

Frequently Asked Questions (FAQs)
(Central Civil Pensioners)
(Last updated/Reviewed: 04.11.2013)

COMMUTATION OF PENSION

G.1 How much of the pension can be commuted?

A pensioner can opt to commute up to 40% of the pension admissible at the time of retirement.

G.2 Is there any limit on commutation of pension?

A Government servant shall be entitled to commute for a lump sum payment up to 40 per cent of his pension.

G.3 Is there any restriction on commutation of pension?

Yes. No Government servant against whom departmental or judicial proceedings as referred to in Rule 9 of the Pension Rules, have been instituted before the date of his retirement or the pensioner against whom such proceedings are instituted after the date of retirement, shall be eligible to commute a fraction of his provisional pension authorised under Rule 69 of the Pension Rules or the pension, as the case may be, during the pendency of such proceedings.

G.4 Whether the family can be given the benefit of 40 per cent commutation if a pensioner dies before exercising option?

In view of Governments clarificatory orders, no such benefit can be given to the family.

G.5 What will be the effective date of reduced pension if,

a) The applicant is drawing pension from PAO?

b) The applicant is drawing pension from a branch of Public Sector Bank?

c) A Government servant who retired on superannuation and commutation applied in Form 1-A of CCS(Commutation of Pension) Rules before the date of retirement and commutation paid through Head of Office within the first month of retirement ?

a) The reduction in the amount of pension on account of the commutation shall be operative from the date of receipt of the commuted value of pension or at the end of three months after issue of authority by the PAO for the payment of commuted value of pension, whichever is earlier.

(b) The reduction in the amount of pension on account of commutation shall be operative from the date on which the commuted value of pension is credited by the bank to the applicant's account to which pension is being credited.

(c) The reduction in the amount of pension on account of commutation shall be operative from its inception. The commuted value is paid in two stages as such the reduction in the amount of pension shall be made from the respective dates of the payment as per (a) or (b) above, as the case may be.

G.6 How does the period of 15 years for restoration of commuted portion of pension reckon?

The 15-year period for restoration may be reckoned from the date of retirement itself

only in case where the payment of commuted value of pension was/is made during the first month of retirement leading to appropriate reduction on account of commutation in the first pension itself. In all other cases, where the commutation of pension led/leads to a reduction in the second or subsequent month, the 15-year period will be reckoned from the date on which reduction in pension became/becomes effective.

G.7 Is any authorization for restoration of commuted portion of pension after 15 years required from PAO/CPAO?

No. Restoration of commuted portion of pension after 15 years (from the date of crediting of commuted value) or as fixed by the Government from time to time is to be made automatically by bank on receipt of application in prescribed proforma from the eligible pensioner. In cases where the date of commutation is not readily available in the PPO, the bank will obtain the information from the concerned PAO who issued the PPO through CPAO before restoring the commuted portion of pension.

G.8 What has the pensioner to do for restoration of commuted portion of pension? From what date is it restored?

Committed portion of pension is to be restored after 15 years from the date of commutation. This restoration was introduced w.e.f. 1.4.85 i.e. those who completed 15 years on or after 1.4.85, their pension was to be restored. This period of 15 years is to be counted from date of discharge provided commutation was sanctioned simultaneously with service pension in the same PPO.

However, where commutation was sanctioned subsequent to the date of discharge the restoration of committed portion of pension will be done on completion of 15 years from the date from which the amount of capitalized value is paid or credited to the pensioner's account. Every pensioner has to apply to his PDA (Pension Disbursing authority) through an application after completion of 15 years for restoration of committed portion of pension.

G.9 Whether restoration of committed portion of pension is admissible to those who were absorbed permanently in autonomous bodies/PSUs and have drawn 100% lump-sum payment in lieu of pension?

Yes. Only 1/3rd portion of pension may be restored after 15 years from the date of commutation in terms of O.M. dated 6.9.2007, O.M. dated 15.9.2008 and 11.07.2013. Additional pension applicable to old pensioners (80 years and above) and dearness relief on full pension is also payable

G.10 What is restoration of pension and when is it due?

Restoration of the fraction of the pension committed by the pensioners becomes due for restoration after completion of 15 years period from the date of payment of lumpsum value of commutation.

G.11 What is reduce/residual/residuary pension?

Reduce/residual/residuary pension is the part of pension which is payable after deducting committed portion of the pension.

G.12 What would be the age to be used for commutation of additional commutable pension and which factor would be used for such additional committed value of

pension ?

The age reckoned for calculation of commuted value of pension at the time of original application for commutation of pension will apply for calculation of commutation value of additional commutable pension. However, as mentioned in the OM dated 2.9.2008, the commutation factor in the revised Table of Commutation Value for Pension will be used for the commutation of the additional amount of pension that has become commutable on account of retrospective revision of pay/pension.

G.13 From which date the reduction in pension on account of additional commutation of pension will take effect?

Reduction in pension on account of additional commutation of pension will be in two stages as per the provisions contained in Rule 6 of the CCS(Commutation of Pension) Rules,1981.

G.14 What will be the date of restoration of additional commutation of pension?

The commuted portion of pension shall be restored after 15 years from the respective dates of commutation as provided in Government of India decision No.1 under the Rule 10 of CCS(Commutation of Pension) Rules,1981. Necessary endorsement should be made on PPO.

G.15 A person with D.O.B. on first of month retires in the previous month. What will be the value to be taken for calculation from commutation table?

The commutation of pension become absolute on the date following the date of his retirement. The commutation value taken will be Age on 61st Birthday i.e. 8.194 in the present commutation table

G.16 If the commuted amount is paid in stages then what will be the date of restoration?

If the payment of commuted value is made in stages, the restoration will also be made in stages from the respective dates of payment.

Source: www.pensionersportal.gov.in
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