To,

The Chief of the Army Staff,
The Chief of the Naval Staff,
The Chief of the Air Staff.

Subject: IMPLEMENTATION OF THE GOVERNMENT DECISION ON
RECOMMENDATIONS OF THE 5TH CENTRAL PAY
COMMISSION—REVISION RELATING TO
PENSION/COMMUTATION OF PENSION.

In terms of the provisions contained in para 4 of this Ministry letter No. 1(6)/98/D(Pen/Sers) dated 03-02-98, the average emoluments of those Armed Forces Pensioners who had opted to come over to the revised scales of pay and had retired within a period of 10 months from the date of coming over to the revised scales were to be calculated by taking into account the following:

1. For the period during which pay was drawn in the pre-revised scales:
   Basic pay including Rank Pay, Stagnation increment & NPA if any plus actual Dearness Allowance and the first and second installments of Interim Relief appropriate to the basic pay including Rank Pay + NPA if any at the rate in force on January 1, 1996 drawn during the relevant period; and

2. Government had received a large number of representations pointing out that, as a result of calculation of the pension in the manner indicated above, Government servants who had retired within a period of 10 months of coming over to the revised scales of pay with effect from January 1, 1996 were entitled to a pension lower than that admissible to those who retired prior to January 1, 1996 from the same rank and at the same stage of pay in the pre-revised scales.

3. Government has carefully considered these representations. The President is now pleased to decide that the provisions contained in para 4 of this Ministry’s letter dated 03 Feb may be substituted by the following in respect of those Armed Forces personnel who had retired during the period from 1st January 1996 to 30th September, 1996.

The Chief of the Army Staff,
The Chief of the Naval Staff,
The Chief of the Air Staff.

New Delhi, the 31st March, 2000
4. The average emoluments based on the basic pay of the preceding ten months of those Government Servants who had opted to come over to the revised scales of pay and had retired within a period of 10 months reckoned from January 1, 1996 shall be calculated as follows for the purpose of determining their pension entitlement:

(A) For the period during which pay was drawn in the pre-revised pay scales:
   The total emoluments for the number of months for which pay was drawn in the pre-revised pay scales shall be calculated after taking into account the following:

   (i) Basic pay (including increments, rank pay + NPA + stagnation increment, if any, drawn during the intervening period).
   (ii) Dearness allowance upto CPI 1510, i.e. @ 148%, 111% and 96% of the basic pay including rank pay and NPA as the case may be.
   (iii) The first and second installments of Interim relief appropriate to the basic pay including rank pay and NPA drawn during the relevant period.
   (iv) Notional increase of the Basic pay @ inclusion rank pay by applying the Fitment Benefit of 40% on the Basic and rank pay in the pre-revised pay scale.

(B) For the period during which pay was drawn in the revised pay scales: The aggregate of the Basic pay including rank pay + NPA, if any, for the number of months for which pay was drawn in the revised pay scales.

The average emoluments of the preceding ten months will thereafter be calculated by adding (A) and (B) and dividing the result by 10. Pension admissible will consequently be 50% of the average emoluments so calculated.

5. Other provision contained in the notes below para 4.2 of the Govt. letter No. 1(6)/98/D(Pen/Sers) dated 03-02-98 will remain unchanged.

6. For facility of ready reference, an illustrative example has also been enclosed as Annexure I.

7. Pension sanctioning authorities may revise suo-moto the pension of Armed Forces Personnel who has retired during the period from 1st January, 1996 to 30th Sep, 1996. The revision should be done without calling for fresh application from the government servants concerned.

8. In case where pension revised under Ministry's letter dated 7-6-99 is more beneficial, the pension should not be revised to the disadvantage of the pensioners.
9. These orders are issued with the approval of the Ministry of Defence (Finance/Pension) vide their U.O. No. 1380/Pen/00 dated 24.03.2000.

(Amit Lal)

(AMRIT LAL)

Under Secretary to the Govt. of India

Copy to: As per list enclosed
Annexure-I

Basic pay (prior to 1-1-96) of a Major 3400/- (2300-100-3900-150-5100)
for 1.4.95 to 31.5.95 Rs. 3500/- for 1.6.96 to 31.12.95

Rank Pay .................Rs. 600/-
Corresponding revised scale (w.e.f.) 1.1.96 (11600-325-14850)
Rank Pay .................Rs. 1200/-

Date of increment in the pre-revised scale 1st June 1995.
Basic pay in pre-revised scale Rs. 3400/- (up to May 1995)
(Jun 1 to Dec. 31, 1996) ........... Rs. 3500/-

Date of superannuation 31st January, 1996.
(A) Emoluments drawn in the pre-revised scale
(i) April 1, 1995 to May 31, 1995
   Basic pay .......... Rs. 3400/-, Rank pay .......... Rs. 600/-
   Dearness Allowance @ CPI 1510 (148%)
In the present case, on Basic pay including Rank pay Rs. 5180/-
I.R. (I) & (II) Rs. 100 + 10% of Basic pay and Rank Pay ... Rs. 500/-
Fitment weightage (40% of Basic pay and Rank pay)...Rs. 1600/-
   Total ........ Rs. 11280/-

Total Emoluments for 2 months
(April & May 95) 11280 x 2 = Rs. 22560/-

(ii) June 1, 1995 to June 30, 1995
   Basic pay + Rank pay .... 3500 + 600 = 4100/-
   Dearness Allowance @ CPI 1510
   (148% in the present case) .......... 5180/-
I.R. (I) & (II), (Rs. 100 + 10% of Basic pay and Rank pay) 510/-
Fitment weightage 40% of ..... 1640/-
Basic pay & Rank pay Total 11430/-
Total Emoluments for seven months (Jun 95 to Dec 95) Rs. 11430x7 = 80010

(B) Emoluments drawn in the revised of pay Jan 1.1.96 to 31.1.1996
   Basic pay … Rs. 11600/-, Rank pay … Rs. 1200/-
   Total Emoluments for one month …………Rs. 12800/-

(C) Total Emoluments during 10 months
   (A) (i) + A(ii) + (B) ……… Rs. 1,15,370/-
   (B) Average Emoluments = 1,15,370/10 ……… Rs. 11,537/-

(E) Monthly pension Rs. 5769/- (50% of average emoluments, i.e.
   50% of
   Rs. 11537)

(F) (i) Minimum of revised scale of a pay introduced
    w.e.f. 1.1.96 ………… Rs. 11600/-
(ii) Rank pay ……….. Rs. 1200/- Total Rs. 12800/-

(G) 50% of Rs. 12800/- ………Rs. 6400/-

Since monthly pension indicated against (E) viz Rs. 5769/- is less
than Rs. 6400/- p.m., the monthly pension should be raised to Rs. 6400/-
p.m. w.e.f. 1.2.96.

NOTE:  (a) Fitment weightage of 40% of basic pay including rank
   pay and NPA to be added to basic pay in pre-revised scale.

(b) D.A. actually drawn will be substituted by D.A. at
   C.P.I. 1510 relevant to the particular slab of basic pay
   including rank pay and N.P.A.