No. 885/B/04-D(Pen/Sers)
Government of India,
Ministry of Defence,

New Delhi, the dated 11.08.2004

To,
The Chief of the Army Staff,
The Chief of the Air Staff,
The Chief of the Naval Staff,
New Delhi.

Subject:— Merger of 50% Dearness Allowance/Dearness Relief with basic pay/pension to Armed Forces personnel/pensioners w.e.f. 01.04.2004.

Sir,

In continuation of MOD letter of even No. dated 29.04.2004 on the above subject, I am directed to forward herewith a copy of DR&PW Office Memorandum No. 42/2/2004-P&PWG dated 21.06.2004. The clarification-amendments furnished by DR&PW will be applicable mutatis-mutandis to Armed Forces personnel/pensioners.

2. This issues with the concurrence of Ministry of Defence (Fin/Pen) vide their U. O. No. 3276/FP dated 11.08.2004.

Yours faithfully,

(L K Haldar)
Under Secretary to the Govt. of India

Copy to : T

As per standard list.
No. 42/2/22004-P&PW (G)
Government of India
Ministry of Personnel, Public Grievances & Pensions
Department of Pension & Pensioners welfare

New Delhi, the 21st June, 2004

Office Memorandum

Subject: Grant of dearness relief to Central Government pensioners/ family pensioners- Revised rate effective from 01.01.2004.

In continuation to this Department's O.M of even No. Dated 15th March 2004 on the above subject, the undersigned is directed to say that it has been brought to the notice of this Department that some of the pension sanctioning authorities have doubts about allowing pension beyond Rs. 15,000 in view of Para 5 of OM No. 45/86/97-P&PW (A) part I dated 27th October 1997 despite the fact that this Para stands amended vide Para 3 of this Office O.M.NO. 43/2/2004-P&PW (G) dated 15th March 2004.

2. Para 3 of the O.M dated 15th March, 2004 clearly says that "Since 50% of dearness allowance converted into dearness pay is counted for retirement benefits, pension /family pension shall be calculated at 50% and 30% respectively of the pay plus dearness pay subject to minimum of Rs. 1913/- and maximum of 50% on the 30% respectively of the highest pay plus dearness pay in the Government. Provisions contained in Para 5 and 7.1 of this Department's O.M. dated 27.10.97, therefore, stand amended to this extent."

3. The above position means that Pension would now be calculated at 50% of the average emoluments in all cases subject to 50% of the highest pay in the Government plus highest Dearness Pay. The highest pay in the Government w.e.f 1.1.96 is Rs. 30,000. As per the provisions of OM dated 15.3.04, the highest Pension, as of now, comes to Rs.22,500/- (i.e., Basic Pension Rs. 15,000 + Dearness Pay Rs. 7500 = Total Pension Rs. 22,500.)

4. Hindi version will follow.

(M. P. Singh)
Director

To

All Ministries/ Departments to the Government of India.