

No.45/73/97-P&PW(G)

Government of India

Ministry of Personnel, Public Grievances & Pensions
Department of Pension & Pensioners Welfare

Third Floor, Lok Nayak Bhavan,
Khan Market, New Delhi 110 003

Date: 2nd July, 1999

OFFICE MEMORANDUM

Subject: Recommendations of the 5th Central Pay Commission- Payment of Dearness Relief to re-employed pensioners and employed family pensioners-Decision regarding.

In terms of the existing orders, Dearness Relief to pensioners and family pensioners is to remain suspended during the period a pensioner/family pensioner is re-employed/employed under the Central or State Government or in a Statutory Corporation/Company/Body/Bank under them in India or abroad. These orders are also applicable to pensioners and family pensioners permanently absorbed in a Statutory Corporation/Company/Body/Bank under the Central or State Government.

2. In paragraph 138.21 of their Report, the 5th Central Pay Commission had recommended that Dearness Relief should be paid to employed family pensioners and re-employed pensioners in cases where their pay is fixed at the minimum of the pay scale of the post of re-employment ignoring the entire pension, and that, in other cases of re-employment, Dearness Relief shall be payable on pay plus the non ignorable portion of pension as was the case at present. The Commission had further recommended in paragraph 141.12 that, with a view to maintaining the original value of the pension, the payment of Dearness Relief should not be suspended where pay is fixed at the minimum of the pay scale during employment/re-employment of a family pensioner/pensioner.

3. These recommendations have been considered and accepted by the Government. The President is accordingly pleased to decide as follows:

- (a) In so far as re-employed pensioners are concerned, the entire pension admissible is to be ignored at present only in the case of those civilian pensioners who held posts below Group 'A' and those ex-servicemen who held posts below the ranks of Commissioned Officers at the time of their retirement. Their pay, on re-employment, is to be fixed at the minimum of the pay scale of the post in which they are re-employed. Such civilian pensioners will consequently be entitled to Dearness Relief on their pension in terms of the recommendations of the 5th Central Pay Commission at the rates applicable from time to time.
- (b) In terms of the existing orders on the subject, the pay of re-employed pensioners who held Group 'A' post or posts of the ranks of Commissioned Officers at the time of their retirement is to be fixed at present

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- at the same stage as last drawn before retirement or, if there is no such stage, at the stage next above the pay last drawn;
- at the maximum of the pay scale, if the pay last drawn is more than the maximum of the pay scale of the post in which re-employed;
- at the minimum of the pay scale of the post in which re-employed, if it is more than the pay last drawn.

Further, the pay on re-employment is required to be fixed after ignoring only a portion of the pension [Rs. 1,500] received for the previous employment. In view of the fact that (i) the pension is taken into account in such cases and is not entirely ignored; (ii) the pay in the post of re-employment is not required to be fixed at the minimum of the scale in all cases; and (iii) Dearness Allowance at the rates applicable from time to time is also admissible on the pay fixed in terms of the orders on the subject, these re-employed pensioners will not be entitled, in addition, to any Dearness Relief on their pension.

(c) As regards employed family pensioners, since the family pension received by the eligible dependents of Central Government employees is, in any case, not taken into account in determining their pay on employment, Dearness Relief at the rates applicable from time to time shall be admissible on their family pension.

(d) While implementing these decisions, orders issued by the Department of Personnel & Training vide OM No.3/1/85-Estt(Pay-II) dated 31.07.1986 and as amended from time to time regarding fixation of pay of re-employed pensioners shall be duly kept in view.

(e) These orders shall be effective from July 18, 1997.

4. (I) In accordance with the Government's decisions, referred to in the preceding paragraph, all family pensioners, in receipt of family pension from the Central Government who were/are employed under the Central Government or the State Government or a Corporation/Company/Body/Bank under them in India or abroad shall be eligible to draw dearness relief, at rates applicable from time to time, on the amount of family pension, with effect from July 18, 1997. A certificate may still be necessary to determine dependency. All Pension Payment Authorities, including authorised Public Sector Banks are requested to forthwith release dearness relief on family pensions in cases where this was withheld on account of the family pensioners concerned being employed. The arrears, if any, due with effect from July 18, 1997 shall also be paid.

(II) (a) In the case of Central Government pensioners who were/are re-employed under the Central Government or the State Government or a Corporation/Company/Body/Bank including an autonomous organisation under them in India or abroad or had/have been permanently absorbed in such corporation/company/body/bank or autonomous organisation, dearness relief will now be admissible to such of those re-employed pensioners who satisfy the conditions referred to in para 3(a) above. For this purpose, the Central Government Departments concerned, including subordinate organisations, State Government, Corporation/Company/Body/Bank etc. employing a Central Government pensioner shall be required to issue of certificate indicating the following

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- (i) The re-employed pensioner retired from a civil or military post in the Central Government and was holding a post not included in classified as group 'A' or a post below the rank of commissioned officer in the armed forces,
 - (ii) The entire amount of pension sanctioned by the Central Government was ignored in fixation of the pay on re-employment i.e. no part of the pension was taken into account in such fixation of pay in the pay scale of the post in which the Central government retired/retiree officer was re-employed/absorbed; and
 - (iii) The pay of the re-employed/absorbee was/is fixed at the minimum of the pay scale of the post in which he had/has been initially re-employed after his retirement from the Central Government.

(b) All Central Government Ministries/Departments/Organisations shall bring these orders to the notice of all Central Government pensioners who happened to be re-employed by them as on July 18, 1997 or were/are re-employed subsequently. In cases such re-employed pensioners satisfy the conditions referred to above, the necessary certificate on the above lines shall be issued after verification from the details referred to in para 17 of the Central Civil Services (Fixation of pay of Re-employed pensioners) Order, 1986 issued vide Department of Personnel & Training OM No. 3/1/85-Estt(Pay-II) dated 31.07.1986 and as amended from time to time.

(c) The Pension Disbursing Authority shall release dearness relief on pension to those re-employed pensioners who submit the Certificate referred to above.

(d) In all other cases of re-employed pensioners, no dearness relief shall be admissible on pension during the period of their re-employment. Payment of dearness relief in these cases shall become admissible only with effect from the date they cease to be re-employed. The Pension Disbursing

(e) Authority shall require such a pensioner to produce a certificate of cessation of re-employment from the office in which he had been re-employed.

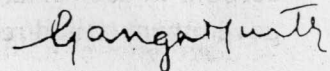
5. Formal amendment to the Central Civil Services (Pension) Rules, 1972, is being issued separately

6. CPAO may take immediate action to suitably amend the relevant provision of the Scheme for Payment of Pension to Central Government Civil Pensioners, including the proforma at Annexure-XVII and notify the same to all Public Sector Banks disbursing pension to Central Government pensioners/Family pensioners. A copy of the notification may be endorsed to this department

7. Necessary orders in respect of re-employed Defence pensioners and family pensioners will be issued separately by the Ministry of Defence

8. Administrative Ministries may bring these orders to the notice of all subordinate organisations, autonomous bodies and Public Sector Undertakings including Nationalised banks, financial institutions, etc. under them so that the eligible Central Government pensioners re-employed in these organisations do not face any difficulty in obtaining the requisite certificate.

9. This issues with the concurrence of the Ministry of Finance, Department of Expenditure
10. In so far as these orders relate to personnel of the Indian Audit and Accounts Department, these have been issued in consultation with the Comptroller & Auditor General of India.
11. Hindi Version will follow.


(GANGA MURTHY)
Director

To,

All Ministries and Departments of the Government of India
Comptroller & Auditor General of India (with 400 spare copies)
As per Standard Mailing List