



THE PROVIDENT FUNDS ACT, 1925



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SCHEDULE. **List of institutions**

THE PROVIDENT FUNDS ACT, 1925

¹ACT No. XIX OF 1925

[27th August, 1925]

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

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

¹For statement of Objects and Reasons, see Gazette of India, 1924, Pt. V, page 122.

This Act has been applied to Phulera in the Excluded Area of Upper Tanawal to the extent the Act is applicable in the N.W.F.P. and also extended to the Excluded Area of Upper Tanawal N.W.F.P. other than Phulera with effect from such date and subject to such modifications as may be notified.—see N.W.F.P. (Upper (Tanawal) Excluded Area) Laws Regulation, 1950.

It has also been extended to the Leased Areas of Baluchistan, see the Leased Areas (Laws) Order, 1950 (G.G.O. 3 of 1950) : and applied in the Federated Areas of Baluchistan, see Gazette of India, 1937, Pt. I. p. 1499.

The Act has been extended and shall be deemed to have been so extended on the 14th October, 1955, to the whole of Pakistan by the Central Laws (Statute Reform) Ordinance, 1960 (21 of 1960), s.3.

1. Short title, extent and commencement .—(1) This Act may be called the Provident Funds Act, 1925.

¹[(2) It extends to the whole of Pakistan.]

(3) It shall come into force on such date ²as the ³[Federal Government] may, by notification in the ⁴[official Gazette], appoint.

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

- (a) “compulsory deposit” means a subscription to, or deposit in, a Provident Fund which, under the rules of the Fund, is not, until the happening of some specified contingency, repayable on demand otherwise than for the purpose of the Payment of Premia in respect of a policy of life insurance ⁵[or the payment of subscriptions or premia in respect of a family pension fund], and includes any contribution ⁶* * * and any interest or increment which has accrued under the rules of the Fund on any such subscription, deposit or contribution, and also any such subscription, deposit, contribution, interest or increment remaining to the credit of the subscriber or depositor after the happening of any such contingency ;
- (b) “contribution” means any amount credited in a Provident Fund, by ⁷[any authority administering the Fund], by way of addition to, ⁸[a subscription to, or deposit or balance at the credit of an individual account in], the Fund; and “contributory Provident Fund” means a Provident Fund the rules of which provide for the crediting of contributions ;
- (c) “dependant” means any of the following relatives of a deceased subscriber to, or a depositor in, a Provident Fund, namely, a wife, husband, parent, child, minor brother, unmarried sister and a deceased son's widow and child, and, where no parent of the subscriber or depositor is alive, a paternal grand-parent;
- (d) “Government Provident Fund” means a Provident Fund, other than a Railway Provident Fund, constituted by the authority of ⁹[the Secretary of State, the ¹⁰[Federal Government], the Crown Representative or any Provincial Government] for any class or classes of ¹¹[persons in the service of the State]

¹ Subs. by the Central Laws (Statute Reform) Ordinance, 1960 (21 of 1960), s.3 and 2nd Sch. (with effect from the 14th October, 1955) for the original sub-section (2), as amended by A.O., 1949 and the Federal Laws (Revision and Declaration) Act, 1951 (26 of 1951), s.8.

² The 1st April, 1926; see Gen. R. & O.

³ Subs. by F.A.O., 1975, Art. 2 and Table, for “Central Government” which was previously amended by A.O., 1937, for “G.G. in C.”.

⁴ Subs. by A.O., 1937 for “Gazette of India”.

⁵ Ins. by the Provident Funds (Amdt.) Act, 1930 (1 of 1930), s.2.

⁶ The words “credited in respect of any such subscription or deposit” were omitted., *ibid.*

⁷ Subs. by the Provident Funds (Amdt.) Act, 1925 (28 of 1925), s.2, for “the authority by which the Fund has been constituted”.

⁸ Subs. by Act 1 of 1930, s.2, for “or otherwise in respect of, a subscription to, or deposit in”.

⁹ Subs. by A.O., 1937, for “the Govt.”.

¹⁰ Subs. by F.A.O., 1975, Art. 2 and Table, for “Central Government”.

¹¹ The original words “its employees” were first subs. by the Repealing and Amending Act, 1942 (25 of 1942), s.3 and 2nd Sch. And then amended by A.O., 1961, Art. 2 and Sch. (with effect from the 23rd March, 1956), to read as above.

or¹[of persons employed in educational institutions or employed by bodies existing solely for educational purposes], ²[and references in this Act to the Government shall be construed accordingly] ;

(e) "Provident Fund" means a fund in which subscriptions or deposits of any class or classes of employees are received and held on their individual accounts, and includes any contributions ³* * * and any interest or increment accruing on such subscriptions, deposits or contributions under the rules of the Fund ;

⁴[(f) "Railway administration" means—

(i) any company administering a railway or tramway in ⁵[Pakistan] ⁶[under a Pakistan law], or under contract with the ⁷[Government], or

⁸[(ii) the manager of any railway or tramway administered by the Federal Government or the manager of any tramway administered by a Provincial Government; and].

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

3. Protection of compulsory deposits.-(1) A compulsory deposit in any Government or Railway Provident Fund shall not in any way be capable of being assigned or charged and shall not be liable to attachment under any decree or order of any Civil, Revenue or Criminal Court in respect of any debt or liability incurred by the subscriber or depositor, and neither the Official Assignee nor any receiver appointed under the Provincial Insolvency Act, 1920, shall be entitled to, or have any claim on, any such compulsory deposit.

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

4. Provisions regarding repayments.-(1) When under the rules of any Government or Railway Provident Fund the sum standing to the credit of any subscriber or depositor, or

¹Subs. by the Provident Funds (Amdt.) Act, 1927 (7 of 1927), s. 2, for "for teachers in educational institutions".

²Ins. by A.O., 1937.

³The words "credited in respect of such subscriptions or deposits" omitted by the Provident Funds (Amdt.) Act, 1930 (1 of 1930), s.2.

⁴Subs. by A.O., 1937, for the original definition.

⁵Subs. by the Central Laws (Statute Reform) Ordinance, 1960 (21 of 1960), s.3 and 2nd Sch. (With effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation" which had been subs. by A.O., 1949, for "British India".

⁶Subs. by A.O., 1961, Art. 2 and Sch., for "either under a special Act of Parliament of [a Pakistan law]" (with effect from the 23rd March, 1956), The words in crotchets were subs. by the Federal Laws (Revision and Declaration) Act, 1951 (26 of 1951), s. 4 and 3rd Sch., for "an Indian Law".

⁷Subs. by A.O., 1961, Art. 2, for "Crown" (with effect from the 23rd March, 1956).

⁸Subs. by F.A.O., 1975, Art. 2 and Sch. for sub-clause (ii).

the balance thereof after the making of any deduction authorised by this Act, his become payable, the officer whose duty it is to make the payment shall pay the sum or balance, as the case may be, to the subscriber or depositor, or, if he is dead, shall—

- (a)** if the sum or balance, or any part thereof, vests in a dependant under the provisions of section 3, pay the same to the dependant or to such person as may be authorised by law to receive payment on his behalf; or
- (b)** if the whole sum or balance, as the case may be, does not exceed five thousand rupees, pay the same, or any part thereof, which is not payable under clause (a), to any person nominated to receive it under the rules of the Fund, or, if no person is so nominated, to any person appearing to him to be otherwise entitled to receive it ; or
- (c)** in the case of any sum or balance, or any part thereof, which is not payable to any person under clause (a) or clause (b) pay the same,—
 - (i)** to any person nominated to receive it under the rules of the Fund, on production by such person of probate or letters of administration evidencing the grant to him of administration to the estate of the deceased or a certificate granted under the ¹[Succession Act, 1925, or under the ²[Sind Regulation VIII of 1827], entitling the holder thereof to receive payment of such sum, balance or part, or
 - (ii)** where no person is so nominated, to any person who produces such probate, letters or certificate;

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

- (i)** if the subscriber or depositor or, if he is dead, the person to whom in the absence of any valid assignment the sum or balance would be payable under this sub-section gives his consent in writing, pay the sum or part or the balance thereof, as the case may be, to the assignee, or
- (ii)** if such consent is not forthcoming, withhold payment of the sum, part or balance, as the case may be, pending a decision of a competent Civil Court as to the person entitled to receive it.

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

¹Subs. by the Federal Laws (Revision and Declaration) Ordinance, 1981 (27 of 1981), s.3 and Sch. II for "Succession Certificate Act, 1889".

²Subs. *ibid.*, for "Bombay Regulation VIII of 1827".

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

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

(b) such nomination at any time becomes invalid by reason of the happening of some contingency specified therein,—

and if the said person predeceases the subscriber or depositor, the nomination shall, so far as it relates to the right conferred upon the said person, become void and of no effect :

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

(2) Notwithstanding anything contained in the ²[Succession Act, 1925 (XXXIX of 1925)], or the ³[Sind Regulation VIII of 1827], any ⁴[person, who becomes entitled as aforesaid, may be granted] a certificate under that Act, or that Regulation, as the case may be, entitling him to receive payment of such sum or part, and such certificate shall not be deemed to be invalidated or superseded by any grant to any other person of probate or letters of administration to the estate of the deceased.

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

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

6. Power to make deductions. When the sum standing to the credit of any subscriber or depositor in any Government or Railway Provident Fund which is a contributory Provident

¹ Subs. by the Provident Funds (Amdt.) Act, 1946 (II of 1946), s. 2, for sub-section (1).

² Subs. by the Federal Laws (Revision and Declaration) Ordinance, 1981 (27 of 1981), s.3, and Sch. II, for "Succession Certificate Act, 1889".

³ Subs. *ibid.*, for "Bombay Regulation VIII of 1827".

⁴ Subs. by the Provident Funds (Amdt.) Act, 1946 (II of 1946), s.2, for "such person shall, on the death of the subscriber or depositor, be entitled to the grant of".

⁵ Sub-section (3) added, *ibid.*

Fund becomes payable, there may, if the authority ¹[specified in this behalf in the rules of the Fund] so directs, be deducted therefrom and paid to ²[Government or the Railway Administration, as the case may be,]—

- (a) any amount due under a liability incurred by the subscriber or depositor to ²[Government or the Railway Administration], but not exceeding in any case the total amount of any contributions credited to the account of the subscriber or depositor and of any interest or increment which has accrued on such contributions ; or
- (b) where the subscriber or depositor has been dismissed from ³[his employment] for any reasons specified in this behalf in the rules of the Fund, or where he has resigned such employment within five years of the commencement thereof, the whole or any part of the amount of any such contributions, interest and increment.

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

⁴[**8. Power to apply the Act to the provident Funds.—**(1)] The ⁵[appropriate Government] may, by notification in the ⁶[official Gazette], direct that the provisions of this Act shall apply ⁷ to any Provident Fund established for the benefit of its employees by any local authority within the meaning of the Local Authorities Loans Act, 1914 (IX of 1914), and, on the making of such declaration this Act shall apply accordingly, as if such Provident Fund were a Government Provident Fund and such local authority were the Government.

⁸[(2) The ⁹[appropriate Government] may, by notification in the ¹⁰[official Gazette], direct that the provisions of this Act shall ¹¹apply to any Provident Fund established for the benefit of the employees of any of the institutions specified in the Schedule, or of any group of such institutions, and, on the making of such declaration, this Act shall apply accordingly, as if such Provident Fund were a Government Provident Fund and the authority having custody of the Fund were the Government:

¹ Subs. by the Provident Funds (Amdt.) Act, 1925 (28 of 1925), s. 3, for "by which the Fund has been constituted".

² Subs. *ibid.*, for "that authority".

³ Subs. *ibid.*, for "the employment of that authority".

⁴ The original s. 8 was re-numbered as sub-section (1) of that section by the Provident Funds (Amdt.) Act, 1930 (1 of 1930), s.3.

⁵ Subs. by A.O., 1937, for "L.G.",

⁶ Subs. *ibid.*, for "local official Gazette".

⁷ For extension of the provisions of this Act to Provident Funds established by local authorities, see Gen. R. & O.

⁸ Sub-sections (2) and (3) ins. by Act. 1 of 1930, s.3

⁹ Subs. by A.O., 1937, for "G.G. in C.",

¹⁰ Subs. *ibid.*, for "Gazette of India".

¹¹ The provisions of this Act have been applied to the Provident Fund established for the benefits of the employees of—

(i) the Pakistan Industrial Credit and Investment Corporation Limited (with effect from the 2nd October, 1957), see Gaz. of P., 1958, Pt. I, p. 453;

(ii) the P.I.D.C. (with effect from the 1st October, 1958), see *ibid.*, p.454;

(iii) the Agricultural Bank of Pakistan (with effect from the 1st October, 1958), see Gaz. of P., 1959, Pt. I, p. 347. ;

(iv) the Inter-University Board of Pakistan (with effect from the 7th August, 1959), see Gaz. of P., 1960, Pt. I, p. 371. ;

(v) the University of Karachi (with effect from the 21st March, 1952), see Gaz. of P., 1962, Pt. I, p.3 ;

(vi) the House Building Finance Corporation (with effect from the 1st January, 1954), see *ibid.*, p. 514. ;

(vii) the Pakistan Security Printing Corporation Limited (with effect from the 1st April, 1953), see Gaz. of P., 1963, Pt. I, p. 298 ; and

(viii) the Pakistan Atomic Energy Council (with effect from the 2nd May, 1959), see Gaz. of P., 1964, Pt. I, p.102. ;

(ix) the National Shipping Corporation (with effect from 1st day of July, 1965), see Gaz. of P., 1972, Ext. Pt. II, p. 1136, dt. 20th November, 1972.

(x) The Pakistan International Airlines Corporation (with effect from 23rd Sept., 1974), see Gaz. of P., 1975, Ext., Pt. II, page 22.

The provisions of this Act have been applied to the Contributory Provident Fund established for the benefit of the employees of the Investment Corporation of Pakistan, see Gaz. of P., 1975, Ext., (Islamabad), Pt. II, p. 1145.

Provided that section 6 shall apply as if the authority making the contributions referred to in that section were the Government.

(3) The ¹[appropriate Government] may, by notification in the ²[official Gazette], add to the Schedule the name of any public institution ³[it] may deem fit, and any such addition shall take effect as if it had been made by this Act.]

⁴[(4) In this section “the appropriate Government” means—

(a) in relation to a cantonment authority, a port, authority for a major port and any institution which, or the objects of which, appear to the ⁵[Federal Government] to fall within ⁶[the ⁷[Federal Legislative List in the Fourth Schedule] to the Constitution], the ⁵[Federal Government] ; and

(b) in other cases, the Provincial Government.

Explanation.—“The Provincial Government” in relation to an institution registered under the Societies Registration Act, 1860 (XXI of 1860), means the Provincial Government of the Province in which the society is registered.]

9. [Savings as to estates of soldiers.] Omitted by the Federal Laws (Revision and Declaration) Ordinance, 1981 (XXVII of 1981) s. 3 and Sch. II.

10. [Repeals.] Rep. by the Repealing Act, 1927 (XII of 1927), s. 2 and Schedule.

**⁸THE SCHEDULE
LIST OF INSTITUTIONS**

[See sub-section (2) or section 8]

- ⁹[1. A Court of Wards].
2. A College affiliated to a University established by Statute.
- ¹⁰[3. The Pakistan Red Crescent Society].
4. The ¹¹[*Punjab] University.
5. The State Bank of Pakistan.
6. The North-West Frontier Provincial Branch of the ¹²[Pakistan Red Crescent Society].

¹Subs. by A.O., 1937, for “G.G. in C”.

²Subs. *ibid.*, for “Gazette of India”.

³Subs. *ibid.*, for “he”

⁴Sub-section (4) and explanation *ins. ibid.*

⁵Subs. by F.A.O., 1975, Art. 2 and Table, for “Central Government”

⁶The original words “List I in the Seventh Schedule to the Government of India Act, 1935” were first subs. by A.O., 1961, Art. 2 and Sch. (with effect from the 23rd March 1956), and then amended by A.O., 1964, Art. 2 and Sch., to read as above.

⁷Subs. by the Federal Laws (Revision and Declaration) Ordinance, 1981, (27 of 1981), s.3 and Sch. II, for “Third Schedule”.

⁸The Schedule containing items 1 to 7 were added originally by the Provident Funds (Amdt.) Act, 1930 (1 of 1930), s.4.

⁹Subs. by A.O., 1949, for the existing items of the Schedule.

¹⁰Subs. by Ord. 27 of 1981, s.3 and Sch. II, for “3. The Pakistan Red Cross Society”.

¹¹Subs. by the Federal Laws (Revision and Declaration) Act, 1951 (26 of 1951), s. 8., for “West Punjab”. The redundant “the” has been omitted in printing.

¹²Subs. by Ord. 27 of 1981, s. 3 and Sch. II, for “Pakistan Red Cross Society”.

- 2[8. The National Bank of Pakistan.]
- 3[9. The Pakistan Industrial Finance Corporation.]
- 4[10. The Pakistan Security Printing Corporation, Ltd.]
- 5[11. The House Building Finance Corporation.
12. The Agricultural Development Finance Corporation.
- 6[13. The Pakistan Insurance Corporation.]
- 7[14. The Pakistan Council of Scientific and Industrial Research.]
- 8[15. The Pakistan Industrial Credit and Investment Corporation, Limited.]
- 9[16. The Pakistan Industrial Development Corporation.]
- 10[17. The Agricultural Bank of Pakistan.]
- 11[18. The Telephone Industries of Pakistan, Limited.]
- 12[19. The Inter-University Board of Pakistan.]
- 13[20. The University of Karachi.]
- 14[21. Pakistan Atomic Energy Council.]
- 15* * * * *
- 16[23. The Institute of Chartered Accountants of Pakistan.]
- 17[24. The National Shipping Corporation.]
- 18[25. Pakistan International Airlines Corporation.]
- 19[26. The Investment Corporation of Pakistan.]
- 20[27.
- 28.
- 29.
- 21[30. The Habib Bank Limited.
31. The United Bank Limited.
32. The Muslim Commercial Bank Limited.
33. The Allied Bank of Pakistan Limited.
34. The Agricultural Development Bank of Pakistan.
35. The Industrial Development Bank of Pakistan.

¹ Item 7 omitted by the Federal Laws (Revision and Declaration) Ordinance, 1981 (27 of 1981), s. 3, and Sch. II.

² Added with effect from the 1st April 1950, by Notification No. 4185-RI/50, dated the 29th August, 1950, see Gaz. of P., 1950, Pt. I, p. 457.

³ Added with effect from the 1st March, 1951, by the Ministry of Finance Notification No.F. 21(2)-RI/52, dated the 25th February, 1952, see Gaz. of P., 1952, Pt. I, p. 156.

⁴ Item 10 was added with effect from the 1st April, 1953, by Notification, No. 1670-RI/54, see Gaz. of P. 1954, Pt. I, p. 99.

⁵ Item 11 and 12 were added with effect from the 1st January, 1954, and the 15th July, 1952, respectively by Notification No. (13) D- 163- RI(3)/54, see *ibid.*, p. 180.

⁶ Item 13 was ins. with effect from the 12th January, 1953, by Notification No. F. (17)24-RI/55, see *ibid.*, 1958, Pt. I, p. 142.

⁷ Item 14 was added with effect from the 1st September, 1953, by Notification, No. F5(1)/RI(3)/57, see *ibid.*, p. 160.

⁸ Added with effect from the 2nd October, 1957, by Notification No. FI(115)-RI(3)/58, see Gaz. of P., 1958, Pt. I, p.454.

⁹ Added with effect from the 1st October, 1957, by Notification No. I (202), RI (3)/58, see *ibid.*

¹⁰ Added with effect from the 1st October, 1958, by Notification No. S.R.O 352, see *ibid.*, 1959, Pt. I, p. 347.

¹¹ Added with effect from the 30th December, 1959, by Notification No. TIP 3-2/54, see *ibid.*, 1960, Pt. I, p. 32.

¹² Added with effect from the 7th August, 1959, by Notification No. S.R.O. 1037 (K), see *ibid.*, p. 372.

¹³ Added with effect from the 21st March, 1952, by Notification No. S.R.O. 7 (K)/62, see *ibid.*, 1962, Pt. I, p. 3.

¹⁴ Added with effect from the 2nd May, 1959, by Notification No. S.R.O. 228 (K)/64, see *ibid.*, 1964, Pt. I, p. 102.

¹⁵ Omitted by the Federal Laws (Revision and Declaration) Ordinance, 1981 (27 of 1981), s. 3 and Sch. II, which was previously added by S.R.O No. 1328 (K) /69, (w.e.f. 1st January 1963.)

¹⁶ Added by S.R.O. No. 563 (K) /70, dated 12th June, 1970.

¹⁷ Added by S.R.O. No. 1121 (I) /72, dated 25th October, 1972.

¹⁸ Added by S.R.O. No. 16 (I) /75, dated 20th December, 1975.

¹⁹ Added by S.R.O. No. 699 (I) /75, dated 18th June, 1975.

²⁰ Entries 27 to 29 are missing.

²¹ Added by S.R.O. No. 37(I)/83, dated 12th January 1983.

36. The National Development Finance Corporation.

37. The National Investment Trust.

38. The Small Business Finance Corporation.

39. The Federal Bank for Cooperatives.]

¹[40. The National Insurance Corporation.]

²[41. Pakistan Space and Upper Atmosphere Research Commission.]

³[42. Trading Corporation of Pakistan Limited.]

¹Added by S.R.O. No. 354 (I)/ 85, dated 14th April, 1985.

²Added by S.R.O. No. 701 (I)/ 87, dated 26th August, 1987.

³Ins. by SRO 129 (KE) /91, dt 2-3-91.

