



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

Service Rules (Theory)

AGP | CGA | KPG

May Exam-2026

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Solutions – Service Rules Theory

Q.1. (Chap-II, Section-4 & 7 of Benevolent Fund & GI)

Board of Trustees:

There shall be set up a board to be known as the Board of Trustees of the Federal Employees Benevolent and Insurance Funds which shall consist of the following namely:

- (a) Secretary to the Federal Government in the Establishment Division, who shall be the Chairman of the Board;
- (b) an officer not below the rank of Joint Secretary concerned with the welfare of the employees of the Federal Government appointed by the Federal Government, by notification in the official Gazette, to be a member of the Board; five persons from amongst the employees whom the Federal Government may, by notification in the official Gazette, appoint to be the members of the Board;
- (c) Provided that at least one such member shall be from amongst the officers of the Ministry of Finance and one from amongst the officers of the Labour and Local Bodies Division;
- (d) The Managing Director of the Board, who shall be the ex officio member of the Board.
- (e) The member appointed by the Federal Government shall hold office during its pleasure.

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 claims;
- (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;
- (c) to do or cause to be done all acts and things necessary for the proper administration and management of the moneys 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 and units of Investment Corporation of Pakistan or National Investment Trust, 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 Federal Government;
- (g) to set up regional boards and invest them with the administrative and financial powers to deal with such matters as may be assigned to them by the Board;
- (h) to appoint or employ such persons as it consider necessary for the efficient performance of its operations on such terms and conditions as it may, subject to rules, determine;
- (i) 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.



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Q.2. (Rule 8 of GPF Rules)

Nominations

A subscriber shall, as soon as may be after joining the Fund, send to the Account Officer a nomination conferring on one or more persons the right to receive the amount that may stand to his credit in the Fund, in the event of his death before that amount has become payable, or having become payable has not been paid:

Provided that if, at the time of making the nomination, the subscriber has a family, the nomination shall not be in favour of any person or persons other than the members of his family.

Administrative Instruction: A copy of the nomination paper may be kept in service book of the employee in the case of non-gazetted Government Servant and in the personal file in the case of a Gazetted Officer.

If a subscriber nominates more than one person under sub-rule (1), he shall specify in the nomination the amount or share payable to each of the nominees in such manner as to cover the whole of the amount that may stand to his credit in the Fund at any time. Every nomination shall be in such one of the Forms set forth in the First Schedule as is appropriate in the circumstances.

A subscriber may at any time cancel a nomination by sending a notice in writing to the Account Officer: Provided that the subscriber shall, along-with such notice, send a fresh nomination made in accordance with the provisions of sub-rules.

A subscriber shall along with every nomination made by him under this rule send to the Account Officer a contingent notice of cancellation which shall be in such one of the Forms set forth in the Second Schedule as is appropriate in the circumstances. Immediately on the occurrence of any event by reason of which the contingent notice of cancellation becomes operative and the nomination to which that notice relates consequently stands cancelled, the subscriber shall send to the Account Officer a fresh nomination made in accordance with the provisions of sub-rules.

Every nomination made, and every notice of cancellation given, by a subscriber shall, to the extent that it is valid, take effect on the date on which it is received by the Account Officer.

Provided that in respect of every such nomination, the subscriber shall, as soon as may be after the said date send to the Account Officer a contingent notice of cancellation in such one of the Forms set forth in Second Schedule as is appropriate in the circumstance.

- Q.3. Based on standard civil service rules and principles of seniority (such as the [Punjab Civil Servants Act](#)), when employees join on the same day, their inter se seniority is determined by the order of merit, typically defined by the highest marks obtained in the interview or overall selection process. [1, 2]

Therefore, the person with the highest marks in the interview/selection process is the senior-most, followed by the second highest, and so on.

Key Principles of Seniority in this Scenario:

Merit-Based (Interview Marks): If two or more employees join on the same date, the candidate with higher marks/merit determined by the selection committee/interview panel is considered senior.

Order of Merit List: Seniority is assigned according to the ranking provided in the merit list generated during the selection process.

Age Factor (Tie-Breaker): If, in rare cases, marks are identical and they joined on the same day, the older employee is typically treated as senior to the younger one.



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Confirmations: If the seniority is not decided during the appointment, it is eventually decided by the date of confirmation. [1, 2, 3]

If the competent authority has already declared the highest-marks holder as senior-most, this is in accordance with standard administrative procedures. [1]

- Q.4.**
- Rule: Journey should be by **shortest or cheapest if equally short.**
 - a**
 - Officer used cheaper route (Road).

Q.4. Conclusion:

- b**
 - Mileage **may be allowed for route actually used**
 - But requires **competent authority approval** with recorded reasons

Q.5. Encashment of leave preparatory to retirement.

- (1) A civil servant may, fifteen months before the date of superannuation or thirty years qualifying service on or after the 1st July, 1983, at his option, be allowed to encash his leave preparatory to retirement if he undertakes in writing to perform duty in lieu of the whole period of three hundred and sixty five days or lesser period which is due and admissible:

Provided that a civil servant who does not exercise the option within the specified period shall be deemed to have opted for encashment of LPR. This amendment shall be effective from the 5th March, 1990:

Provided further that a civil servant appointed or posted as Officer on Special Duty with or without an assignment of duty, shall be deemed to have performed duties in lieu of the period of LPR within the meaning of this rule}.

- (2) In lieu of such leave, leave pay may be claimed at any time during that period at the rate of pay admissible at the time the leave pay is drawn for the actual period of such leave subject to a maximum of 11[three hundred and sixty-five] days.
- (2A) Encashment of leave preparatory to retirement (LPR) not exceeding three hundred and sixty five days shall be effective from the first day of July, 2012 and shall, for the entire period of leave refused or opted for encashment, be applicable to a civil servant retired or, as the case may be, retiring on or after the first day of July, 2012, provided such leave is available at his credit subject to a maximum of three hundred and sixty five days.
- (2B) The encashment of LPR shall also be applicable to employees of the autonomous and semi-autonomous bodies under Administrative control of the Federal Government which have adopted basic pay scales scheme and these rules in toto}.
- (3) If at any time during such period, leave is granted on account of ill health supported by medical certificate or for performance of Hajj, the amount of cash compensation on account of leave pay shall be reduced by an amount equal to the leave pay for the period of leave so granted}.
- (4) The civil servant shall submit the option to the authority competent to sanction leave preparatory to retirement, who shall accept the option and issue formal sanction for the payment of cash compensation.



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- (5) For the purpose of payment in lieu of such leave.—
- (a) the rate of pay shall be the rate admissible at the time the leave pay is drawn.
 - (b) the leave pay may be drawn at any time for the period for which duty has already been rendered; and
 - (c) only the “Senior Post Allowance” will be included in leave pay as admissible.
- (6) Leave pay for the purpose of encashment of LPR shall be computed on the basis of pay and allowances reckonable towards pension as shown in the last pay certificate of a civil servant.

Q.6. Based on general principles of natural justice and service laws, a termination carried out by an inquiry officer without a show cause notice, charge sheet, or the approval of the competent authority is legally invalid and wrongful. Such actions are frequently set aside by courts, leading to the reinstatement of the employee. Here is a detailed breakdown of the legal implications and remedies:

1. Key Illegalities

Violation of Natural Justice (Audi Alteram Partem): Terminating an employee without a show cause notice or charge sheet violates the fundamental principle that no one should be condemned unheard.

Incompetent Authority: An inquiry officer is generally authorized only to conduct an investigation and submit a report. The power to terminate lies solely with the "competent authority" (appointing authority or designated senior official).

Invalid Termination Order: A termination order not signed by the competent authority is deemed illegal and passed by an incompetent person.

2. Legal Consequences

Null and Void: The termination is void ab initio (invalid from the beginning).

Reinstatement: Courts generally order the reinstatement of the employee in their original position.

Back Wages: In many cases, the employee is entitled to full back benefits (salary and benefits) for the period they were kept out of service.

Personal Liability: In some extreme scenarios of malicious or illegal termination, the [Supreme Court](#) has upheld imposing personal monetary penalties on the officer who passed the illegal order, to be paid from their own salary.

3. Immediate Remedies for the Employee

File a Departmental Appeal: Immediately challenge the order through an internal appeal to a higher authority.

Send a Legal Notice: Send a formal legal notice to the management demanding revocation of the order.



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Approach Courts/Tribunals:

Public Sector Employees: File a Writ Petition under Article 199 of the Constitution (or appropriate constitutional article) in the High Court for violation of fundamental rights.

Private/Industrial Sector: Approach the Labour Court or Labour Commissioner under the Industrial Relations Act.

4. What Happens Next?

While the wrongful termination is set aside, the employer is usually not prohibited from conducting a fresh inquiry in accordance with the law, if the original misconduct allegations are serious.
