

**THE AZAD JAMMU AND KASHMIR EMPLOYEES  
BENEVOLENT FUND AND GROUP INSURANCE ACT, 1971**

**(Act XVI of 1971)**

Passed under No. 3916/SL/71 dated 26 August, 1971.

An Act to establish a benevolent fund for the common benefit of the employees of the Government and certain autonomous bodies and to provide for their Group Insurance.

Whereas it is expedient to establish a benevolent fund for the common benefit of the employees of Azad Government of the State of Jammu and Kashmir and certain autonomous bodies and to provide for their Group Insurance;

It is hereby enacted as follows :-

1. **Short title, commencement and application:-** (1) This Act may be called the Azad Jammu and Kashmir Employees Benevolent Fund and Group Insurance Act, 1971.  
  
(2) It shall come into force on such date as the Government may, by Notification in the Official Gazette, appoint; and different date may be appointed in respect of different provisions of this Act or for different classes or categories of employees.  
  
(3) It shall extend to the whole of Azad Jammu and Kashmir Territory and applies to every employee wherever he may be.
2. **Definitions:-** In this Act, unless there is anything repugnant in the subject or context :
  - (1) 'Benevolent Fund' means the Azad Jammu and Kashmir Employees Benevolent Fund established under Section 11 ;
  - (2) 'Board' means the Board of trustees set up under Section 4;
  - (3) 'Employee' means :
    - (a) any person who holds a civil post in connection with the affairs of the Government ;
    - (b) any officer or servant of such body corporate, institution,

organization or autonomous body as the Government may, by notification in the Official Gazette, specify and includes any such person, officer, servant or member of the staff who is :

- (i) on extension of service after the age of superannuation;
- (ii) on deputation elsewhere ;
- (iii) undergoing study or training in or outside Azad Kashmir;
- (iv) under orders of suspension.

(4) 'Family' means:

- (a) In the case of male employee, the wife or wives, and in the case of a female employee, the husband of employee; and
- (b) the legitimate children, parents, minor brothers, un-married, divorced or widowed sisters of the employee residing with and wholly dependent upon him ;

(5) 'Government' means the Azad Government of the State of Jammu and Kashmir.

(6) 'Insurance Fund' means the Azad Jammu and Kashmir Employees Insurance Fund established under Section 17 ;

(7) 'Pay' includes special pay, personal pay, technical pay, leave salary and subsistence grant ;

(8) 'Prescribed' means prescribed by rules ;

(9) 'Rules' means rules made under this Act.

3. **This Act, and rules to override other Laws, but not to affect retirement benefit etc:-** The provisions of this Act and the rules shall have effect notwithstanding anything contained in any other law, rules, order, notification, contract or other document or instrument; but nothing herein contained shall affect the right to receive any pension, Provident fund, gratuity or other benefits accruing to the employee on his retirement or invalidation or to his family upon his death, otherwise than under this Act.

**CHAPTER II**  
**BOARD OF TRUSTEES**

4. **Board of Trustees:-** (1) There shall be set up a board to be known as the Board of Trustees of Azad Jammu and Kashmir Employees Benevolent Funds which shall consist of the following, namely :
- (a) Chief Secretary to the Azad Government of the State of Jammu and Kashmir, who shall be the Chairman of the Board;
  - (b) Finance Secretary, Azad Government of the State of Jammu and Kashmir, (Member).
  - (c) The Accountant General, Azad Government of the State of Jammu and Kashmir, (Member).
  - (d) Five persons from amongst the employees whom the President, by notification in the official Gazette appoint to be members of the Board;
- Provided that at least two such members shall be from amongst the non-Gazetted employees.
- (2) The members appointed by the President shall hold office during his pleasure and may be replaced by him at any time.
5. **Board to be body corporate:-** The Board shall be a body corporate having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property both movable and immovable and shall by the aforesaid name sue or be sued.
6. **Head Office:-** The Head Office of the Board shall be at Muzaffarabad or at such other place as the Government may, by Notification in the official Gazette, appoint.
7. **Powers of the Board:-** The Board shall have power :
- (a) to settle claims for benevolent grants and sums assured under this Act and all matters connected with such claim ;
  - (b) to sanction grant from the Benevolent Fund to the employees or their families in accordance with the provisions of this Act and the rules made thereunder;

- (c) to do or cause to be done all acts and things necessary for the proper administration and management of the money or properties in the Benevolent Fund and the Insurance Fund ;
  - (d) to sanction expenditure connected with the administration and management of the Benevolent Fund and the Insurance Fund ;
  - (e) to make arrangement for the insurance of the life of the employees to give effect to the provisions of this Act;
  - (f) to invest moneys held in the Benevolent Fund in Government securities, in the construction of buildings for purposes of raising rent income, and in other profitable ventures the plans whereof having been previously approved by the Government;
  - (g) to appoint or employ such persons including a Managing Director if any, as it considers necessary for the efficient performance of its operations on such terms and conditions as it may, subject to rules, determine ;
  - (h) to do or cause to be done all things ancillary or incidental to any of the aforesaid powers or to the purposes of the Benevolent Fund and the Insurance Fund.
8. **Meetings of the Board.**- (1) The meetings of the Board shall be held at such times and places as may be prescribed, but the chairman may convene the meetings of the Board at any other time and place.
- (2) To constitute a quorum at a meeting of the Board, the number of members present shall be four.
- (3) Each member of the Board shall have one vote and in the event of equality of votes the Chairman shall have a second and casting vote.
- (4) The meetings of the Board shall be presided over by the Chairman and in the absence of the Chairman by the person elected for the purpose by the members present from amongst themselves.
- (5) All orders and decisions of the Board shall be authenticated by the signature of the Chairman or of such other member as

may have been authorized by the Board by a resolution.

9. **Secretary and his powers and functions:-** (1) The Board may appoint any of its members to be the Secretary of the Board.
- (2) The Secretary of the Board shall exercise such powers and perform such functions as may be prescribed or as may, subject to rules, be assigned to him by the Board.
10. **Delegation of Powers:-** The Board may, for facilitating the discharge of its functions and ensuring efficient operation of the Benevolent Fund and the insurance Fund, by a resolution published in the Official Gazette, delegate to the Secretary, or to the managing Director, if any, or any other Officer of the Board, subject to such conditions and limitations, if any, as may be specified therein, such of its powers and duties under this Act as it may deem necessary.

### CHAPTER III BENEVOLENT FUND

11. **The Azad Jammu and Kashmir Employees Benevolent Fund:-** (1) There shall be established a Fund to be called the Azad Jammu and Kashmir Employees Benevolent Fund ;
- (2) To the credit of the Benevolent Fund shall be placed :
- (a) all sums paid by the employees as subscriptions to the Benevolent Fund;
- (b) all grants made by the Government, autonomous bodies, organizations, institutions or other authorities;
- (c) donations made by private individuals or institutions ;
- (d) all income, profits or interest accruing from the assets belonging to the Benevolent Fund or from investment made out of the moneys of the Fund;
- (e) loans raised by the Board with the previous approval of the Government.
- (3) The moneys credited to the Benevolent Fund shall be kept in such manner as may be prescribed.

12. **Subscription to be paid by the Employees:-** (1) Every employee shall be liable to pay to the Benevolent Fund a monthly subscription equal to one percent of his pay or such lesser percentage as may be prescribed or twenty rupees whichever be less and the amount of such subscription shall, as far as possible, be deducted at the source from his pay and credited or remitted to the Benevolent Fund.

(2) Where the amount of subscription cannot for any reason be deducted from the pay of the employee, the employee shall remit to such officer as may be prescribed for the purpose the sum of subscription payable by him and any amount of subscription remaining unpaid due to inadvertence or negligence of the employee or otherwise shall be recoverable from him in such manner as may be prescribed.

(3) Default in the payment of the subscription either for the reason that the pay of the employees was not drawn or due to his inadvertence, negligence or fault or any other reasons whatsoever shall not affect his right or the right of his family to receive the benevolent grant provided for in section 13, but the amount of unpaid subscriptions may be deducted from the benevolent grant.

13. **Benevolent grants to be paid from the Benevolent Fund:-** If any employee:

(a) is declared by the prescribed medical authority to have been completely incapacitated physically or mentally to discharge the duties of his employment and is for that reason removed from service, or

(b) dies during the continuance of his employment or, if he has retired from service, within the prescribed period before attaining the age of 60 years, he or, in the event of his death, his family shall be entitled to receive a benevolent grant from the Benevolent Fund according to the scale specified in the first Schedule, for period of ten years or up to the date on which the employee attains or might have, if he were alive, attained the age of 60 years, whichever is earlier :

Provided that in the case of an employee who dies after having drawn benevolent grant under this section, the said period of ten years shall be reckoned from the date from which he began drawing such grant.

14. **Payment of benevolent grant:-** (1) On the death of an employee, the amount of benevolent grant payable under section 13 shall be paid to such member or members of his family as he might have nominated in accordance with the rule in full or in the share specified by him at the time of making of nomination.
- (2) Where no valid nomination made by the employee subsists at the time of his death, the amount of benevolent grant shall be paid to such member, or members of his family, subject to such conditions imposed with a view to ensuring that the amount is justly and equitably utilized for the maintenance and benefit of all the members of family, as may be prescribed or may, consistently with the rules, be determined by the Board or an officer authorised by the Board in that behalf.

#### **CHAPTER IV GROUP INSURANCE.**

15. **Insurance of employees:-** Subject to the provisions of this Act and the rules, in the event of the death of an employee, occurring by whatsoever cause, during the continuance of his employment, the Board shall pay to the family of the deceased employee a sum specified in the Second Schedule.
16. **Arrangements with Insurance Company etc:-** The Board may from time to time arrange for the insurance of the life of the employees in sums specified in the Second Schedule with such insurance company or other insurer and for such period as it deems fit, and where any such arrangement subsists, the liability to pay the said specified sums shall directly devolve upon the insurance company or other insurer.
17. **The Azad Jammu and Kashmir Employees Insurance Fund:-**
- (1) There shall be established a fund to be called the Azad Jammu and Kashmir Employees Insurance Fund which shall vest in and be held and administered by the Board.
- (2) All sums received from the employees as premia for the group insurance of the employees and any interest or profit accruing thereon shall be credited to the Insurance Fund.
- (3) The moneys credited to the Insurance Fund shall be kept in such bank as may be prescribed.
- (4) All expenses on any arrangement entered into by, the

Government with any insurance company or other insurer as provided for in section 36 and all expenses on the administration of the Insurance Fund shall be defrayed from the Insurance Fund.

(5) Any sums remaining in the Insurance Fund after defraying the expenses referred to in sub-section (4) may be utilized for such purposes connected with the benefit of the families of the employees as the Board may direct.

18. **Payment of premia:-** (1) Every employee shall be liable to pay to the Insurance Fund such sum of money as may be prescribed as premium for the insurance of his life as provided for in this Chapter and the amount of such premium shall as far as possible be deducted at the source from his pay and credited or remitted to the Insurance Fund.

(2) Where the amount of premium cannot for any reason be deducted from the pay of the employee, the employee shall remit to the prescribed officer the sum of premium payable by him, and any premia remaining unpaid due to inadvertence or negligence of the employee or otherwise shall be recoverable from him in such manner as may be prescribed.

(3) Default in the payment of premia either for the reason that the pay of the employee was not drawn or due to his negligence or fault or for any other reason whatsoever shall not affect the right of his family to receive the sum assured in the event of the death of the employee, but the premium remaining unpaid at the time of his death may be recovered from the assured amount.

19. **Payment of the sum assured:-** (1) On the death of an employee, the sum assured shall be paid to such member or members of his family as he might have nominated in accordance with the rules in full or in the shares specified by him at the time of making the nomination.

(2) where no valid nomination made by the employee subsists at the time of his death, the sum assured shall be paid to such member or members of his family subject to such conditions imposed with a view to ensuring that the sum is justly and equitably utilized for the maintenance and benefit of all the members of the family as may be prescribed or may consistently with the rules be determined by the Board or any officer authorised by the Board in the behalf.



**CHAPTER V GENERAL**

20. **Audit and accounts:-** (1) The accounts of the Benevolent Fund and of the Insurance Fund shall be maintained in such manner and form as the Accountant General of Azad Kashmir may, from time to time, direct, by such officer or authority as the Board may appoint.
- (2) The accounts of the Benevolent Fund and of the Insurance Fund shall be audited by such authority or agency as the Government may, after consulting the Accountant-General of Azad Kashmir appoint.
21. **Protection of action taken in good faith:-** No suit, prosecution or other proceedings shall lie against the Government, the Board or any officer or other authorised person for ..anything in good faith done or purporting to have been done in pursuance of this Act or the rules,
22. **Exemption from taxes:-** The Government may by order in writing.
- (a) exempt the Benevolent Fund and the Insurance Fund from any tax, rate or duty leviable by such Government or by a local authority under the control of such Government;
- (b) exclude the amount of premium or subscription paid by an employee from his assessable income under the Income Tax Act, 1922 (XI of 1922) as in force in the Azad Jammu and Kashmir Territory.
23. **Power to make rules:-** The Government may make rules for the purpose of giving effect to all or any of the provisions of this Act.

**THE FIRST SCHEDULE**

The amount of benevolent grant payable under Section 13 shall be as follows :-

In the case of an employee drawing:

not more than	Rs. 100	not	Rs. 50	
-do-	Rs. 100	but/more than	Rs. 200	Rs. 75

-do-	Rs. 200	-do-	Rs. 300	Rs. 100
-do-	Rs. 300	-do-	Rs. 400	Rs. 125
-do-	Rs. 400	-do-	Rs. 500	Rs. 150
-do-	Rs. 500	-do-	Rs. 600	Rs. 175
-do-	Rs. 600	-do-	Rs. 700	Rs. 200
-do-	Rs. 700	-do-	Rs. 800	Rs. 225
-do-	Rs. 800	-do-	Rs. 900	Rs. 250
-do-	Rs. 900	-do-	Rs. 1,000	Rs. 275
-do-	Rs. 1,000	-do-	Rs. 1,100	Rs. 300
-do-	Rs. 1,100	-do-	Rs. 1,200	Rs. 325
-do-	Rs. 1,200	-do-	Rs. 1,300	Rs. 350
-do-	Rs. 1,300	-do-	Rs. 1,400	Rs. 375
-do-	Rs. 1,400	-do-	Rs. 1,500	Rs. 400
-do-	Rs. 1,500	-do-	Rs. 1,600	Rs. 425
-do-	Rs. 1,600	-do-	Rs. 1,700	Rs. 450
-do-	Rs. 1,700	-do-	Rs. 1,800	Rs. 475
-do-	Rs. 1,800	-do-	Rs.	Rs. 500

### THE SECOND SCHEDULE

The sum assured to be paid to the family of a deceased employee under Section 15.

In the case of an employee receiving	sum assured
not more than one hundred and fifty rupees per mensem.	Two thousand rupees
more than one hundred and fifty rupees but not more than five hundred rupees.	Five thousand rupees
more than five hundred rupees but not more than seven hundred and fifty rupees.	Ten thousand rupees
more than seven hundred and fifty rupees but not more than one thousand rupees.	fifteen thousand rupees.
more than one thousand rupees but not more than one thousand and five hundred rupees.	twenty thousand rupees.
more than one thousand and five hundred rupees.	Thirty thousand rupees.