND**

52. Nomination.

- (1) Each member shall make in his declaration in Form 1, 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.

\*\* Amended by Notification No.GSR.12 dated 31.12.1999



- (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.
- (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.
- (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 IV annexed hereto. If the nominee predeceases the member, the interest of the nominee shall revert to the member who make a fresh nomination in respect of such interest.
- (6) A nomination or its modification shall take effect to the extent tat it is valid on the date on which it is received by the Commissioner.

53. **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 half yearly or 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 premiums for two years.
- (5) No payment shall be made towards a policy unless it is legally assignable by the member to the Board.

- (6) The Commissioner 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 educational 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.

54. **Conversion of Policy into a paid up one and payment of late fee etc.**

Where a policy of Life Insurance of a member is finance 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 Board or any other reasons for which the member or his employer may be responsible.

55. **Assignment of Policies to the Fund:**

- (1) The Policy shall, within six months of the first payment under paragraph 53, be assigned by endorsement thereon to the Board and shall be delivered to the Commissioner.
- (2) Notice of the assignment of the Policy shall be given by the member of 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 alterations 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 sub-paragraph (1), or is assigned otherwise than to the 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 51 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 installments 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 member's account in the Fund.

56. **Bonus on policy to be adjusted against payments made from the Fund.**

So long as the policy remains assigned to the Board, any bonus accruing on it may be drawn by the Board or where authorised by the Board, by the Board, by the Commissioner and adjusted against the payments made on behalf of the member under paragraph 53.

57. **Reassignment of policies :**

- (1) Where the accumulations standing to the credit of the member are withdrawn under paragraph 59 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 51, the Board or where authorised by the 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 sub-paragraph(1), the Board or where authorised by the 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 assigned notice of re-assignment addressed to the Life Insurance Corporation.

58. **Recovery of amounts paid towards Insurance Policies.**

If a policy matures or otherwise falls due for payment during the currency of its assignments, the Board or where so authorised by the Board, the Commissioner shall realise the amount assured together with bonus, if any accrued thereon place to the credit of the member the amount so realised, or the whole of the amount paid from the Fund in respect of the policy with interest thereon, whichever is less, and refund the balance, if any, to the member.

58. A) **Withdrawal from the Fund due to unemployment:**

- (1) The Commissioner may, on an application from a member, who has completed five years membership of the Fund, sanction a non-refundable withdrawal not exceeding ten per cent of his own total contributions with interest thereon it, in the case of a registered seaman, he remains unemployed for more than six months due to his turn for call notice not having been reached in the Seamen's Employment Office roster or, in the case of an unregistered seaman the Commissioner is satisfied regarding stipulated period of his unemployment.
- (2) All such applications shall be made through the Director, Seamen's Employment Office, who shall certify to the above effect indicating the date of last discharge of the seaman and the date of last discharge upto which seamen in the same category have been called for muster.

- (3) No second withdrawal under this paragraph shall be allowed within a period of one year from the date of payment of a withdrawal allowed under this paragraph.

**PROVIDED** that not more than three withdrawals shall be allowed during one continuous period of unemployment.

58. B) **Withdrawal from the fund for illness in certain cases.**

- (1) The Commissioner may, on an application from a member, sanction a non-refundable withdrawal upto twentyfive per cent of his own total contributions with interest thereon in the case of illness of himself or of a member of his family or both in the following cases :-
- (i) hospitalisation lasting one month or more, or
  - (ii) major surgical operation in a hospital, or
  - (iii) suffering from T.B. Hansen's disease, paralysis or cancer, or
  - (iv) having been declared temporarily unfit either by the Seamen's Medical Examination Organisation or by Company Doctor and is undergoing prolonged medical treatment.

**PROVIDED** that no such withdrawal shall be granted to a member unless he has produced -

- (i) a certificate from a doctor of the hospital that the patient has been hospitalised or requires hospitalisation for one month or more, or that a major surgical operation has or has become necessary, or
  - (ii) a certificate from the Seamen's Medical Examination Organisation or from Medical Officer of employer or from Medical Officer of a hospital.
- (2) No second withdrawal under this paragraph shall be allowed within a period of two years from the date of payment of withdrawal allowed under this paragraph.
- (3) Where the Commissioner is not satisfied with a medical certificate furnished by the member under this paragraph, he may, before granting a withdrawal under this paragraph, demand from the member another medical certificate to his satisfaction.

58. (C) **Withdrawal from the fund for the purchase of a dwelling house or flat or for the construction of a dwelling house including the acquisition of a suitable site for the purpose.**

- (1) The Commissioner or where so authorised by the Commissioner, any officer subordinate to him, may on an application from a member, who has completed five years membership of the fund, sanction from the amount standing to the credit of a member in the fund, a non-refundable withdrawal for -
- (a) Purchasing a dwelling house or flat, including a building owned jointly with others (outright or on hire purchase basis) dwelling house including the acquisition of suitable site for the purpose from the

Central Government, a State Government, a co-operative Society, an institution, trust, a local body or housing finance corporation (hereinafter referred to as the agency/agencies); or

- (b) Purchasing a dwelling site for the purpose of construction of a dwelling house or ready-built dwelling house or flat from any individual provided the said house or flat is new and un-lived one; or
- (c) the construction of a dwelling house on a site owned by the member or the spouse of the member or jointly by the member and the spouse, or for completing or continuing the construction of a dwelling house already commenced by the member or the spouse, on such site.

**EXPLANATION :** For the purpose of this sub-paragraph, subject to the condition specified in this paragraph, whether or not a house or flat is new and un-lived shall be determined with reference to the certificates relating to the number and date of approval of building plan, the date of commencement and completion of the house or flat and the tax bills and receipts issued by the appropriate authorities.

- (2) Commissioner or where so authorised by the Commissioner, any officer subordinate to him may, irrespective of the length of membership of the fund, on an application from a member whose dwelling house has been damaged or destroyed by the calamity of exceptional nature, such as floods, earthquake or riots, authorise payment to him from the fund a non-refundable withdrawal not exceeding the member's wages for 36 months or the member's own share of contributions together with that amount of the employer's contributions admissible under sub-paragraph (3) of Paragraph 59 and paragraph 61, had the member been allowed to withdraw his accumulations on the date of authorisation of payment with interest thereon or the actual cost towards the expenditure on construction or repairs to dwelling house whichever is the least :

**PROVIDED** that the members shall produce evidence to the satisfaction of the Commissioner or the authorised officer that the said property had been damaged or destroyed by such natural calamity.

- (3) No payment under sub-paragraph (2) shall be made unless the local revenue authority certifies that any of the aforesaid calamity has effected general public in that area.
- (4) The amount of withdrawal under sub-paragraph (1) shall not exceed the member's basic wages and leave wages for 36 months or the member's own share of contribution, together with that amount of the employer's share of contributions admissible under sub-paragraph (3) of paragraph 59, had the member been allowed to withdraw his accumulations on the date of authorisation of payment with interest thereon or the actual cost towards the acquisition of the dwelling site or the purchase of dwelling site or the purchase of dwelling house or flat or, as the case may be, the construction of the dwelling house, whichever is less.

**EXPLANATION :** For the purpose of this sub-paragraph the actual cost towards the acquisition of the dwelling site or the purchase of dwelling house or flat shall include charges payable towards registration of such site, house or flat.

- (5) Subject to the provision of sub-paragraph (4) –
- (a) Where the withdrawal is for the purchase of a dwelling house or flat or a dwelling site from an agency, the payment of withdrawal shall not be made to a member but shall be made direct to the agency in one or more installments as may be authorised by the member ;
  - (b) Where the withdrawal is for the construction of a dwelling house, it may be sanctioned in such number of installments as the Commissioner or where so authorised by the Commissioner any officer subordinate to him, thinks fit.
  - (c) Where the withdrawal is for the acquisition of a dwelling site for the purpose of construction of a dwelling house thereon from any individual or any agency, the amount shall be paid in not less than two equal instalments, the first installment at the time of the acquisition of the dwelling site and remaining at his request at the time of the construction of a dwelling house on such dwelling site.

- (6) Where the withdrawal is sanctioned for construction of a dwelling house, the construction shall commence within six months of the withdrawal of the first installment, and shall be completed within 12 months of the withdrawal of the final installment. Where the withdrawal is sanctioned for the purchase of a dwelling house or flat or for the acquisition of a dwelling site, the purchase or acquisition, as the case may be, shall be completed within six months of the withdrawal of the amount;

**PROVIDED** that the provisions of this sub-paragraph shall not apply in case of purchase of a dwelling house or flat on hire-purchase basis and in cases where a dwelling site is to be acquired or houses are to be constructed by a Co-operative Society on behalf of its members.

- (7) Except in cases specified in sub-paragraph (8) no further withdrawal shall be admissible to a member under sub-paragraph (1).
- (8) The Commissioner or where so authorised by the Commissioner, any officer subordinate to him, may, on an application from a member who has completed five years membership of the fund, if he is satisfied that the member requires a withdrawal for the additions, substantial alterations or substantial improvements necessary to the dwelling house owned by such member, sanction a non-refundable withdrawal not exceeding twenty-five percent of his contributions with interest thereon outstanding to his credit in the fund ;

**PROVIDED** that the withdrawal shall be admissible only after a period of five years from the date of completion of the dwelling house.

- (9) Same as provided in Clause (c) of sub-paragraph (1), no withdrawal shall be granted for purchasing a share in joint property or building a house on land owned jointly.

**PROVIDED** that where a dwelling site or a dwelling house is mortgaged to the Central Government or a State Government, a Co-operative society, institution, trust, local body or housing finance corporation, solely for obtaining funds, for the construction of the house under any housing scheme formulated by the Central Government or a State Government (except under the subsidised housing scheme for industrial workers), such dwelling site or a dwelling house, as the case may be shall not be deemed to be an encumbered property.

**PROVIDED** further that a withdrawal may be granted to a member for acquiring a flat in a building owned jointly with others, if other conditions in this paragraph are satisfied.

**PROVIDED** also that a land acquired on perpetual lease or on lease for a period not less than 30 years for constructing a dwelling house or house built on such a lease land shall not be deemed to be an encumbered property.

**PROVIDED** also that where the site of the dwelling house or flat is held in the name of any agency, and the allottee is precluded from transferring or otherwise disposing of the house or flat without the prior approval of such agency, the mere fact that the allottee does not have absolute right of ownership of the house or flat and the site is held in the name of agency, shall not be a bar to the giving of a withdrawal under clause (a) of sub-paragraph (1), if the other conditions mentioned in this paragraph are satisfied.

- (10) Where a withdrawal is sanctioned for purchasing a dwelling house or a dwelling site or for the construction of a dwelling house, the member shall not sell the dwelling house or the dwelling site, at any time after withdrawal of the first installment and within a period of five years of the withdrawal of the final installment and shall deposit and keep deposited for a period of five years, with the Commissioner the title deeds in respect of such dwelling house or dwelling site within such time as the Commissioner may direct.
- (11) (a) If the withdrawal granted under this paragraph exceeds the amount actually spent for the purpose for which it was sanctioned, the excess amount shall be refunded by the member to the fund in one lumpsum within thirty days of the finalisation of the purchase, or the completion of the construction of, or necessary additions, alterations or improvement to a dwelling house, as the case may be. The amount so refunded shall be credited to the employer's share of contributions in the member's account in fund to the extent of advance granted out of the said share and the balance, if any, shall be credited to the member's share of contributions in his account.
- (12) (b) In the event of the member not having been allotted a dwelling site, dwelling house or flat or in the event of the cancellation of an allotment made to the member and of the refund of the amount by the agency referred to in clause (a) of sub-paragraph (1) or in the event of the member not being able to acquire the dwelling site or to purchase the dwelling house or flat from any individual or to construct the dwelling house, the member shall be liable to refund to the fund in one lump sum and in such manner as may be specified by the Commissioner, or where so authorised by the Commissioner, any officer subordinate to him, the amount of withdrawal remitted under this

paragraph to him or, as the case may be to the agency referred to in clause (a) of sub-paragraph (1).

(c) The amount so refunded shall be credited to the employer' share of contributions in the member's account in the fund, to the extent of withdrawal granted out of the said share, and the balance if any, shall be credited to the member's own share of contributions in his account.

12. If the Commissioner is satisfied that the withdrawal sanctioned under this paragraph has been utilised for a purpose other than that for which it was granted or that the conditions of withdrawal have not been fulfilled or that there is a reasonable apprehension that they will not be fulfilled wholly or partly, or that the excess amount will not be refunded in terms of sub-paragraph (11), the Commissioner shall forthwith take steps to recover the amounts due with interest thereon at the rate not exceeding 6 1/4<sup>th</sup> % per annum, from the wages of the member in such number of installments as the Commissioner may determine. For the purpose of such recover the Commissioner may direct the employer to deduct such installments from the wages of the member and on receipt of such directions the employer shall deduct accordingly. The amount so deducted shall be remitted by the employer to the Commissioner within such time and in such manner as may be specified in this behalf by the Commissioner for being credited to the member's account.
13. Where any withdrawal granted under this paragraph has been misused, no further withdrawal shall be granted to the member under this paragraph.

58 D. **Mode of payment of non-refundable withdrawals.**

Payment of withdrawals under paragraphs 58-A, 58-B and 58-C may be made by postal money order, demand draft or by account payee cheque through post or handed over to the concerned payee on office premises, except in the case of deceased member, at the option of the member to whom payment is to be made :

**PROVIDED** that, if the amount is rupees five hundred and below, the payment of withdrawal shall be made in the like manner and expenses thereof shall be met from the Administration Account of the Fund.

58 E. **Non-refundable withdrawal for meeting the expenses in connection with the marriage of member of family of seamen, or higher education of children.**

- (1) The Commissioner may, on an application from a member, authorise payment to him of a non-refundable withdrawal from the Fund not exceeding 50% of his own total contributions including interest thereon standing to his credit on the date of such authorisation, for meeting the expenses in connection with the marriage of a member of the family of seaman or the seaman himself or highest education of children.
- (2) No withdrawal under this paragraph shall be sanctioned to a member unless the amount of his own total contributions with interest thereon standing to his credit in the Fund is Rs.500/- or more on the date the payment is authorised.



- (3) Not more than two withdrawals shall be admissible to a member under this paragraph.
- (4) The Commissioner, if he is satisfied that the withdrawal granted under this paragraph has been utilised for a purpose other than that for which it was granted, or that the conditions of non-refundable withdrawal have not been fulfilled within a reasonable time, shall after giving the member an opportunity to show cause as to why the amount of such withdrawal or any part thereof shall not be recovered from his wages, take steps to recover the amount due with interest at the rate not exceeding seven per cent annum thereon, from the wages of the member in such number of installments as the Commissioner may direct the employer, for subsequent service, or the Shipping Master to deduct each such installment from the wages of the member and on receipt of such direction the employer or the Shipping Master, as the case may be shall deduct accordingly and the amount so deducted shall be remitted by the employer or the Shipping Master, as the case may be, to the Commissioner within such time and in such manner as may be specified in this behalf by the Commissioner, for being credited to the member's account.

