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PART I : SECTION (I) — GENERAL
Government Notifications

LDB 132/29(II)

PUBLIC SERVICE MUTUAL PROVIDENT ASSOCIATION ORDINANCE

RULES made by the Public Service Mutual Provident Association under Section 16 of the Public Service Mutual Provident Association Ordinance (Chapter 283) and approved by the Minister of Finance and Planning

P. B. JAYASUNDARA,
Secretary,
Ministry of Finance and Planning.

Colombo,
14th July, 2012.

Rules

The rules published in Gazette No. 5147 dated 17th June, 1892 as amended as from time to time and last amended by Gazette No. 1548 dated 02nd May 2008 are hereby further amended as follows :

The rules published in Gazette Extraordinary No. 1662/16 of July 14, 2010 are hereby rescinded

(1) Under the heading Chapter I - General Rules

- (a) in rule (i) by the substitution for the words and figures “40 years or under” of the words as figures “45 years or under” ;
- (b) in rule I (ii) by the substitution for the words and figures “40 years or under” of the words and figures “45 years or under” ;
- (c) rule 3 is hereby rescinded and the following rule is substituted therefor :

“Each member shall be issued with a passbook. It shall be in the form of a printed specimen provided by the Association or created or generated with an electronic device” ;

(d) by the insertion immediately after paragraph (ii) of rule 4, of the following new paragraph :

- (iii) It shall be lawful to adopt an accumulated special savings with a monthly deposit of rupees one hundred (Rs. 100/-) in addition to monthly charged meager. The interest rate of the per centum (10%) pre annum shall be paid. After the completion of two years of maturity, the deposit could be withdrawn or a loan could be obtained from the deposit at the interest rate of twelve per centum (12%) per annum”

(e) in rule 6 -

- (1) the paragraph (i) of subrule (A) is hereby rescinded and the following paragraph is substituted therefor :

“A member who is retired or terminated his service due to removal of the cadre from the government service and lost the membership under the rule 7(a), on the completion of fifty five years of age is entitled to withdraw the balance sum of money after deducting from the deposit of the meager and its interest credited to that under rule 12 and the amount to be settled from all loans or advances obtained under rule 13. Thereafter, he shall be known as a “Donatory Member”. If he wishes to pay the meager he shall be known as a “Contribution Donatory Member”

- (2) the paragraph (ii) of subrule (A) is hereby rescinded and the following paragraph is substituted therefor :

“An option of not withdrawing the meager and its interest as rule 6(a)(ii), instead of all loans and advances obtained under the rule 12 and rule 3 need to be deposited and he can continue to be an ordinary member :

(f) in rule 7 -

- (1) in paragraph (b)(ii), by the substitution for the words and figures “eight per centum per annum” of the words and figures “ten per centum per annum” ;

- (2) the paragraph (c)(ii) of that rule is hereby rescinded and the following paragraph is substituted therefor :

“Any member who has no spouse, legitimate child, nearest any relative or legal heir, may nominate any person or an institution for an entitlement of death donation payable under rule 10. Any nomination forwarded one month before the date of his death shall be valid”

(g) by the substitution for the paragraph (d) of rule 10(a)(ii) thereof, of the following paragraph :

“The committee of Management may decide or utilizing the excess money of the Death Donation Augmentation Reserve Fund for granting loans to the members or investing in the investment approved by the Treasury. The interest accrued shall be credited to the Death Donation Augmentation Reserve Fund. If the money of the Death Donation Augmentation Reserve Fund is to be utilized for granting loans to the members, such fund shall be used for loans based on salary as rule 13(ii)(b) and one percent (1%) from the interest shall be deducted as administrative cost and the balance shall be credited annually to the Death Donation Augmentation Reserve Fund”

(h) in rule 13 -

- (1) by the substitution for paragraphs (ii) thereof, of the following paragraphs :

- “(a) Where a loan is granted under rule 13(i) as specified in the “loans entitlement” table given below, such loan amount shall not be higher than the maximum amount specified in column II or column III of that table
- (b) A member (retired and membership contributions recompensed) who has been already granted a loan under rule 13(a) and 14, a loan shall be entitled under the rule 13(ii)(a) and item 7 of the table after the recovery of the balance sum with an interest on such loans ;
- (c) A retired member who has been granted a loan under the rule 13(ii)(a), shall not be entitled for any loan under any rule 13(A) to 13(1) except rule 13(E)
- (d) The maximum aggregate of any loan which could be obtained under this rule, shall not exceed twelve times of the member's gross salary or pension”

LOANS ENTITLEMENTS

	<i>Period of Membership Column i</i>	<i>Contribution less than 5% Column ii</i>	<i>Contribution more than 5% Column iii</i>	<i>No. of Installments for recovery Column iv</i>	<i>Other relevant requirements Column v</i>
01	Less than year	Rs. 5,000	Rs. 10,000	10	A member with more than 5 years membership shall be produced as a guarantor
02	Less than 1-3 years	Rs. 15,000	Rs. 20,000	20	do
03	Less than 3-5 years	Combined of 2 moths (Maximum Rs. 25,000)	Combined salary of 3 months (Maximum Rs. 30,000)	36	Shall be confirmed in the post. A member with more than 5 year membership shall be produced as a guarantor
04	Less than 5-7 years	Combined salary /pension of 4 months (Maximum Rs. 40,000)	Combined salary/ pension of 5 months (Maximum Rs. 50,000)	48	shall be confirmed in the post
05	Less than 7-12 years	Combined salary/ pension of 6 months (Maximum Rs. 60,000)	Combined salary/ pension of 8 months (Maximum Rs. 70,000)	48	do
06	More than 12 years	Combined/pension of six months (Maximum Rs. 80,000)	Combined/pension of 8 months Maximum Rs. 1,00,000	48	do

	<i>Period of Membership Column i</i>	<i>Contribution less than 5% Column ii</i>	<i>Contribution more than 5% Column iii</i>	<i>No of Installments for recovery Column iv</i>	<i>Other relevant requirements Column v</i>
07	For a member who has retired before reaching the age of 55 years and set off loans against contribution until he/she reaches the age of 55	Pension of three months (Maximum Rs. 15,000)	Pension of five months (Maximum Rs. 30,000)	48	Shall be recovered from the pension. Restricted to a half of the contribution 5% contribution shall be paid continually
08	For a donatory member who has not obtained loans under rule 14	Pension four months (Maximum Rs. 25,000)		48	Not entitled to obtain loans under rule 14. Installments shall be recovered from the pension
09	For a donatory member below 35 years who has not obtained loans under rule 14	Pension of four months (Maximum Rs. 35,000)		48	Not entitled to obtain loans under rule 14. Installments shall be recovered from the pension.
10	For a donatory member who has recover the contribution and contribution again	Pension four months (Maximum Rs. 35,000)		48	Not entitled to obtain loans under rule 14. Installments shall be recovered from the pension

(2) the paragraph (vii) of that rule is hereby rescinded and the following paragraph is substituted therefor :

“Except for any salary loan obtained under rule 12 and 13(i) the monthly installments of other loans for months of April and December shall be recovered as specified” ;

(3) by the insertion immediately after paragraph (vii) of the following new paragraph :

“(viii) The President may grant a further loans for a member who pays 10% or more from his basic salary as contribution as specified in rule 4, if any loan granted to him under rules 12 and 13 does not exceed the aggregate of the contribution and the accrued dividends indicated in the books of the Association against his name”

(4) by the insertion immediately after rule 13(A) of spouse and unmarried children as beneficiaries and by the substitution of the following rule :

(i) by the substitution for the words “monthly installments” of the words “monthly interest free installment”

(ii) by the substitution for the words “3 months” of the words “six months”

(iii) by the renumbering of 13(A) as 13(A)(i) ;

(iv) by the addition immediately after paragraph (i) of rule 13(A), of the following paragraph :

“(ii) A loan of rupees fifty thousand (Rs. 50,000) at 8% interest recoverable in 40 consecutive installments may be granted in addition to the amount indicated for the distress loan referred to in rule 13(A)” ;

(5) (i) in paragraph (1) of rule 13(B) thereof, by the substitution for the words and figures “one year membership” of the words and figures “one year of membership” and for the words and figures “Rs. 10,000” of the words and figures “Rs. 50,000” respectively :

(ii) by the renumbering of 13(B) as 13(B)(i) ;

(iii) by the addition of a new paragraph as follows :

“(ii) A member who has not completed a membership of one year may obtain a loan by submitting a guarantee of a member who has a membership of more than five years”

(6) by the substitution for the rule 13(C) thereof, of the following rule :

“A festival advance of Rs. 10,000 recoverable in ten (10) monthly installments with specified interest could be granted to any member who has completed a membership of one year”

(7) (i) in rule 13(D) by the substitution for words and figures “Rs. 10,000” of the words and figures “Rs. 50,000”

(ii) by the substitution for the figure “8%” of the figure “10%”

(iii) by the substitution for the figure “3” of the figure “6”

(8) rule 13(F) is hereby rescinded and the following rule is substituted therefor :

“A loan not exceeding of Rs. 7,500 on interest shall be granted to a member in the event of the birth of member's first and second child provided the birth certificate of the child is forwarded to the Association within a year of the birth. This loans shall be recoverable in 24 monthly installments :

(9) in rule 13(G) by the substitution for the words and figures “rupees ten thousand (Rs. 10,000)” of the words and figures “rupees fifty thousand (Rs. 50,000) and for the words and figures “in 36 equal monthly installments” of the words and figures “in 40 equal monthly installment” and for the words and figures “eleven per centum (11%) of the words and figures “ten per centum (10%)” ;

(10) by the insertion immediately after the rule 13(G) of the following new rules :

“(H) Any member who has completed two years of membership be granted a loan up to rupees five thousand (Rs. 5,000) for the purpose of spectacles for such member, spouse or unmarried children. The loan shall be repaid in twenty installments (20) with interest at the rate of ten (10%) per centum per annum. This loan shall be renewable once in five years and shall be granted to contributory members also :

Provided, however that this loan shall be granted only after taking into account the possibility of deducting the installments from the monthly salary of the member subject to the maximum deduction limit of 40% of his monthly salary.

- (I) (i) The Association may grant loans to individuals or groups for pilgrimages (overseas) organized by recognized institutions such as Bank of Ceylon or People's Bank by up to a maximum of rupees fifty thousand (Rs. 50,000). The balance expenditure on the tour shall be deposited with the Association as a lump sum and the total cost of air-ticket shall be paid by the Association.
- (ii) The members who have completed five years membership and whose services have been confirmed shall be entitled for this benefit.
- (iii) The total loan amount shall be repaid in 25 consecutive installments together with interest at 15% per annum.
- (iv) A Contributory member with five years membership shall be a Guarantor.
- (j) (i) If is lawful to grant loans to members for local tours or pilgrimages, purchase of house hold furniture and equipment and redde of jewelry which are pawned
- (ii) Any member who has completed two years membership shall be eligible ;
- (iii) The maximum loan amount shall be Rs. 30,000
- (iv) The total loan amount shall be repaid in twenty consecutive monthly installments with an interest rate of fifteen per centum (15%) per annum.
- (v) A Contributory member with two years membership shall be a guarantor"
- (i) by the insertion immediately after the rule 13(J) of the following new rule :-
- "K (i) A special advance of rupees ten thousand recoverable in 10 installments may be paid to a member who has completed five years of membership and confirmed in the public service, for purchasing books and stationary for their children. Interest is ten per centum (10%) per annum :

Provided any member who as not completed five years of membership may obtain this loan by submitting a guarantor who has five years of membership.

- (ii) A member may be granted a loan of Rs. 75,000 for a purchasing of a computer. This loan shall be recoverable in fifty installments and interest is ten per centum (10%) per annum. A member who has not completed five years of membership shall submit a guarantor who has five years of membership.
- (j) in rule 14 -
- (1) by the substitution for the words and figure "simple interest at three per centum (3%) of the words and figures "simple interest at four per centum (4%)
- (2) in paragraph (1) thereof, by the substitution for the words and figures "twenty five senior most members" of the words and figures. "fifty senior most members" and for the words and figures "out-right grant of rupees Two Thousand five Hundred (Rs. 2,500) each" of the words and figures "out - right grant of rupees five thousand (Rs. 5,000) each"
- (3) in paragraph (2), thereof, by the substitution for the words and figures period of three months of the words and figures "period of six months" ;

- (4) in paragraph (iii) of 14(3) is hereby rescinded and the following paragraph is substituted therefore ;
- “A certificate issued by the Medical Practitioner shall confirm that he has performed the surgery to save the member from a dangerous situation ;
- (5) by the insertion immediately after paragraph (iv) of rule 14(3) of the following new paragraphs
- (v) The Medical donation shall not be granted for an eye surgery”
- (vi) The Medical donation shall be granted for an eye surgery” ;
- (6) by the insertion immediately after the rule 14(3) of the following new rules :-
- “(4) The Committee of Management may decide to grant any medical donation subject to the financial condition of the Association”
- “(5) A member who has received maximum donation of Rs. 50,000 which can be obtained during the life time and resigned from the membership shall sign a deceleration that he shall pay the balance in cash after the deduction of his contribution to the medical Donation Fund” (at the receipt of medical donation)
- (k) in rule 15, by the substitution for the words and figures “shall be repayable in not more than sixty consecutive monthly installment each of which shall not be less than two rupees of the words and figures shall be repayable in not exceeding forty eight consecutive monthly installments ;
- (l) by the insertion immediately after the paragraph (ii) of rule 16 of the following new paragraph :
- “(iii) The members who are unable to remit their loan installments and interest from their monthly salary or pension for the loans obtained under rule 12 and 13 and property loan obtained under Chapter (ii), due to personal reasons with the permission of the President or an officer authorized by him in writing may pay due amount to the nearest banker to the Society for three consecutive months. However, the contribution of death donation installment and medical donation shall be remitted from the salary”
- (m) the paragraph (ii) of rule 17 is hereby rescinded and the following paragraph is substituted therefor :
- “A general reserve fund shall be established to waive off an amount (which is equivalent to an interest charged at nought point five Percent (0.5%) in every financial year) in respect of any loan, granted under the rules 13 and 14. The Committee of Management shall decide the amount of money to be deposited in such fund”
- (n) by the insertion immediately after the renumbered rule 18(i), of the following new paragraph :
- (ii) Every application shall be duly completed, sign and annex to the agreement and submit the same with duly completed guarantee bond” as the case may be.
- (o) the paragraph (i) of rule 19 is hereby rescinded and the following paragraphs are submitted therefor :
- “(i) A share of net Profit determined by the management committee shall be allocated to the building fund.
- (ii) If any loan is granted from the building fund to any member, a loan from the salary, specified under rule 13, shall be utilized, and one per centum (1%) shall be deducted from the interest charged for that period as expense for administrative purpose. The balance shall be paid up annually to the Building Fund.
- (iii) It shall be lawful to remit 5% interest which shall be credited to the balance and interest due to the saving account of every member's (individual) account as at December 31, of every year. The interest rate shall be paid proportionately to the member, who cancels his membership or upon his death

occurs in that year. The Committee of Management shall revise the interest rate with the due consideration on the income of the Society”

(p) in rule 22, by the substitution for the words and figures “one hundred members” of the words and figures “sixty members”

(q) by the insertion immediately after rule 25 of the following new paragraphs :

“(i) Every nomination received by post and by hand shall be put into a box by the Joint Secretary and the Treasurer and sealed thereafter. The box of nominations shall be opened at the meeting of the Committee of Management on closing date of nominations as in rule 25. The candidate may present at this occasion.

“(ii) The candidate or any other person of the society shall not alter any nomination paper after its submission, The candidate should be informed about rejection of nomination in writing” ;

(r) by the insertion immediately after the rule 25(ii), of the following new rule :-

“26 (i) The Committee of Management shall have power to appoint members from any district, department or Divisional Secretaries Division as representative of the Association to co-ordinate the activities of the Association.”

(ii) The representative may be entrusted with recruitment of members from Public Service, Provincial Public Service or Local Government Service”.

(iii) The representatives shall not accept any money and members who are appointed as representatives shall enter into an agreement with the Committee of Management. The Committee of Management shall have the authority to pay an allowance to representatives.

(iv) The duties of representatives are as follows :

(a) to create an awareness among members about the activities of the Association

(b) to forward loan application ;

(c) to inform the Association about member's death etc. ;

(s) by the insertion immediately after the rule 26 of the following new rules :

“27. Accounts of the Association shall be audited by an qualified Auditor appointed by the Committee of Management

28. (i) The employees of the Association, may be paid an Annual Bonus from “Bonus Fund” and an amount approved by the Committee of Management shall be credited to this fund annually. A separate bank accounts shall be maintained for this fund.

(ii) A bonus shall be paid with the approval of the Committee of Management and membership of at the Annual General Meeting”.

(2) (a) Under the heading Chapter II - by the insertion immediately after the rule 3, of the following rule :

“For the purposes of this rule “Legal Adviser” mean, any Attorney-at-Law in Panel of Lawyers appointed by the Committee of Management” ;

(b) paragraph (i) of rule 5 is hereby rescinded and the following paragraph is substituted therefor :

“The interest charged for the first Rs. 50,000 shall be 10% per annum. The interest charged for the balance Rs. 4,50,000 shall be 12% per annum”

(c) in rule 8, by the substitution for the words and figures “a minimum fee being Rs 5 of the words and figures “a minimum fee being Rs 500 to each appraiser.

(d) rule 10 is hereby rescinded and the following rule is substituted therefor :

(i) The loan shall be repaid in 240 (maximum) monthly installments ;

(ii) The loan and interest shall be recovered from monthly salary as calendar month installments ;

(iii) Compute the number of days from the date the loan was released to the end of that month and calculate the interest for such number of days as rule 5 and that amount shall be recovered at the time of releasing the loan ;

(iv) If the payment of the installment of the principal and the interest is defaulted before the tenth day of the month following the due months, the installment and interest shall be deemed in default. If the default is more than three months, the Committee of Management shall take necessary action to recover the arrears ;

(v) If an installment of the principal and interest is in default for a period of six consecutive months, legal action shall be taken by the Attorney-at-Law of Panel appointed by the Association to recover the default amount. Every expense incurred for this shall be recovered from the creditor and this shall be conveyed to him by registered post ;

(e) the paragraph (i) of rule 12 is hereby rescinded and the following rule is substituted herefor :

“the property loan shall be limited to rupees four hundred thousand (Rs. 400,000). If both the applicant and spouse being employed in the Public Service Mutual Provident Association both are be collectively entitled for a loan of rupees five hundred thousand (Rs. 500,000) only

(3) Under the heading Chapter III -

(a) by the insertion immediately after the rule 3, of the following new rule :

“(i) If any child of a member is eligible for a scholarship, the monthly installment payable to the Association from such member should be continued. The scholarship granted to the child may be cancelled if the member's contribution is in arrears for three months”

(b) by the insertion immediately after the rule 8, of the following new rule :

“9. Except those eligible under the rules 4 and 8, any other child of a member may forward an application for a sum of Rs. 2,000 which shall be granted only once for studies. The Committee of Management shall have power to pay this amount subject to the annual provision of the fund”

(4) by the insertion immediately after the chapter 111, of the following new Chapter :

Chapter IV : loan for staff/employees

Distress loan

1. An amount equal to ten times of gross salary of an employee shall be granted for treatment of an illness or any other cause of distress of an employee or his family member.
 - (i) The loan shall be repaid in 100 installments at an interest rate of eight per centum (8%) per annum.
 - (ii) An interest shall be charged as on the date of the loan and the first month of recovery or the total interest is charged on the scheduled rate for the number of days
 - (iii) After the lapse of 06 months from the date the principal amount is granted, the recovered balance can be obtained.
 - (iv) If period of service on completion of 55 years of age is less than 100 calendar months, a declaration consenting for the payment of balance from his gratuity shall be given.
 - (v) A 40% of his salary limit shall be applicable
 - (vi) If any employee has a service of five years, a guarantor is not required.
 - (vii) If guarantor is required, once or two employees with a service of more than five years should be produced as guarantors”

Bicycle loan

2. Any employee may be granted a loan of Rs. 6000 to purchase a bicycle
 - (i) The loan shall be repaid in 20 monthly installments at an interest rate of ten per centum (10%) per annum ;
 - (ii) This loan could be obtained once in five years subject to the 40% the limit of his monthly salary.

Mobile Phone loan

3. Any employee may be granted a loan of Rs. 10,000 to purchase a mobile phone
 - (i) The loan shall be repaid in 20 monthly installment at an interest rate of ten per centum (10%) per annum.
 - (ii) This land could be obtained once in two years.

Stationary Loan

4. Any employee may be granted a loan of Rs. 2,500 to for purchasing books and stationary for his children.
 - (i) The loan is repaid in monthly installation of Rs. 250 and at an interest rate of nine point one seven per centum (9.17%) per annum ;
 - (ii) The loan is repaid in 10 monthly installments and should be applied before the end of January each year ;
 - (iii) It shall not be granted until the repayment of earlier loan.

Festival Advance

5. An employee may be granted a loan not exceeding of Rs. 5,000 as festival advance.
 - (i) This loan may be granted for an annual festival ;
 - (ii) It shall be recovered before the same festival of the coming year ;
 - (iii) An interest is eight per centum (8%) ;
 - (iv) An officer or employee with a service of more than 3 months is eligible and a guarantor with more than five years is required.
 - (v) This loan may be obtained in the following year 14 days before the date of the previous year
6. General conditions for granting loans shall be as follows :
 - (i) The loan shall be used only for the particular purpose ;
 - (ii) If there is any balance, it shall be deposited in cash ;
 - (iii) Every necessary document should be submitted with the loan application ;
 - (iv) The property, which is acquired from loan shall not be disposed of, without the approval of the Committee of Management until the total repayment of the loan.
 - (v) The guarantor shall not be released if he vacate from his service until a suitable guarantor is produced.
7. (1) The loan Application form shall consist of :
 - (i) a general loan application ;
 - (ii) a guaranty form ;
 - (iii) an agreement ;
 - (2) Every loans installment and interest shall be deducted monthly from applicant's salary ;
 - (3) The loan installment shall be deducted an every month including the months of April and December.
 - (4) The Committee of Management shall have power to approve any loan.