

PENSION

15.1 An employee governed by the Pension Scheme gets a recurring monthly payment termed as pension for life on reaching the age of superannuation or if he is retired earlier in accordance with the rules/regulations/orders on the subject. Gratuity is lump sum payment granted to the employee at the time of death/retirement for the service rendered by him. Both Pension and Gratuity are determined with reference to the length of his service and the pay drawn by him.

15.2 The provisions relating to Pension and Gratuity including family pension which were spread over the Civil Service Regulations and various executive instructions, were codified in 1972, in the form of Statutory Rules entitled -The Central Civil Services (Pension) Rules, 1972 which came into force with effect from 1st June, 1972.

15.3 The normal age of superannuation of a permanent government servant in Group-A to Group-D services is 60 years.

15.4 **Types of pension**

Pensions are of two kinds, viz Ordinary and Extraordinary. While the Ordinary pension is regulated by the CCS(Pension) Rules, 1972, the Extraordinary pension is regulated by the CCS (Extraordinary Pension) Rules {Appendix 3 of CCS (Pension) Rules}. Ordinary pension is further divided into various classes. The following are the different classes of pension which may be granted, as per admissibility, to a government servant on his retirement from service:

(i) **Superannuation pension** (Rule 35 A): Superannuation pension shall be granted to a government servant who is retired on attaining the age of superannuation (i.e. 60 years).

(ii) **Retiring pension** (Rule 36): A retiring pension shall be granted:

a) to a government servant who retires, or is retired in advance of the age of superannuation retirement in accordance with the provisions of Rule 48 or 48-A of the pension rules or Rule 56 of the Fundamental Rules.

(b) to a government servant who on being declared surplus, opts for voluntary retirement in accordance with the provision of Rule 29 of these rules.

- (iii) **Pension on absorption in or under a Corporation, Company or Body** (Rule 37): Retirement benefits shall be granted to a government servant who is permanently absorbed in a service or post in or under a corporation, company or body owned or controlled or financed by the government, provided the permanent absorption is permitted by the government^{1[1]}.
- (iv) **Invalid pension** (Rule 38): Invalid Pension shall be granted to a government servant after being declared by the competent medical authority to be permanently incapacitated for further service. A government servant who desires to retire on invalid pension should apply to his Head of Office who will direct the applicant to the appropriate Medical Authority for examination. A certificate of incapacity for service obtained by the government servant without the prior knowledge of the Head of Office is invalid (Note below Rule 38).
- (v) **Compensation pension** (Rule 39) : Compensation Pension shall be granted to a government servant who is discharged from public service on account of abolition of his permanent post and when suitable appointment of equal rank cannot be found or offer of a lower post is not accepted by him.
- (vi) **Compulsory retirement pension** (Rule 40): Compulsory retirement pension is granted to a government servant who is compulsorily retired from the government service as a measure of penalty by the competent authority. Such pension or gratuity or both will not be less than two third nor more than full compensation pension or gratuity or both admissible on the date of compulsory retirement.
- (vii) **Compassionate allowance** (Rule 41) : A government servant who is dismissed or removed from service shall forfeit his pension and gratuity. The authority competent to dismiss or remove him from service may, if the case is deserving of special consideration sanction a Compassionate allowance not exceeding, two-thirds of pension or gratuity or both which would have been admissible to him if he had retired on compensation pension.

15.5 The quantum of pension/gratuity depends upon length of Qualifying Service, Average Emoluments and Emoluments.

15.6 **Qualifying Service (QS) and its calculation:**

^{1[1]}For detailed orders on permanent transfer of government servants to PSUs and Autonomous Bodies etc.
© see Appendix 12 of CCS (Pension) Rules 1972.

15.6.1 The service reckoned for pensionary purposes is known as Qualifying Service. Qualifying service of a government servant shall commence from the date he takes charge of the post to which he is first appointed either substantively or in an officiating or temporary capacity provided that it is followed without interruption by substantive appointment in the same or another service or post and ends on the date of retirement or date of death. The service of a government servant shall not qualify unless his duties and pay are regulated by the government or under conditions determined and paid by that government from the Consolidated Fund of India or a Local Fund administered by that government. It does not include service in a non-pensionable establishment unless such service is treated as qualifying service by that government.

15.6.2 All kinds of service do not earn pension. The conditions laid down for various services like probation/training/EOL/suspension/ deputation/State Govt. service/ autonomous body/Military /contingent service overstays of leave or joining time etc. as in Chapter -III of CCS (Pension) Rules, 1972 as to whether it qualifies for pension/gratuity or otherwise may be examined carefully while the service is reckoned for pensionary purposes. Also resignation, removal or dismissal entails forfeiture of past service (Rule 24 & 26).

15.7 **Additions to Qualifying Service (QS) on voluntary retirement** (Rules 48-B):

15.7.1 A government servant who elects to retire under Rules 48(1) (a) or Rule 48-A or clause (k) of Rule 56 of the FR gets the benefit of additions to the Qualifying Service upto maximum of 5 years subject to the condition that the total qualifying service rendered by the government servant does not in any case exceed 33 years and it does not take him beyond the date of superannuation.

Government servant who opts to retire under Rule 29 or Rule 30 is also eligible for addition to QS subject to certain conditions. The weightage of five years shall not be admissible in cases of those government servants who are pre-maturely retired under Rule 48(1) (b) or FR 56 (j).

15.7.2 **The Net Qualifying service for the purpose of Pension and Gratuity is calculated as under:**

	Years	Months	Days
Gross Service	-----	-----	----
Less periods of Non-Qualifying Service	-----	-----	----
Balance Qualifying Service	-----	-----	----
Add weightage & past service	-----	-----	----
Net Qualifying Service	-----	-----	----

Note: "Month" means "Calendar month".

15.7.3 **Rounding of Qualifying Service (QS) [Rule 49 (3)]:**

(applies to both Pension and Death/Retirement Gratuity)

Qualifying service should be in completed six-monthly (completed half year) period (SMPs). It is subject to a maximum of 66 Six Monthly Periods. The fraction of a year in the Qualifying Services should be reckoned in the following manner:

Less than 3 months	Nil
3 months and above	One SMP (Six Monthly Period) but less than 9 months
9 months and above	Two SMPs (Six Monthly Period)

15.8 **Verification of service for the purpose of pension after 25 yrs. of service, or 5 yrs. before retirement (Rule 32):**

On a government servant completing 25 years of service or on his being left with 5 years of service before the date of retirement, whichever is earlier, the head of office in consultation with the accounts officer shall, in accordance with the rules for the time being in force, verify the service rendered by such a government servant, determine the qualifying service and communicate to him, in Form 24 ([Annexure-VIII](#)), the period of qualifying service so determined. In order that the settlement of pension cases of the officers/officials working in CBI are not delayed the Head of Office i.e. the SP in charge of the branch should ensure that the services rendered by each officer/official are duly verified at the end of the year i.e. in April each year and a verification certificate noted accordingly in the Service Book/Service Sheet. In case it is found that there are break or breaks in the services of a government servant, action should be taken sufficiently in advance to have the break condoned, if permissible.

15.9 **Emoluments (Rule 33):**

Emoluments means basic pay as defined in FR 9(21)(a) (i) + Non-practicing Allowance + Stagnation Increment. Gratuity admissible will be on the basis of emoluments drawn immediately before his retirement/death while in service where as pension will be on the basis of average of the emoluments drawn during the last ten months of service. With effect from 1.1.1996 Dearness Allowance drawn on the date of retirement/death in service is reckoned as 'emoluments' for the purpose of retirement/death gratuity only and for no other purpose. {(FR 9(21)(a)(i)}^{2[2]}.

15.10 **Average Emoluments(AE) (Rule -34):**

^{2[2]}Also see Rule 33 & GIDs (4) thereunder

As explained already, it is one of the factors determining the quantum of pension. Average emoluments shall be determined with reference to the emoluments drawn by a government servant during the last ten months of his service.

$$AE = \frac{\text{Total emoluments of last ten months}}{10}$$

Note: Average emoluments should not be rounded off.

Certain events occurring during the last 10 months as described under rule 34 should be taken into consideration while determining the average emoluments. The calculation of average emoluments is to be based on the actual number of days contained in each month. A month for this purpose may be reckoned as consisting of thirty days.

15.11 Calculation of Terminal Benefits:

15.11.1 Service Gratuity/Rule 49 (1) :

It is lump-sum payment payable in lieu of pension to a government servant retiring before completing qualifying service of ten years. It is calculated at the rate of one half months emolument for every completed six monthly period (SMP).

15.11.2 Retirement Gratuity (Rule 50 (1)(a):

A government servant who has completed 5 years of qualifying service and has become eligible for service gratuity or pension under rule 49 shall on his retirement be granted retirement gratuity equal to 1/4th of his emoluments for each completed six monthly period of qualifying service subject to maximum 16-1/2 times of emoluments, provided it does not exceed Rupees Three Lakh and fifty thousand in the case of retirements on or after 1.1.1996.

15.12 Death Gratuity:

If a government servant dies while in service, the Death Gratuity shall be paid to the person(s) on whom the right to receive the gratuity is conferred by means of a nomination under Rule 53. Death Gratuity shall be paid at the rates given below:

Length of service	Rate of death gratuity
Less than one year	2 times of emoluments

One year or more but less than 5 years	6 times of emoluments
5 years or more but less than 20 years	12 times of emoluments
20 years or more	Half of emoluments for every completed SMP of QS subject to a maximum of 33 times of emoluments and maximum Rs.3,50,000/- only in the case of death on or after 1.1.1996

15.13 Amount of Pension (Rule 49 (2)(a))

(a) A government servant retiring after completing Qualifying Service of not less than 33 yrs	50% of Average emoluments (subject to a minimum of Rs.1275/- and maximum of Rs.15,000/-)
(b) A government servant retiring before completing QS of 33 yrs but after completing 10 yrs of qualifying service	Proportionate to the amount of pension admissible for 33 yrs of QS and in no case the amount of Pension shall be less than Rs.1275/-

Calculation of Pension = $\frac{50 \times AE \times SMPs}{100 \times 66}$ AE- Average emoluments
SMPs-Six monthly Period/QS-
Qualifying Service

Note: Amount of pension finally determined shall be expressed in whole rupee. Fraction of a rupee should be rounded off to the next higher rupee.

Two model calculations (one on superannuation case and another on family pension) may be seen at [Annexure IX](#).

15.14 **Provisional Pension when processing of pension papers is pending (Rule 64):**

The head of office may determine, sanction and disburse the provisional pension and retirement gratuity to a government servant if he has not been able to forward the pension papers to the Accounts Officer before six months of the retirement or accounts officer has returned the pension papers for eliciting further information before issue of Pension Payment Order and order of payment of gratuity and he is of the opinion that the government servant may retire before his pension and gratuity or both can be finally assessed and settled. Provisional pension and gratuity are calculated and sanctioned in the manner prescribed in Rule 64 of the CCS (Pension) rules which will be further subject to adjustments made after issue of final payment authority by the Accounts Officer.

15.15 **Provisional pension where departmental or judicial proceedings may be pending (Rule 69) :**

15.15.1 When departmental or judicial proceedings are pending against the government servant, Accounts Officer shall authorise 100% provisional pension on the basis of qualifying service upto the date of retirement or upto the date preceding the date of suspension if the government servant was placed under suspension before retirement. This provisional pension will be paid from the date of retirement upto and including the date on which final orders are passed by competent authority after the conclusion of departmental or judicial proceedings.

15.15.2 No gratuity shall be paid until the conclusion of departmental or judicial proceedings and issue of final orders thereon. However, where departmental proceedings have been instituted under Rule 16 of CCS (CCA) Rule 1965 for imposing any of penalties specified in clauses (i) (ii) and (iv) of Rule 11 of the said Rules, payment of gratuity shall be authorised^{3[3]}.

15.16 **Family Pension Scheme 1964 (Rule 54)**

15.16.1 In the event of death of a government servant while in service or after retirement his/her family is eligible for the grant of family pension. If the government servant dies :

- a) after completion of one year of continuous service; or
- b) before completion of one year of continuous service provided the deceased government servant concerned immediately prior to his appointment to the service or post was examined by the appropriate medical authority and declared fit by that authority for government service,
- c) after retirement from service and was on the date of death in receipt of a pension or Compassionate Allowance, referred to in Chapter V of CCS (Pension Rules) 1972, other than the pension referred to in Rule 37 of these rules,

Family for the purpose of Family Pension means as defined in Rule 54(14)(b) of CCS (Pension Rules), 1972.

^{3[3]}For detailed information please refer to Rule 69 of CCS (Pension) Rules 1972.

15.16.2 Family pension is ordinarily payable to only one person at a time in the following order-

- (i) Widow/widower upto the date of death or remarriage, whichever is earlier.
- (ii) Sons -upto the age of 25 years.
- (iii) Unmarried daughters-upto the age of 25 years or marriage whichever is earlier.
- (iv) Mentally or physically disabled children for life.

Family pension to children shall be payable in the order of their birth and the younger of them will not be eligible unless the elder next above him/her has become ineligible for grant of family pension. Normal rate of family pension is 30% of emoluments subject to a minimum of Rs.1275/- p.m.

15.17 **Enhanced rate of family pension**

Enhanced family pension is payable from the date following the date of death for a period upto

- (i) seven years from the date following the date of death
- (ii) date on which the deceased government servant would have attained the age of 67 years, had he survived; whichever is less

After the expiry of the period given above, the family pension will be payable at normal rate.

15.18 **Calculation of family pension when government servant dies in service :**

50% of the last pay drawn by the government servant or twice the family pension admissible at normal rate whichever is less.

15.19 **Calculation of family pension in the event of death after retirement.**

In such cases the pension is calculated at 50% of the pay last drawn by the government servant or twice the family pension admissible at normal rate or the pension authorised to government servant on retirement - whichever is less. If the pension on retirement is less than normal family pension, the enhanced family pension will be equal to the normal family pension.

15.20 **Miscellaneous provisions relating to Pension :**

15.20.1 **Nomination** - Every employee should make a nomination in a prescribed form conferring on one or more persons, the right to receive the

death/retirement gratuity amount in the event of his death in service/after retirement before receiving retirement gratuity. Nomination has to be made in two manners (a) if the official has a family and (b) if the official has no family (Rule 53).

- 15.20.2 **Sudden death of a government servant** - In case of sudden death of a government servant, the head of office may sanction an immediate relief to the family of government servant not exceeding three months pay or Rs.8000/- whichever is less, subject to the condition that the total amount thus paid in advance, will be adjusted against the death-cum-retirement gratuity, arrears of salary or General Provident Fund or any other payment due to the deceased^{4[4]}.
- 15.20.3 **Application for pension** - Every government servant shall submit in writing an application for pension in the prescribed form (Form-5).
- 15.20.4 **Intimation to the Directorate of Estates regarding issue of “No Demand Certificate”** The Head of the Office shall write to Directorate of Estates at least two years before the anticipated date of retirement of a government servant, in case he is in occupation of government quarters, so that the “No demand certificate” may be issued in time and the pension case is not delayed on that account.
- 15.20.5 **Recovery and adjustment of government dues** - It is the duty of every government servant to clear government dues before the date of his retirement. In case he does not do so, the government will be within its right to deduct the amount from the death-cum-retirement gratuity payable to him.
- 15.20.6 **Preparation of a list of officials due to retire** - Every Head of Department shall have a list prepared every 6 months i.e. on the 1st of January and the 1st of July each year, of all government servants who are due to retire within the next 24-30 months of that date. A copy of such lists shall be supplied to the Pay & Accounts Officer concerned, not later than the 31st of January or 31st of July. In case of a government servant retiring for reasons other than by way of superannuation, the Accounts Officer concerned will be informed immediately by the Head of Office.
- 15.20.7 **Preparation of pension papers** - Every Head of Office shall undertake the work of preparation of pension papers, two years before the date on which a government servant is due to retire on superannuation or on the date on which he proceeds on leave preparatory to retirement, whichever is earlier. The steps enumerated in Rule 56 to 61 of CCS (Pension) Rules are to be strictly followed.
- 15.20.8 **Debarring a person from receiving Gratuity (Rule 51 -A)** - If a person who in the event of death of a government servant is eligible to receive gratuity, is charged with offence of murdering the government servant or for abetting in

^{4[4]}Appendix 6 of Pension Compilation & GFR 262-264

the commission of an offence, his claim shall remain suspended till the conclusion of the criminal proceedings and will be paid his share on his acquittal.

15.21 **Commutation of Pension:**

Commutation of Pension is covered under the provisions of Central Civil Service (Commutation of Pension) Rules 1981. These rules came into effect from 1.7.1981. These Rules are applicable to government servants who may be permitted or have been authorised any class of pension.

15.21.1 **Eligibility:**

- i) All pensioners except those facing disciplinary proceedings are eligible to get their pension commuted for a lumpsum payment.
- ii) Those facing disciplinary proceedings (before or after retirement) can get their pension commuted when disciplinary proceedings are over.

15.21.2 **Amount of commutation :**

A government servant is entitled to commute for a lump sum payment a fraction not exceeding 40% of the pension authorised. A government servant who is due to retire on superannuation and desires payment of commuted value of pension being authorised at the time of issue of pension payment order, shall be eligible to apply for commutation of a fraction of pension alongwith the pension papers prior to the date of retirement provided that:

- i) The government servant retires on superannuation pension only.
- ii) The application is submitted to Head of Office not later than 3 months before the date of retirement. If application is submitted late but before the date of retirement, it can be accepted and authority as far as possible will be issued by Pay & Accounts Office alongwith the Pension Payment Order.
- iii) The government shall have no liability for the payment of commuted value of pension if the government servant dies before the date of retirement or forfeits claim to pension before such retirement. If anyone desires to commute a fraction of that pension any time after the date following the date of his retirement from service but before the expiry of one year, he shall apply to Head of Office in Form-I after his date of retirement. He must ensure that application duly

completed is delivered to Head of Office early but not later than one year of the date of his retirement.

15.21.3 **Action by Head of Office** - He will initial the form indicating the date of its receipt, acknowledge in Part II and despatch the same to the applicant. He will complete Part III of form and forward it to Pay & Accounts Office for issuing the authority.

15.21.4 **Commutation without medical examination is allowed in the case of:**

- Superannuation pension
- Retiring pension
- Compensation pension
- Pension on absorption in a Corporation or Company or a body controlled/financed by government
- Pension granted on conclusion of disciplinary proceedings.

The application for commutation should be made within one year from the date of issue of the retirement orders.

15.21.5 **Commutation of Pension after medical examination is allowed in the cases of :**

- (a) Retirement on invalid pension
- (b) Compulsory retirement as penalty and is granted compulsory retirement pension
- (c) Those in receipt of compassionate allowance
- (d) Those who apply for commutation after one year from the date of retirement.

15.21.6 An applicant should make an application in the prescribed form to Head of Office. Head of Office will have the applicant medically examined from the medical board in the prescribed manner.

15.21.7 An application for commutation on medical certificate can be withdrawn in the following situations :

- (a) Before medical examination by not appearing before the medical authority, or
- (b) After medical examination, if pensioner declines to accept addition in age as directed in medical report, within 14 days of its receipt.

15.22 **Effect of Commutation of Pension :**

- (i) The pension gets reduced by the amount offered for commutation from the date of receipt of commuted value of pension (or credit in

the bank account of pensioner) or at the end of three months after issue of authority of payment, whichever is earlier.

- (ii) When pension is commuted at the time of superannuation, the reduction in pension is effective from the date of its inception. However, if commuted value is not paid within the first month of retirement, the difference of pension for the period between the date following the day of retirement and the date preceding the day commuted value is deemed to have been paid, shall be authorised by the Accounts Officer.

15.23 **Commutation of Provisional Pension and Effect of Revision:**

- (i) An employee who received provisional pension, pending assessment of final pension, shall be eligible to commute a part of such provisional pension.
- (ii) If provisional pension is finally revised upwards, commutation of increased pension may be authorised without any application from the pensioner.

15.24 **Payment of Commuted Pension:**

The commutation of Pension becomes absolute and the commuted value becomes payable on :

- (a) The date following the date of retirement in cases of superannuation, if application is made before the date of retirement (normally the application should reach Head of Office not later than 3 months before the date of superannuation but in any case must reach on or before the date of retirement in which case authority for payment of commuted value will be issued as soon as possible).
- (b) On the date of receipt of application by the Head of Office for commutation, if applied after the date of superannuation but within one year.
- (c) On the date of signing the medical report in the case of commutation after medical examination.

15.25 **Calculation of Commuted Value of Pension**

The commuted value of pension is calculated as per the following formula:

$$\text{Commutated Value} = \text{Pension offered for commutation} \times 12 \times \frac{\text{Commutation Factor}}{\text{Factor}}$$

Commutated value of pension is to be calculated taking into account the date of Medical Examination, the age, next birthday & factor applicable. Amount offered for commutation is expressed in percentage or fraction of the pension per month. The commuted value will be rounded off to the next higher rupee. Commutation factor is the commutation value for a pension of Re.1 per annum. The Table of the value prescribed from time to time^{5[5]} gives the commutation factor in respect of age of the pensioner on his next birthday.

15.26 Restoration of portion of Pension

15.26.1 Commuted portion of pension will be restored after 15 years from the date of retirement. Prior to 01.4.1985, pensioners were allowed an optional facility of converting a portion of their pension into a lump-sum amount and pensioners were getting only the balance amount (Full pension minus the commuted portion) for the rest of their life.

15.26.2 Supreme Court of India in its judgement dated 09.12.1986 in writ petition of 1983 ruled that pensioners who have commuted the admissible portion of pension are entitled to have the commuted portion restored on the expiry of 15 years from the date of retirement. Accordingly, in view of Supreme Court's judgement, Government decided that only such pensioners who have commuted a portion of their pension and on 01.04.1985 or thereafter have completed or will complete 15 years from the respective dates of retirement will have their commuted portion of pension restored.

15.26.3 Each pensioner who is eligible is required to apply in the prescribed form duly completed to the Pension Disbursing Authority/Bank/Post Office who will restore the commuted portion of Pension, if the commuted amount has been mentioned in Pension Payment Order and will also pay arrear, if any. If commuted portion is not mentioned in PPO, necessary details will be obtained by the Pension Disbursing Offices from concerned P&AO which issued the Pension Payment Order. In case the pensioner had completed 15 years from the date of retirement and died, subsequently, his/her legal heir(s) are also entitled to receive arrear from the date of completion of 15 years to the date of death of pensioner. The commuted pension will be restored after 15 years from:

- i) The date of retirement if the commuted value is received in the first month.
- ii) The date on which reduction in pension on account of commutation becomes effective, when value received after 1 month from the date of retirement.

^{5[5]}Table in Appendix-1 of CCS (Commutations of Pension) Rules 1981.