2025 INSC 1391

NON-REPORTABLE

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL No. 14604 OF 2025
(Arising out of Special Leave Petition (Civil) No.8303 of 2025)

SMT. BOLLA MALATHI …APPELLANT

VERSUS

B. SUGUNA AND ORS. …RESPONDENT

J U D G M E N T

SANJAY KAROL J.

Leave Granted.

2. The family members i.e. wife and mother of the deceased, one Bolla Mohan are at odds in this appeal arising out of a judgment and order dated 11th February 2025 passed by the High Court of Judicature at Bombay in Writ Petition No. 5756 of 2024, regarding the release of General Provident Fund[1] amount accrued in the course of employment of the deceased in

1 Hereinafter referred to as 'GPF'

the Defence Accounts Department, Government of India.

3. When the deceased joined service on 29th February 2000, as per the applicable rules, he nominated the respondent no.1 herein (mother) as recipient of GPF, Central Government Employees Group Insurance Scheme[2] and the Death cum Retirement Gratuity[3]. On 20th June 2003, the deceased married the appellant herein and subsequently nominated her as recipient for CGEIS and DCRG only. The deceased died in service on 4th July 2021. It is an admitted position that the appellant herein has received all benefits arising from the employment of the deceased totaling to Rs.60 lakhs. On 9th September 2021, when she applied for the funds accumulated in the GPF to be released, respondent Nos. 2 to 4 refused the same, on account of respondent no.1 being the nominee on record.

4. The matter was pleaded before the Central Administrative Tribunal[4], Mumbai Bench, Mumbai by the Appellant. Considering the applicable Rules, the General Provident Fund (Central Service) Rules, 1960[5] and observing that Rule 33 thereof provides for the manner in which the funds in GPF are to be distributed upon the death of subscriber in cases where the

2 Hereinafter referred to as 'CGEGIS'
3 Hereinafter referred to as 'DCRG'
4 Hereinafter referred to as 'CAT'
5 Hereinafter referred to as 'GPF(CS) Rules'

nomination persists and, where it does not. The CAT noted that although initially, the nomination of Respondent No.1 was valid, it subsequently became invalid but was not changed accordingly by the deceased and thus has to be declared invalid by a competent authority. Since no nomination persisted at the time of death, it was held that the amount had to be released in equal shares to all members of the family. As such it was directed that the appellant and respondent no.1 both would receive half of the total amount.

5. On appeal, the High Court set aside findings of the CAT in the following terms:

> "11. In the present case, 'a subscriber' is the Deceased and 'specified nominee' is the Petitioner (mother). From the above facts, it is clear that this is not a case of a specified nominee predeceasing the subscriber. The Petitioner (mother) is still alive. Therefore situation contemplated in Rule 5(5)(a) has not arisen and it will not apply. Rule 5(5)(b) provides that the nomination shall become invalid in the event of the happening of a contingency which is specified by the subscriber. In the present case, such a contingency is provided by the Deceased as "on acquiring family". Rule 5(6) provides that on the occurrence of any event by reason of which nomination becomes invalid in pursuance of clause 5(5)(b) or proviso thereto, the subscriber shall send to the Accounts Officer a notice in writing canceling the nomination, together with a fresh nomination made in accordance with the provisions of this rule. Therefore in our considered opinion, combined reading of Rules 5(5) and 5(6) does not contemplate or provide for auto-cancellation of the nomination in the event of

contingency provided. In the present case admittedly, the Deceased has neither sent a notice in writing canceling the Petitioner's nomination nor fresh nomination is made in favour of Respondent No.1 in accordance with Rule 5 for GPF amount. Therefore it will not result in auto-cancellation of the Petitioner's nomination on deceased acquiring family by virtue of getting married to Respondent No.1.

12. Rule 33(i)(a) of the said Rules also operates clearly in favour of the Petitioner, she being a valid sole nominee. The provision of distributing the GPF amount into shares, as contemplated under Rule 33(i)(b) will not come into play. Since the Deceased has left behind family, the situation provided in Rule 33(ii) also will not apply; but assuming that Rule 33(ii) is to be applied, in our view, it will operate in favour of the Petitioner, she being a valid sole nominee.

13. In light of what is observed above, when the impugned order is perused, it is seen that the Tribunal has not interpreted Rule 33 of the said Rules in proper prospective and therefore needs interference. It is also settled law that 'nomination only indicates the hand which is to receive the benefits' but the benefits have to be distributed in accordance with the law of succession. The judgment relied upon by Respondent No.1 in the case of Shipra Sengupta Vs. Mridul Sengupta and Ors. ((2009) 10 SCC 680) reiterate this position. However, it cannot be countenanced that the Tribunal considered succession claim of Respondent No.1 directly for being entitled for 50% share of GPF amount, without considering that all other terminal benefits of the Deceased have been exclusively received by Respondent No.1, such as leave encashment, CGEGIS, DCRG, medical reimbursement etc. Firstly, the Tribunal can not enter this dispute in view of the Civil Court's exclusive jurisdiction for such disputed questions of facts. The Petitioner and Respondent No.1 may have their contentious issues about entitlement to all the property left behind by the Deceased, including GPF and other terminal benefits. But, if the succession is to be considered, the Tribunal could not have considered the same only for GPF amount without

> other property of the Deceased taken into consideration. In our view, the amount of GPF will have to be paid to the Petitioner alone as per rules and Respondent No.1 may then claim her share in appropriate proceedings as provided under the law. The Respondent No. 1 is at liberty to do so. If such proceedings are filed, all the property of the Deceased, including presently disputed GPF amount and other terminal benefits already received by Respondent No.1, will be considered."

6. It is in the above backdrop, that the Appellant is before us. She takes support of the original nomination document which provides that nomination would become ineffective/invalid upon the subscriber acquiring a family and also on Rule 476(5) of the Official Manual (Part V) which provides that "It may so happen that nomination has become invalid…" and says that in such situations the funds are to be payable to all eligible family members in equal shares. On the other hand, Respondent No. 1 submits that the intention of the deceased is clearly demonstrated because the Appellant has been made the nominee insofar as two aspects of the benefits of service of the deceased are concerned but she has been clearly left out of the GPF amount entitlement.

7. The Rules do indeed provide that when a nomination becomes invalid, the amount is to be distributed/divided amongst all eligible members, but equally it has to be seen that between his marriage in 2003 and death in 2021, each year, as per Rules, presented an opportunity to the deceased to alter the

nomination for the GPF which he did not. Be that as it may, the nomination form was clear. The nomination in favour of the respondent no.1 would become invalid upon him acquiring a family (marriage or otherwise), as such, by function thereof, it became invalid in 2003. He did not alter the nomination to comply therewith. It is also true that respondent nos. 2 to 4 are not obligated to ask such a subscriber to alter or cancel the nominations and it is the duty of the subscriber to do so. It is to provide for these very situations where a subscriber neglects to or fails to make such changes, that Rules have been prescribed, laying down how the money is to be distributed amongst survivors.

The relevant rules are extracted hereinbelow:

Rule 33 of GPF(CS) Rules:

> "Procedure On Death Of A Subscriber
> On the death of a subscriber before the amount standing to his credit has become payable, or where the amount has become payable, before payment has been made:
> (i) When the subscriber leaves a family-
> (a) if a nomination made by the subscriber in accordance with the provisions of Rule 5 in favour of a member or members of his family subsists, the amount standing to his credit in the Fund or the part thereof to which the nomination relates shall become payable to his nominee or nominees in the proportion specified in the nomination;
> (b) if no such nomination in favour of a member or members of the family of the subscriber subsists, or if such nomination relates only to a part of the amount

> standing to his credit in the Fund, the whole amount or the part thereof to which the nomination does not relate, as the case may be, shall, notwithstanding any nomination purporting to be in favour of any person or persons other than a member or members of his family, become payable to the members of his family in equal shares:…"
>
> (emphasis supplied)

Note 2 to Rule 476 (V) of the Official Manual (Part V) for CDA (Funds):

> "Note 2: It may so happen that the nomination has become invalid due to a subscriber subsequently acquiring family or due to any other reasons. In such cases the amount of fund assets becomes payable to all eligible family members in equal shares. To enable payment being made correctly in such cases the Administrative authorities may be asked through the tender form to obtain and submit the original of the list of family members issued by Revenue authorities not below the rank of Tehsildar either with claim, or separately and the original list should be verified before paying the amounts as admissible."
>
> (emphasis supplied)

8. The High Court observed as extracted *supra* that the Rules do not provide for any auto cancellation procedure and since the deceased had not carried out the procedure for change, the nomination as in the original papers would stand. It may be so that the Rules do not provide for auto cancellation but it is also that they provide for the eventuality where the nomination duly filled by the subscriber do not subsist. That apart, the Rule

quoted above stipulates a mandate that, upon acquiring family the nomination will become invalid. That being the case, even in view of the fact that the deceased had not made changes to the nomination for GPF, the earlier nomination cannot be held to be valid.

9. The position stated by us above is no longer under any manner of doubt. Granted that the nomination was in favour of respondent no.1, however, the condition stipulated in the nomination form rendered such nomination, at the time of death, void. In other words, the nomination itself would not give respondent no.1 a better claim over the total GPF amount than the appellant. While dealing with a case arising out of Insurance Act, 1938, this Court through E.S. Venkataramiah J. (as his Lordship then was) in ***Sarbati Devi v. Usha Devi***[6]**,** observed:

> "**12.** … We approve the views expressed by the other High Courts on the meaning of Section 39 of the Act and hold that a mere nomination made under Section 39 of the Act does not have the effect of conferring on the nominee any beneficial interest in the amount payable under the life insurance policy on the death of the assured. The nomination only indicates the hand which is authorised to receive the amount, on the payment of which the insurer gets a valid discharge of its liability under the policy. The amount, however, can be claimed by the heirs of the assured in accordance with the law of succession governing them."
>
> (emphasis supplied)

6 (1984) 1 SCC 424

In ***Shakti Yezdani v. Jayanand Jayant Salgaonkar***[7], this Court after referring to various precedents, dealing with the concept of nominations under different legislations observed as under:

> **"41.** A consistent view appears to have been taken by the courts, while interpreting the related provisions of nomination under different statutes. It is clear from the referred judgments that the nomination so made would not lead to the nominee attaining absolute title over the subject property for which such nomination was made. In other words, the usual mode of succession is not to be impacted by such nomination. The legal heirs therefore have not been excluded by virtue of nomination."
>
> (emphasis supplied)

[See also: ***Shipra Sengupta v. Mridul Sengupta***[8]]

10. In that view of the matter, the appeal deserves to be allowed. The impugned judgment with particulars mentioned in Para two are set aside and the order of the CAT is upheld as being in accordance with law. The GPF of the deceased shall be distributed between the appellant and respondent no.1. It is a matter of record that the appellant has already received her share of GPF amount, as ordered by CAT. The remainder half of the money in question which currently stands deposited before the Registrar, High Court (Appellate side) shall be released in favour of Respondent No.1 herein. Learned Counsel for the said respondent shall make an application within two weeks of this

7 (2024) 4 SCC 642
8 (2009) 10 SCC 680

judgment before the concerned Registrar to facilitate the release of the funds.

Pending application(s), if any, shall stand disposed of.

……..……J.
(SANJAY KAROL)

……J.
(NONGMEIKAPAM KOTISWAR SINGH)

New Delhi;
December 05, 2025.