

## Employee Provident Fund Act, 2019 (1962)

Date of Authentication and Publication in Nepal Gazette

2019.4.10 (25 July 1962)

### Amendments:

- |    |   |                               |
|----|---|-------------------------------|
| 1  | Employee Provident Fund (Amendment) Act, 2019 (1963)                                      | 2019.12.30<br>(12 April 1963) |
| 2  | Some Nepal Acts Amendment, Repeal and Continuance Through Re-arrangement Act, 2019 (1963) | 2019.12.30<br>(12 April 1963) |
| 3  | Employee Provident Fund (Second Amendment) Act, 2023 (1996)                               | 2023.4.31<br>(15 Aug. 1966)   |
| 4  | Employee Provident Fund (Third Amendment) Act, 2029(1972)                                 | 2029.6.5<br>(21 Sept. 1972)   |
| 5  | Employee Provident Fund (Fourth Amendment) Act, 2030 (1973)                               | 2030.5.15<br>(31 Aug. 1973)   |
| 6  | Employee Provident Fund (Fifth Amendment) Act, 2042 (1985)                                | 2042.6.23<br>(9 Oct. 1985)    |
| 7  | Administration of Justice Reforms (Fourth Amendment) Act, 2043 (1986)                     | 2043.7.24<br>(10 Nov. 1986)   |
| 8  | Employee Provident Fund (Sixth Amendment) Act, 2047 (1991)                                | 2047.10.27<br>(10 Feb. 1991)  |
| 9  | Employee Provident Fund (Seventh Amendment) Act, 2048 (1992)                              | 2048.12.30<br>(12 April 1992) |
| 10 | Employee Provident Fund (Eighth Amendment) Act, 2053 (1997)                               | 2053.9.17<br>(1 Jan 1997)     |
| 11 | Income Tax Act, 2058 (2002)   | 2058.12.19                    |

		(1 April 2002)
12	Amending Some Nepal Acts to maintain Gender Equality Act, 2063 (2006)	2063.7.17 (3 Nov. 2006)
13	<sup>1</sup> Republic Strengthening and Some Nepal Laws Amendment Act, 2066 (2010) <sup>1</sup>	2066.10.7 (21 Jan. 2010)
14	An Act enacted for the Amendment of Some Laws to Maintain Gender Equality and Eliminate Gender Violence, 2072	2071.06.14 (1 October, 2015)
15	Employee Provident Fund (Ninth Amendment) Act, 2073 (2016)	2073.05.18 (5 October, 2015)

Act Number 10 of the Year 2019 (1962)

An Act made to provide for the Employee Provident Fund

Preamble: Whereas, it is expedient to provide for Social Security Fund including Provident Fund, Retirement Fund for the employees of the <sup>2</sup>Government of Nepal and corporate bodies, <sup>3</sup>other employees and individual involving in self-employment,

Now, therefore, be it enacted by His Majesty King Mahendra Bir Bikram Shah Dev in accordance with <sup>4</sup>Article 93 of the Constitution of Nepal.

## Chapter-1

### Preliminary

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<sup>1</sup>This Act came into force on 15 Jetha 2065, "Prasati" and the word "Kingdom" has been deleted.

<sup>2</sup>Amended by Fifth Amendment

<sup>3</sup>Amended by Ninth Amendment

<sup>4</sup>Amended by Some Nepal Acts Amendment, Repeal and Continuance Through Re-arrangement Act, 2019 (1963)

1. **Short title and commencement:** (1) This Act may be called as the "Employee Provident Fund Act, 2019 (1962).”

(2) .....<sup>5</sup>

(3) This Section of this Act shall come into force immediately, and the other Sections shall come into force on such date as may be appointed by the Government of Nepal, by publishing a Notification in the Nepal Gazette, from time to time.<sup>6</sup>

2. **Definitions:** Unless the subject or the context otherwise requires, in this Act:

(a) "Fund" means the Employee Provident Fund established under Section 3.

(b)<sup>7</sup> "Employee" means any civil employee, employee of Army, Police, Armed Police,<sup>8</sup> Constitutional Body, .....<sup>9</sup> and employee of the Fund and teacher who gets the amount to be deducted from his or her monthly salary deducted and paid to the Fund, and this term also includes any employee, labour or worker of a body, who gets amount to be paid to the Fund pursuant to

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<sup>5</sup> Deleted by Fifth Amendment

<sup>6</sup> (a) The Sections, other than Sub-section (1) of Section 13, and Sub-sections (1), (2), (3), (4), (5), (6) and (7) of Section 17 commenced on 2019.6.1(17 Sept. 1962). (Date of publication of a Notification in the Nepal Gazette: 2019.5.29)

(b) Date of commencement of the Employee Provident Fund (Fourth Amendment), 2030: 2030.4.1 (16 July 1973)

(c) Date of commencement of the Employee Provident Fund (Eighth Amendment), 2053: 2053.10.18 (31 Jan. 1997)

<sup>7</sup> Amended by Sixth Amendment

<sup>8</sup> Inserted by Republic Strengthening and Some Nepal Laws Amendment Act, 2066 (2010)

<sup>9</sup> Deleted by Republic Strengthening and Some Nepal Laws Amendment Act, 2066 (2010)

Section 12B. and such other class of employees as specified by the Government of Nepal, by publishing a Notification in the Nepal Gazette.

**Clarification:** For the purposes of this Act, the term "employee" means a permanent employee.

(B)<sup>10</sup> "Person Involving in Self-Employment" means the professionals including engineer, medical practitioner, legal practitioner, auditor earning income by carrying out business or profession in private sector or the employee relating to those professionals and the term shall also denote the person involving in foreign employment, person working temporary or service contract basis, domestic worker, farmer, labor working in unorganized sector, labor of tea estate and employee working in cooperative institution.

(C) "Board" means the Board of Directors of the Employee Provident Fund formed under Section 4.

(C1)<sup>11</sup> "Chairperson" means the chairperson of the Board.

(C2)<sup>12</sup> "Director" means the member of the Board, and this term also includes the chairperson and administrator.

(C3)<sup>13</sup> "Administrator" means the administrator of the Fund appointed pursuant to Section 6A.

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<sup>10</sup> Inserted by Ninth Amendment

<sup>11</sup> Inserted by Sixth Amendment

<sup>12</sup> Inserted by Sixth Amendment

<sup>13</sup> Inserted by Sixth Amendment

(D) "Bond" means a loan disbursed by the Government of Nepal under the Domestic Borrowings Act, 2059 (2002) and this term also includes a bond of a foreign government.

(E)<sup>14</sup> .....

(F)<sup>15</sup> .....

(G)<sup>16</sup> .....

(H)<sup>17</sup> .....

(I)<sup>18</sup> .....

(J) "Debenture" means a bond of loan borrowed by a company against the security or guarantee of its assets.

(K)<sup>19</sup> .....

(L)<sup>20</sup> .....

(M)<sup>21</sup> "Salary" means only such a salary that is drawn by an employee according to the prevailing scale of the post in which he or she has a lien, in consideration for the service rendered by him or her in accordance with the conditions of service.

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<sup>14</sup> Repealed by Second Amendment

<sup>15</sup> Repealed by Second Amendment

<sup>16</sup> Repealed by Second Amendment

<sup>17</sup> Repealed by Second Amendment

<sup>18</sup> Repealed by Second Amendment

<sup>19</sup> Repealed by Second Amendment

<sup>20</sup> Repealed by Second Amendment

<sup>21</sup> Amended by Third Amendment

(N)<sup>22</sup> "Office" means an office or institution<sup>21</sup> with obligation to deduct the Fund amount from the salary of an employee and credit the same to the account specified by the Fund.

(N1)<sup>23</sup> "Institution" means a bank, financial institution, company, firm, industry or similar other governmental or non-governmental institution established as a body/institution pursuant to the laws in force, <sup>23</sup>and this term also includes a diplomatic mission or international institution situated in Nepal.

(O)<sup>24</sup> "Prescribed" or "as prescribed" means prescribed or as prescribed in the Rules or Bye-laws framed under this Act.

(P)<sup>25</sup> "Prescribed by the Fund" means as specified in the Bye-laws framed by the Fund under this Act or a notice of the Fund.

## Chapter-2

### Establishment, Formation and Provision

3. **Establishment of the Fund:** (1) There shall be established a Fund by the name of the "Employee Provident Fund". The following amounts shall be credited to the Fund; and expenses shall be chargeable on the Fund for all acts and activities as required to be done under this Act or the Rules framed hereunder:

(a) All amounts provided by the Government of Nepal or other persons for financial assistance to the Fund;

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<sup>22</sup> Inserted by Fifth Amendment

<sup>23</sup> Inserted by Sixth Amendment

<sup>24</sup> Inserted by Fifth Amendment

<sup>25</sup> Inserted by Fifth Amendment

- (b) All amounts deducted from the salary of employees and amounts added thereto by offices<sup>26</sup> pursuant to this Act;
- (c) All amounts realized as interest and profits on and from the amounts of the Fund;
- (d) All amounts credited to the civil provident fund, military monetary fund and employee provident fund in operation by the Government of Nepal prior to the commencement of this Act; and
- (e) All amounts received by the Fund.

(2)<sup>27</sup> All amounts of the Fund shall be deposited in the Nepal Rastra Bank or any other bank specified by the Board.

Provided however that, the amounts of the Fund shall be deposited in the Land Revenue Office or Fund and Recovery Office in a place where such a bank is not available.

(3) The Fund shall be an autonomous<sup>28</sup> and body corporate with perpetual succession. This body shall have a separate seal of its own for all of its activities. It may sue by its name and be also sued by the same name.

(4) The Fund may, subject to this Act and the Rules framed under this Act, acquire, keep, transfer the ownership, sell and transmit<sup>29</sup> any movable and immovable property, and do all such other acts as may be necessary for the accomplishment of the objects of this Act.

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<sup>26</sup> Inserted by Fifth Amendment

<sup>27</sup> Amended by Third Amendment

<sup>28</sup> Amended by Fifth Amendment

<sup>29</sup> Inserted by Ninth Amendment

(5) The Head Office of the Fund shall be situated within Kathmandu Valley<sup>30</sup>, and the Fund may, as and when it so wishes, open branches and Sub-branches in other places of Nepal for the operation of its business smoothly.

**4<sup>31</sup>. Formation of the Board:** (1) The Fund shall have one Board of Directors consisting of at least Seven directors:

(2) The Board as referred to in Sub-section (1) shall have the following directors:

(a) Person appointed by the Government of Nepal -Chairperson

(b) Three persons nominated by the Government of Nepal from various services of the Government of Nepal -Director

(c) Two persons nominated by the Government of Nepal from amongst banks, financial institutions and other corporate bodies -Director

(d) The Administrator of the Fund -Director

(3) In nominating directors pursuant to Clauses (b) and (c) of Subsection (2), the Government of Nepal shall nominate such directors by turn from amongst various services of the Government of Nepal, banks, financial institutions and various bodies corporate.

(4) The tenure of the directors other than the administrator shall be Three years, and upon the expiration of their tenure, they may be reappointed or re-nominated for one more term.

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<sup>30</sup> Amended by Ninth Amendment

<sup>31</sup> Amended by Sixth Amendment



(5) If the office of any director falls vacant prior to the completion of the tenure, the vacancy shall be filled for the remainder of term in accordance with the same process as was followed in the filling of the office previously.

(6) Notwithstanding anything contained elsewhere in this Section, the Government of Nepal may, at any time, alter the directors elected or nominated pursuant to Sub-section (2).

(7) The meeting allowance to which directors are entitled for taking part in the meeting of the Board shall be as specified by the Government of Nepal.

(8) An officer employee of the Fund shall act as the secretary of the Board.

**5.<sup>32</sup> Disqualification for Director:** Any of the following persons shall be deemed to be ineligible to be a director of the Board:

(a) Insolvent;

(b) Insane;

(c) Convicted by a court of a criminal offense involving moral turpitude, and sentenced to imprisonment for a term exceeding Six months;

(d) Obtained a contract from the Fund pursuant to Section 28 or has been a partner in such a contract;

(e)<sup>33</sup> Employee serving in a post below the Gazetted First Class of the Government of Nepal or the Tenth level of a body corporate or a level equivalent thereto; or

(f) Punished under Section 29.

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<sup>32</sup> Amended by Third Amendment

6.<sup>34</sup> **Fulfillment of vacancy:** (1) A director shall be relieved of the office of director in the following circumstance:

- (a) If he or she tenders resignation in writing and the resignation is accepted by the Government of Nepal;
- (b) If he or she absents from the meeting of the Board for more than Three consecutive meetings, without giving a notice, accompanied by the reason, to the Board, and the reason for such absence is not reasonable in the opinion of the Government of Nepal;
- (c)<sup>35</sup> If the directors nominated pursuant to Clauses (b) and (c) of Sub-section (2) of Section 4 ceases to serve in the concerned bodies or institutions;
- (d) If another person is appointed in his or her stead by the Government of Nepal prior to the completion of his or her term; or
- (e) If he or she suffers any disqualification set forth in Section 5.

(2) If the chairperson or any director is not able to perform the functions of the Board for some time because of illness or being on leave or other reason, the Government of Nepal may temporarily appoint another person in his or her stead for the performance of business during that period.

6A.<sup>36</sup> **Appointment of administrator:** (1)<sup>37</sup> The Government of Nepal shall appoint as the administrator any one depositor (Sanchayakarta) employee serving in the First Class of the Government of Nepal, officer first class or the

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<sup>34</sup> Amended by Sixth Amendment

<sup>35</sup> Amended by Sixth Amendment

<sup>36</sup> Amended by Sixth Amendment

<sup>37</sup> Amended by Eighth Amendment

tenth class of the Fund or institution or a class equivalent thereto in order to perform the daily functions in the capacity of the administrative chief of the Fund.

(2)<sup>38</sup>The term of office of the administrator appointed pursuant to Sub-section (1) shall be Five years and he or she shall hold office at the pleasure of the Government of Nepal.

(3) The remuneration, facilities and other conditions of service of the administrator shall be as prescribed.

**7. Provision:** (1) The Government of Nepal may, seeking opinion of the Board,<sup>39</sup> give such directions as it deems necessary to the Board from time to time.

(2) The Board shall abide by the directions given pursuant to Subsection (1) and be responsible for performing all such functions of the Corporation as required to be performed by the Fund pursuant to this Act.

(3) The Board may so delegate the powers conferred to it under this Act to the administration or any Sub-committee as may be required. The administrator may so delegate the authority of functions vested in him or her as to be performed by his or her subordinate official and employee at his or her responsibility for the smooth operation of the functions of the Fund.

**8.<sup>40</sup> Meetings of the Board:** (1) The meeting of the Board shall be held at such date, venue and time as specified by the chairperson.

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<sup>38</sup> Added by Eighth Amendment

<sup>39</sup> Added by Sixth Amendment

<sup>40</sup> Amended by Sixth Amendment

(2) Meetings of the Board shall be held at least Six times in a year, and the interval between any two meetings shall not exceed Three months.

(3) Notwithstanding anything contained in Sub-section (2), the chairperson or the administrator in the absence of the chairperson shall call a meeting of the Board at any time when at least Three directors make a request, accompanied the agenda intended to be discussed, for the same in writing.

(4) No meeting of the Board shall be held unless it is attended by more than at least Fifty percent of the directors.

(5) Meetings of the Board shall be presided over by the chairperson. In the absence of the chairman, the meeting shall be presided over by a director selected by the directors from amongst themselves.

(6) The decision of a majority in the meeting of the Board shall be binding, and, in the event of a tie, the chairperson may exercise the casting vote.

(7) Minutes regarding the names of directors present in the meeting of the Board, the agenda and the decisions taken thereon shall be recorded in a separate book.

(8) Other Rules of procedures of the meetings of the Board shall be as determined by the Board itself.

**9. Power of the Government of Nepal to suspend the Board:** If the Government of Nepal considers that the Board is not capable of performing the functions required to be performed pursuant to this Act, it may, by publishing a Notification in the Nepal Gazette, suspend the Board and appoint any person or institution in the place of the Board to perform the functions of the Board pursuant to this Act and all acts and actions done and taken by such a person or

institution under this Act and the Rules framed under this Act shall be recognized as if they were done and taken by the Board pursuant to this Act.

10. ....<sup>41</sup>

11. **Relation between the Government of Nepal and the Fund**: In making correspondences by the Fund with the Government of Nepal on matters of obtaining opinion or approval of the Government of Nepal or of submitting any information to the Government of Nepal pursuant to this Act, such correspondences shall be made through the Ministry of Finance<sup>42</sup>.

11A<sup>43</sup>. **Monitoring and Inspection of the Fund**: (1) The Ministry of Finance shall, as per the requirement, carry out inspection and monitoring of the activities of the Fund.

(2) Other provision with regard to monitoring and inspection shall be as prescribed by the Ministry of Finance.

### Chapter-3

#### Acts and Activities

12.<sup>44</sup> **Mandatory deduction of money from salary of employees and payment thereof to the Fund**: (1)<sup>45</sup> Every office shall deduct the fund amount at the rate as prescribed but not less than Ten percent from the annual salary of its employees, add such amount to be set by such percentage of that amount as prescribed and pay the same to the Fund.

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<sup>41</sup> Repealed by Sixth Amendment

<sup>42</sup> Amended by Ninth Amendment

<sup>43</sup> Added by Ninth Amendment

<sup>44</sup> Amended by Third Amendment

<sup>45</sup> Amended by Third Amendment

(2) The amount of Fund deduction shall be deducted compulsorily. The consent of the concerned employee shall not be required for such deduction.

(3)<sup>46</sup> The amount of Fund deduction of an employee and amount to be added thereto shall be as per the rules of the office paying salary to him or her.

(4) If any employee is suspended, his or her amount of Fund shall not be deducted. Provided that if the suspension of that employee is removed on the charge being not proved, amount shall be deducted proportionately from his or her salary of the period of his or her suspension, amount to be added shall be added thereto<sup>47</sup> and lump sum of the amount shall be paid to the Fund.

(5) The following provisions shall apply to the period while any employee is on leave without pay or with half pay:

(a) No Fund amount shall be deducted while on leave without pay;

(b) Fifty percent Fund deduction shall be made at the rate specified in Sub-section(1)<sup>48</sup> while on leave with half pay.

(6)<sup>49</sup> Every chief of office shall regularly deduct the Fund amount from the salary of the employees serving in his or her office and add thereto such amount as to be added thereto and furnish the same, along with the statements, with such office within such period as prescribed by the Fund.

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<sup>46</sup> Amended by Fifth Amendment

<sup>47</sup> Added by Fifth Amendment

<sup>48</sup> Amended by Fourth Amendment

<sup>49</sup> Amended by Fifth Amendment

(7)<sup>50</sup> Nothing in this Act shall be deemed to bar the paying to the Fund of any other amount in the name of an employee of the office, in addition to the amount to be added pursuant to Sub-section (1).

12A. ....<sup>51</sup>

**12B.<sup>52</sup> Fund deduction of employees of the Institution:** (1) An institution<sup>53</sup> may deduct the Fund amount from the monthly salary of its employees pursuant to Section 12 and cause to be paid to the Fund.

(2) If the Government of Nepal considers appropriate, it may, by publishing a Notification in the Nepal Gazette, order any institution to pay to the Fund the amount as referred to in Sub-section (1) from the monthly salary of the employees who receive monthly salary regularly.

(3) All provisions of Section 12 shall apply to the employees who Fund amount has been deducted under this Section.

(4) In the event of the dissolution or liquidation of an institution deducting the Fund amount and paying the same to the Fund under this Section, the employees of such an institution shall be deemed to have been removed from service for the purposes of this Act.

(5) The Fund deduction amount paid by any corporate body to the Fund pursuant to Section 16 prior to the commencement of this Section shall be deemed to have been paid pursuant to Sub-section (1).

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<sup>50</sup> Added by Fifth Amendment

<sup>51</sup> Repealed by Eighth Amendment

<sup>52</sup> Added by Sixth Amendment

<sup>53</sup> Amended by Ninth Amendment

**12C. Person Involving in Self-Employment may deposit the Amount in the**

**Fund**: (1) The person involving in self-employment may deposit the amount as prescribed in the Fund.

(2) Other provisions with regard to the process of collection of the amount deposited in the Fund in accordance with Sub-Section (1) and its payment and facility available from the Fund shall be as prescribed.

**13<sup>54</sup>. Acts to be done by the Fund after payment of money to the Fund**: (1)

After the payment of money to the Fund pursuant to Section 12, 12B and 12C<sup>55</sup>., the amount so paid by the name of every employee and the person involved in self-employment shall be deposited in the account of that employee and the person involved in self-employment.

(2) Every year after the closure of the year, the Fund shall give an endorsement letter or annual statements to every employee<sup>56</sup>, setting out, interalia, the amounts deducted every month from the salary of the employee, amount added by the office<sup>57</sup> and other deductions and additions and interest accrued on the amounts so paid.

(2A)<sup>58</sup> Notwithstanding anything contains in Sub-Section (2), the provision with regard to the person involving in self-employment shall be as prescribed.

(3) The Fund shall give an identity card to every employee and the person involving in self-employment<sup>59</sup>.

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<sup>54</sup> Amended by Third Amendment

<sup>55</sup> Amended by Ninth Amendment

<sup>56</sup> Amended by Fifth Amendment

<sup>57</sup> Amended by Fifth Amendment

<sup>58</sup> Added by Ninth Amendment



(4) The Fund may prescribe fees for the giving of the identity card.....<sup>60</sup> pursuant to Sub-sections (2) and (3) or giving another identity card.....<sup>61</sup> in the event of loss, deface or torn out of such an identity card.....<sup>62</sup>

**14.<sup>63</sup> Entitled to withdraw amount:** (1)<sup>64</sup> An employee who pays the Fund deduction to the Fund continuously for at least Five years may withdraw such an amount from the Fund as may not be in excess of the Sixty percent of the total amount deposited in his or her name.

(2) Notwithstanding anything contained elsewhere in this Act, no employee may withdraw amount from the Fund while he or she is in service except in accordance with Sub-section (1).

(3) Once any employee has withdrawn amount pursuant to Subsection (1), he or she may not again withdrawn amount prior to the completion of Two years after the date of such withdrawal.

**14A<sup>65</sup>.Reconciliation of amounts:** (1) Where any employee has taken an advance from the Fund prior to the commencement of this Section, the principal and interest due and payable by him or her out of the amount so taken as advance shall be deducted from the Fund deduction amount accumulated in his or her name and reconciliation of amounts shall be made accordingly.

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<sup>59</sup> Amended by Ninth Amendment

<sup>60</sup> Deleted by Fifth Amendment

<sup>61</sup> Deleted by Fifth Amendment

<sup>62</sup> Deleted by Fifth Amendment

<sup>63</sup> Amended by Sixth Amendment

<sup>64</sup> Amended by Eighth Amendment

<sup>65</sup> Inserted by Sixth Amendment

(2) If reconciliation of amounts is made pursuant to Sub-section (1) and such an employee wishes to again withdraw amount from the Fund, only the remaining amount to be set by deduction the already withdrawn amount from the amount as referred to in Sub-section (1) of Section 14 shall be allowed for withdrawal.

Provided that, he or she shall not be entitled to again withdraw amount prior to the completion of Two years after the date of withdrawal of amount or taking advance from the Fund.

(3) If an employee who has borrowed the home loan from the Fund wishes to have the reconciliation of amounts from the Fund deduction amounts, he or she may have such reconciliation pursuant to Sub-section (1).

**14B<sup>66</sup>. Amount withdrawn from the Fund may be returned:** An employee may at one time or at times return to the Fund the amount withdrawn pursuant to Section 14. Interest and profits shall be provided pursuant to Section 15 on the amount so deposited.

**15<sup>67</sup>. Interest<sup>68</sup> and profits to be provided:** (1) The Fund shall provide interest on the amount deposited by the name of an employee at such a rate as may be determined from time to time pursuant to Sub-section (2).

(2) In determining the rate of interest, the Fund shall determine it on the basis of propriety having regard also to the total amount in his or her custody, total amount of investment made therefrom, total amount of interest or dividends receivable therefrom and administrative expenses.

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<sup>66</sup> Inserted by Sixth Amendment

<sup>67</sup> Amended by Third Amendment

<sup>68</sup> Inserted by Fifth Amendment

(3).....<sup>69</sup>

(4) If, on evaluating the assets and liabilities of the Fund according to the market value on the day of closure of the year in every fiscal year, it is not sufficient to provide interest by Three percent per annum, the shortfall amount as required to provide interest by that rate shall be chargeable on the Consolidated Fund of the Government of Nepal.

(5)<sup>70</sup> Even though an employee is relieved of office for any reason, the Fund shall continue to provide interest on the amount deposited in the Fund by the name of that employee unless and until the amount is withdrawn from the Fund.

(6)<sup>71</sup> The amount of profits that remains after setting aside the amount pursuant to Section 25 from the amount standing as profits in the already audited annual statements of the Fund shall be ascertained in accordance with the rate and procedures specified by the Board vis-à-vis the amount deposited in the name of depositors by the beginning of the financial year of the assessment of profits, and the ascertained amount shall be credited to their accounts.

(7) .....<sup>72</sup>

**15A<sup>73</sup>.Fund deduction to be refunded:** (1)<sup>74</sup> Any employees shall get refund of lump sum of all amounts including the principal and interest deposited in his

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<sup>69</sup> Deleted by Sixth Amendment

<sup>70</sup> Amended by Fifth Amendment

<sup>71</sup> Amended by Sixth Amendment

<sup>72</sup> Deleted by Seventh Amendment

<sup>73</sup> Inserted by Third Amendment

or her account immediately when he or she is relieved of service for any reason. If he or she dies, his or her nominee or nominees shall obtain the amounts according to the will. If he or she has not nominated any person or if his or her nominee is also dead before the death of the nominator, the heir as per the prevailing law relating to inheritance shall receive such amounts.

(1A)<sup>75</sup> Any employee may nominate any person for the purposes of Sub-section (1). The procedure of so nominating any person by the employee shall be as specified by the Fund.

(2) If a person nominated by an employee dies or if the employee so wishes despite he or she is alive, the employee may nominate another person in his or her stead or alter the contents set forth in the letter of nomination.

(3) If, after the discontinuation of the service of an employee, the employee does not show up to get refund of the Fund amount or does not give any notice to the Fund in relation to the refunding, his or her nominee shall be entitled to his or her Fund amount. If even the nominee does not show up to receive that amount until Two years Nine months after the date on which he or she may get it, the Fund shall arrange to publish a notice for information to the people generally. If the nominee does not show up to receive the amount even within Three months of the date of publication of the notice,<sup>76</sup>

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<sup>74</sup> Amended by An Act enacted for the Amendment of Some Laws to Maintain Gender Equality and Eliminate Gender Violence, 2072

<sup>75</sup> Inserted by Sixth Amendment

<sup>76</sup> Amended by Fifth Amendment

the heir as per the prevailing law relating to inheritance shall be entitled to get that amount<sup>77</sup>.

(3A)<sup>78</sup> Notwithstanding anything contained in Sub-section (5) of Section 15, if a person who is entitled to have the refund of the deposited amount even until Six years after the original date on which such amount has stood refundable, the amount shall be deposited in a separate account, and after the amount is so deposited in a separate account, no interest shall be payable on that amount.

(4) Notwithstanding anything contained in Sub-section (1), the Fund shall ..... <sup>79</sup>deduct and recover such principal borrowed by an employee from the Fund and interest accrued thereon as may be due and payable by the employee.

**15B<sup>80</sup>. To give notice to the Fund about the condition of employee:** (1) In the event of fresh appointment, transfer and promotion of employees, the office issuing letter of such fresh appointment, transfer and promotion shall give a notice thereof to the Fund immediately.

(2) If any employee is to get retirement due to age bar, the concerned office or employee records office<sup>81</sup> shall, in advance of Six months of retirement, give a notice thereof to the Fund, setting out the date on which the employee gets retirement.

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<sup>77</sup> Amended by An Act enacted for the Amendment of Some Laws to Maintain Gender Equality and Eliminate Gender Violence, 2072

<sup>78</sup> Inserted by Fifth Amendment

<sup>79</sup> Deleted by Sixth Amendment

<sup>80</sup> Inserted by Third Amendment

<sup>81</sup> Amended by Sixth Amendment

(3) If any employee gets retirement or is relieved of office for any other reason, the then office shall give a notice to the Fund, also setting out the date of getting retirement or relieving of office for the purpose of refunding the Fund deduction amount of the employee.

16. ....<sup>82</sup>

**17. Transfer of capital:** (1) The capital and liabilities of the civil provident fund, military monetary fund and employee's provident fund operated by the Government of Nepal by the date prior to the commencement of this Act shall be deemed to have been transferred to the Fund after the commencement of this Act. The Government of Nepal shall hand over the records, documents relating to the capital and liabilities of these funds and the business to be carried out under this Act to the Fund within Six months after the commencement of this Act; and after so receiving the capital, liabilities and concerned records and documents, moneys already in deposit in the name of employees prior to the commencement of this Act shall be deemed to have been deposited in the name of employees, and such moneys shall be operated under this Act.

(2) In receiving the capital and liabilities pursuant to Sub-section (1), if the Fund finds that all or some of the principal or interest or both out of the capital invested by the civil provident fund, military monetary fund and employee's provident fund cannot be recovered, the Fund shall be deemed to have received such capital investment only by the price/value as valuated by the Fund in relation to the capital and investment. Despite receipt by the Fund of such capital, investment, such money as remaining shortfall in that

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<sup>82</sup> Deleted by Sixth Amendment

capital, investment shall be available to the Fund from the Consolidated Fund of the Government of Nepal.

(3) Prior to receiving the capital, investment as held to be of lesser value or unrecoverable pursuant to Sub-section (2), the Fund shall give a report indicating the actual statements, condition of such capital, investment and valuation thereof according to the market value, to the Government of Nepal.

(4) Upon receipt of a report pursuant to Sub-section (3), the Government of Nepal may send a directive to the Fund within Three months that the Government of Nepal shall take over such capital, investment, and that money of such capital and investment shall be immediately available to the Fund from the Consolidated Fund of the Government of Nepal. The Fund shall abide by such a directive.

**18. Security of fund:** Notwithstanding anything contained in the Nepal laws in force, the following matters shall be governed by the following:

(A) No coparcener of an employee shall, in consideration for his or her partition share, be entitled to the moneys deposited with the Fund in the name of the employee. The employee shall not also be bound to partition such moneys. Despite a judgment by a court, no creditor shall be entitled to claim the moneys deposited with the Fund in the name of the employee. No moneys deposited with the Fund in the name of the employee shall be confiscated for any offences including those punishable with confiscation of entire property pursuant to the Nepal laws. Such moneys shall not also be deducted or confiscated also for any government dues or arrears.

(B) No tax of any kind other than income tax<sup>83</sup> shall be levied on the moneys deposited with the Fund in the name of any employee and on profits of the Fund and on the moneys deposited by the employee upon drawing the same from the Fund out of the moneys so deposited with the Fund.

(C) In distributing the assets of a company in which any amount of the Fund has been invested or which has borrowed a loan from the Fund, upon the liquidation of the company, the Fund shall have the first and foremost right in the assets of such a company for the investment by the Fund, dividends thereon and outstanding and recoverable amount of the loan. Even in cases where any amount of the Fund is due and recoverable from any other person and such person becomes insolvent, the Fund shall have the first and foremost right in the assets of such a person for the amount to be recovered by the Fund. Only after the recovery of the amount due and payable to the Fund, other persons shall have the right in the remaining assets of such a company or person.

<sup>84</sup>Provided that, this provision shall not apply to loans disbursed by the Fund on the basis of co-financing pursuant to Clause (C2) of Section 19.

(D)<sup>85</sup> If any industry, enterprise, body corporate or employee fails to pay in time such advance, loan or interest as required to be paid to the Fund in accordance in the deed, the Fund may recover the amount of the Fund

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<sup>83</sup> Amended by Income Tax Act, 2002

<sup>84</sup> Inserted by Sixth Amendment

<sup>85</sup> Inserted by Third Amendment



by foreclosing<sup>86</sup> and auctioning the house and land or other property furnished by such an industry, enterprise, body corporate or employee as a security or wealth guarantee<sup>87</sup> in favor of the Fund after Thirty Five days of the expiration of that time. If no one buys such house and land on the auction sale, the Fund may take over the ownership of that property. In such a circumstance, the government offices responsible for maintaining the records of such property or recovering the land revenue thereon shall do action whatever required, including transmission, on the records maintained in these offices, without charging any fee.

(E)<sup>88</sup> After the Fund has taken a property as a security or wealth guarantee<sup>89</sup> pursuant to Clause (d) or Section 19A., the borrower shall not furnish such a property as a security in favor of, or usufruct it or otherwise transfer his or her title in it, to another person, and if the registration making office is requested by the Fund to withhold that person, the office shall withhold it.

(F)<sup>90</sup> The rate of interest to be taken and given by the Fund shall be as specified by the Fund.

(G)<sup>91</sup> In lending a loan or advance against the security of an immovable property to any industry, enterprise, body corporate or employee, the Fund may specify the repayment period of more than Five years.

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<sup>86</sup> Inserted by Fifth Amendment

<sup>87</sup> Amended by Fifth Amendment

<sup>88</sup> Inserted by Third Amendment

<sup>89</sup> Amended by Fifth Amendment

<sup>90</sup> Amended by Fifth Amendment

(H)<sup>92</sup> In lending a loan to an employee against a security or wealth guarantee, the Fund shall lend the loan only after ascertaining that the security or guarantee in any place within Nepal has been furnished in its favor. The method of valuating the property so furnished as a security or wealth guarantee shall be as determined by the Fund.

(I)<sup>93</sup> If it is required to attach and auction the property furnished as a security or wealth guarantee in the event of non-repayment of the installments of principal and interest of a loan or advance lent or paid by the Fund, the Fund may publish a notice in a local newspaper, giving a time-limit of at least Thirty Five days and attach and auction such a property after the expiration of that time-limit.

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**18A<sup>95</sup> Immunities and Privileges of the Fund:** Notwithstanding anything contains in prevailing laws, the Fund shall have following immunities and privileges.

(A) No registration fee shall be charged in registration of loan or re-loan to be lent by the Fund.

(B) No Income Ticket Charge or Registration fee shall be charged in the deed of transaction to be done by the Fund.

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<sup>91</sup> Inserted by Third Amendment

<sup>92</sup> Amended by Fifth Amendment

<sup>93</sup> Inserted by Third Amendment

<sup>94</sup> Deleted by Ninth Amendment

<sup>95</sup> Inserted by Ninth Amendment

**19.<sup>96</sup> Powers of the Fund:** The Fund shall have the following powers in relation to the mobilization of its balance and assets and expansion of the range of social security:

- (A) To make investment in bonds of the Government of Nepal or foreign or local organization recognized by Government of Nepal,
- (B) To make investment in cash certificate fixed deposits of banks established as per the prevailing law,
- (C) The Fund may make investment, against appropriate bank guarantee in cash certificate fixed deposits of financial institutions established as per the prevailing law, to which the Fund deems appropriate,
- (D) To lend moneys to any industry, enterprise or body corporate, against the guarantee of the Government of Nepal on such terms and interest as specified by the Fund,
- (E) To make investment in shares of banks and financial institutions;

Provided however that, in so making investment in shares, investment shall be so made as not to exceed Twenty Five percent of the issued capital of such a bank or financial institution.

- (F) Jointly supplying credits on the basis of co-financing, in such areas as the Fund considers appropriate, in collaboration with other banks or financial institutions established under the laws in force in accordance with the mutual agreement entered into for the division of the collateral *pari passu*;

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<sup>96</sup> Amended by Ninth Amendment

- (G) To make investment in debentures issued by such companies or bodies corporate incorporated pursuant to the laws in force as the Fund considers appropriate;

Provided however that, in so making investment in debentures, investment shall be so made as not to exceed Twenty Five percent of the issued debentures of such companies or bodies corporate.

- (H) The Fund may make investment in the area of power generation and distribution, agriculture development, tourism and construction of larger infrastructures promoted by Government of Nepal or anybody having under the ownership or control of Government of Nepal,
- (I) The Fund may incorporate or establish company or institute in order to operate mutual fund by the Fund solely itself or in collaboration with other institution in involvement of employees and the persons involving in self-employment,
- (J) The Fund may operate mutual fund in involvement of employees and the persons involving in self-employment,
- (K) The Fund may operate housing projects solely by the Fund or in collaboration with other institutions and directly or by installment sell, distribute or rent houses and housing plots;
- (L) The Fund may make investment solely or in collaboration with other institutions for the development of educational sectors including university, teaching hospital, medical college as well as production of drugs, power generation, tourism, agricultural development by carrying out feasibility study,

- (M) The Fund may sell and distribute houses and housing plots or establish and operate companies or institutions for the operation of housing projects;
- (N) To construct buildings in the land having under the ownership of the Fund and rent them;
- (O) To lend moneys to any companies or bodies corporate incorporated pursuant to the laws in force, by specifying terms and interest, against the guarantee of any banks or financial institutions established under the laws in force;
- (P) To make investment in such areas as the Fund considers appropriate, against adequate security or guarantee;
- (Q) In the event of receiving by the Fund of any assets belonging to any institution for any outstanding loan lent by the Fund, to operate that institution solely or in collaboration with any other institution or establish a new institution for the utilization of the assets;
- (R) To establish and operate retirement fund, health insurance, social security fund by the Fund solely or in collaboration with any other institution in the prescribed area of social security including retirement, health insurance, etc.
- (S) In the event of failure of any individual or institution to repay the loan or debt within stipulated time limit or to recover the principal and interest as per the law in case of any investment made by the Fund in any mortgage or guarantee and to recover the outstanding loan from other movable or immovable assets having under the ownership of borrower

individual or institution in case of failure to recover such loan by the deposited amount or mortgage of concerned person;

(T) To provide loan to the employees or the person involving in self-employment in the terms and conditions as specified by the Board;

(U) To do any acts in the interests of the employees, taking into consideration of the security of the Fund, by obtaining approval of the Government of Nepal;

(V) The Fund may conduct social security or welfare related activities for the promotion of maximum benefit and interest of the employees and the persons involving in self-employment;

(W) To do all such other acts as may be incidental in the course of doing acts as required to be done under this Act.

**19A.** <sup>97</sup> **To make Recovery:** (1) If it is found that the employee, having responsibility to deposit the amount deducted from monthly remuneration of the depositor for the purpose to deposit to the Fund including the amount to be added in accordance with the prevailing law in said amount, has sent the amount to deposit to the Fund pursuant to this Act and Regulation enacted under this Act, the Fund shall issue order to such employee by specifying the time limit to deposit the lump-sum amount by making calculation of the amount to be deposited in the fund of the depositor as well as the interest payable by the Fund to the depositor in the account of the concerned depositor having at the Fund.

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<sup>97</sup> Inserted by Ninth Amendment

(2) The concerned employee shall be liable to deposit the amount of the depositor to the Fund within the time limit as specified in Sub-Section (1).

(3) Notwithstanding anything contains in this Act elsewhere, in case of failure to deposit the amount of the depositor within the time limit as specified in Sub-Section (2), the Fund shall deposit the amount in the account of the depositor by making recovery of such amount from the account of such employee remained in the Fund.

(4) If the whole amount of the depositor couldn't be recovered while making recovery in accordance with Sub-Section (3), the Fund shall deposit the amount in the account of the depositor by making recovery it from other movable or immovable assets of such employee like the dues payable to the Government.

**20. Prohibited acts:** The following are prohibited from being done by the Fund:

(A) To pay any advance from the Fund whether or not taking any security or guarantee, other than any advance to be paid in the course of daily and travel allowance for the purpose of the business of the Fund and any advance to be given to and taken from any director of the Board in accordance with the rules framed under this Act; to lend moneys against the guarantee of the residual of a trust land.

<sup>98</sup>Provided that, nothing in this provision shall be deemed to bar the paying of the same loan and advance to the Director as may be lent to other depositor employees of the Fund.

(b) .....<sup>99</sup>

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<sup>98</sup> Inserted by Eighth Amendment

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## Chapter-4

### Accounts and Examination thereof

- 21<sup>101</sup> Annual accounts:** The Fund shall submit to the Government of Nepal the balance sheet and annual profit and loss account signed by the chairperson, any director or administrator and chief office and certified by the Auditor General within Nine months after the completion of each year, in such format and manner as specified by the Auditor General.
- 22.<sup>102</sup> Annual Report:** The Fund shall submit to the Government of Nepal an annual report on the activities carried out by the Fund throughout the year, within Nine months after the completion of each year.
- 23.<sup>103</sup> Accounts and Audit of the Fund:** (1) The accounts of the Fund shall be maintained in such form as specified by the Auditor General of Nepal, on the advice of the Fund.
- (2) The accounts of the Fund shall be audited by the Auditor General of Nepal.
- (3) On the completion of audit, one copy of a report setting out the following matter shall be submitted to the Fund and one copy thereof to the Government of Nepal:

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<sup>99</sup> Deleted by Sixth Amendment

<sup>100</sup> Deleted by Sixth Amendment

<sup>101</sup> Amended by Fifth Amendment

<sup>102</sup> Amended by Third Amendment

<sup>103</sup> Amended by Third Amendment



(A) Whether the matters to be mentioned in the profit and loss account prepared by the Fund have been mentioned or not and whether the account reflects the actual financial condition of the Fund or not;

(B) Whether accounts are in order in accordance with this Act or not, and whether responses to queries made are satisfactory or not.

(4) It shall be the duty of each director and employee of the Fund to render assistance to allow such accounts for inspection as intended to be inspected by the Auditor General in the course of audit and give responses to all questions asked.

**23A<sup>104</sup>. Audit Committee:** (1) There shall be an Audit Committee in the Fund in order to maintain financial discipline and internal control system.

(2) Formation of Audit Committee as per the Sub-Section (1) and its' function, duty and power shall be as prescribed.

## **Chapter-5**

### **Miscellaneous**

**24. Provision of investigation:** The Fund may provide for research in order to bring about reform in the economic condition of employees, and the Fund may submit a report, along with its opinion on the statistics obtained from such research, to the Government of Nepal.

**25.<sup>105</sup> Profits may be deposited in various funds to be established:** (1) The Fund shall provide for depositing such amount out of the profits remaining balance

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<sup>104</sup> Inserted by Ninth Amendment

<sup>105</sup> Amended by Eighth Amendment

at the end of every financial year as may be prescribed in a reserve fund, welfare fund, pension fund and similar other fund as prescribed.

(2) The procedures of spending the amount of profits deposited in the fund established pursuant to Sub-section (1) and other procedures from the operation of such funds shall be as prescribed.

- 26. Saving of officials against loss and damage:** The administrator, assistant administrator, director, officer or other employees of the Fund shall not be held individually liable for any loss or damage caused or to be caused from any act done by them in the course of performing their duties in accordance with this Act, except for any act done with ulterior motive or in bad faith deliberately.
- 27. Dissolution:** If the Board is of the opinion that the Fund has to be dissolved for any reason, the Board shall submit to the Government of Nepal a report setting out the reason for the same, and after such a report is made, the Government of Nepal may dissolve the Fund, upon assuming all liabilities of the Fund. The manner of dissolution shall be as specified by the Government of Nepal.

**28<sup>106</sup> Restriction on director, administrator and other employee of the**

**Fund:** No director, administrator and other employee of the Fund shall not be allowed to take any contract from or to be a partner in any contract with the Fund.

**Explanation:** The said officer and employee shall be deemed to be a partner in any contract:

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<sup>106</sup> Amended by Third Amendment

(A) If his or her name is included as a partner in any contract with the Fund, on behalf of him or her or of a company in which he or she is a managing director or agent, or

(B) If he or she is a shareholder of any firm or private limited company which is a partner in any contract to be made with the Fund.

**29. Penalties:** (1) If a person knowingly inserts any false matter or causes the insertion of such false matter in any document held in the Fund under this Act, that person shall be liable to the punishment of imprisonment for a term not exceeding Two years or a fine of up to Two Thousand Rupees or with both punishments, and if the Fund has suffered any loss or damage from the act of that person, the Fund shall also recover the amount of such a loss or damage from that person.<sup>107</sup>

(2)<sup>108</sup> If any director, administrator or other employee of the Fund takes a contract from the Fund or becomes a partner in a contract with the Fund, such a director, administrator or employee shall be liable to the punishment of imprisonment for a term not exceeding Two years or a fine of up to Five Thousand Rupees or with both punishments.

(3) If any person obstructs the auditor designated by the Auditor General<sup>109</sup> in the performance of his or her duties or does not provide such document as demanded by him or her pursuant to laws without any reasonable reason, such a person shall be liable to the punishment of a fine of up to One Thousand Rupees.

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<sup>107</sup> Inserted by Third Amendment

<sup>108</sup> Amendment by Third Amendment

<sup>109</sup> Amended by Fifth Amendment

(4) <sup>110</sup> If it is found that the employee, having responsibility to deposit the amount in the Fund of the depositor, has not deposited to the Fund, the fine equivalent to the lump-sum amount including the amount to be deposited in the fund of the depositor as well as the interest payable by the Fund to the depositor shall be imposed to such employee.

(5) <sup>111</sup>The Fund shall, in addition to the fine to be imposed as mentioned in Sub-Section (4), write to the concerned authority for departmental action in accordance with the prevailing law to the employee, who has not deposited the amount of the depositor to the Fund.

**29A.<sup>112</sup>Provision on Blacklisting:** (1) If any individual or body corporate, taken contract or being partner in any type of contract with the Fund or being invested by the Fund or borrowed loan from the Fund makes any harm to the Fund or fails to repay the outstanding dues payable to the Fund, the Fund may write to the competent authority for blacklisting to such individual or body corporate in accordance with the prevailing laws.

(2) If the Fund writes according to Sub-Section (1), the concerned authority shall make blacklisting to such individual or body corporate.

(3) No the Fund shall lend loan, give contract or make partner or make any type of investment to the individual or body corporate blacklisted according to Sub-Section (2) upto two years from the date of removing from blacklist.

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<sup>110</sup>Repealed by Administration of Justice Reforms (Fourth Amendment) Act, 2043.

<sup>111</sup> Amended by Fifth Amendment

<sup>112</sup> Inserted by Ninth Amendment

**30. Power to frame Rules:** (1) The Fund may frame Rules in order to accomplish the objectives of this Act. These Rules shall not come into force without being approved by the Government of Nepal.

(2) Without prejudice to the generality of power conferred by Subsection (1), Rules may be framed particularly on any or all of the following matters:

- (a) With respect to the manner of performance of functions by the Board and the Rules of procedures of the meeting of the Board;
- (b) With respect to the delegation of powers by the Board to the administrator and by the administrator to his or her subordinator officers and other employees;
- (c) With respect to the appointment, promotion, transfer, dismissal, salary, allowance, pension, gratuity, leave, conduct, discipline as well as conditions of service and formation of the service of the officers and other employees of the Fund;
- (d) With respect to the terms of lease and bond to be exercised on behalf of the Fund without contravening the Nepal laws in force;
- (e) With respect to the procedures of making the seal of the Fund;
- (f) .....<sup>113</sup>
- (g) With respect to the issuance of new identity cards to the employees in cases where their identity cards are lost, defaced or torn out or obliterated to be illegible;
- (h) With respect to the making of investment by the Fund;

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<sup>113</sup> Deleted by Seventh Amendment

(i) With respect to the well-arrangement of all affairs to be generally carried out by the Fund under this Act.

**30A<sup>114</sup> Power to frame Bye-laws:** The Fund may frame necessary Bye-laws, without being prejudicial to this Act or the Rules framed under this Act.

**30B.<sup>115</sup> Saving:** Notwithstanding anything contained in the Lands Act, 2021(1964), the upper ceiling shall not apply to any land acquired for the operation of a housing project by the Fund.

**31. When this Act is inconsistent with other Nepal laws:** Notwithstanding anything contained in the Nepal laws in force, the matters set forth in this Act or the Rules framed under this Act shall be governed by the same and the other matters shall be governed by the Nepal laws in force.

32. ....<sup>116</sup>

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<sup>114</sup> Inserted by Fifth Amendment

<sup>115</sup> Inserted by Fifth Amendment

<sup>116</sup> Deleted by Some Nepal Acts Amendment, Repeal and Continuance Through Re-arrangement Act, 2019 (1963)

Note:

1. The Annex of the Original Act has been repealed by Employee Provident Fund (Fourth Amendment) Act, 2030 (1973)
2. The terminologies revised by Nepal Laws (Amendment) Act, 2024 (1967)
  - A. “Adhikrit’ in place of Officer,
  - B. “Nibitribharan” in place of pension,
  - C. “Rajpatra” in place of Gazette,
3. Terminology revised by Act Amending Some Nepal Laws, 2063 (2006) Government of Nepal in place of His Majesty’s Government