

## RECOMMENDATIONS OF 7<sup>th</sup> CPC ON PENSION

### CHAPTER 10.1- Pension and Related Benefits of Civilian Employees

Recommendations of 7<sup>th</sup> CPC, regarding Pension & related benefits to civilian employees are given in Chapter 10.1 of the CPC Report (Page Nos 381-396). (Relevant Extracts Reg Pension are given below.

#### **Raising the Existing Rates of Pension and Family Pension**

**10.1.24** In representations to and in meetings with the Commission a number of entities have, while seeking a raise in pension from the existing level of 50 percent of last pay drawn, questioned the basis for determination of pension at 50 percent of last pay drawn. Similarly representations for increasing family pension from existing 30 percent to 50 percent of the last pay drawn have been received by the Commission.

##### **Analysis and Recommendations**

**10.1.25** The Commission sought the views of the government in this regard. The Department of Pension and Pensioners Welfare stated that the VI CPC had recommended calculation of pension @ 50 percent of last pay or the average emoluments (for last 10 months) whichever is more beneficial. **The Commission also recommended delinking of pension from qualifying service of 33 years.** Effectively the dispensation on pension has already been liberalised by the VI CPC. Further the recommendations of this Commission in relation to pay of both the civilian and defence forces personnel will lead to a significant increase in the pay drawn and therefore in the 'last pay drawn'/'reckonable emoluments.' **Therefore the Commission does not recommend any further increase in the rate of pension and family pension from the existing levels.**

**10.1.27** ..... increase in the minimum pay from the existing ₹7,000 per month to ₹18,000 per month. This, based on the computation of pension, will raise minimum pension from the existing ₹3,500 to ₹9,000. **The minimum pension based on the recommendations of this Commission will increase by 2.57 times over the existing level.**

#### **Increase in the Rate of Additional Pension and Family Pension to the Older Pensioners**

##### **Analysis and Recommendations**

**10.1.30** ..... However, it is felt that the same should be allowed from 75 years onwards. The Ministry of Defence has not supported the proposal. The Commission is of the view that **the existing rates of additional pension and additional family pension are appropriate.**

#### **Parity in Pension between Pre and Post Seventh CPC Retirees**

##### **Analysis and Recommendations**

**10.1.54** The Commission is of the view that the issue of parity in pensions is extremely important from the viewpoint of inter-temporal equity and merits a careful examination.

**10.1.55 Treatment of Existing and Past Pensioners over time:** The concerns of pensioners' associations and of individual pensioners on the issue of disparities in pensions ( The commission considered this point over the period of time by various CPCs starting from III CPC, and subsequent development for parity in pension between past and present retirees, leading to the recommendation of V CPC for modified parity etc., and later in the 6<sup>th</sup> CPC dispensations, leading to several representations and court cases.. The commission also referred to various Court judgements including the case of D S Nakra- **Paras 10.1.56 to 10.1.65).**

**10.1.67** The Commission recommends the following pension formulation for civil employees including CAPF personnel, who have retired before 01.01.2016:

i) All the civilian personnel including CAPF who retired prior to 01.01.2016 (Expected date of implementation of the Seventh CPC recommendations) shall first be fixed in the Pay Matrix being recommended by this Commission, on the basis of the Pay Band and Grade Pay at which they

retired, at the minimum of the corresponding level in the matrix. This amount shall be raised, to arrive at the notional pay of the retiree, by adding the number of increments he/she had earned in that level while in service, at the rate of three percent. Fifty percent of the total amount so arrived at shall be the revised pension.

ii) The second calculation to be carried out is as follows. The pension, as had been fixed at the time of implementation of the VI CPC recommendations, shall be multiplied by 2.57 to arrive at an alternate value for the revised pension.

iii) Pensioners may be given the option of choosing whichever formulation is beneficial to them.

10.1.68 It is recognised that the fixation of pension as per formulation in (i) above may take a little time since the records of each pensioner will have to be checked to ascertain the number of increments earned in the retiring level. It is therefore recommended that in the first instance the revised pension may be calculated as at (ii) above and the same may be paid as an interim measure. In the event calculation as per (i) above yields a higher amount the difference may be paid subsequently.

10.1.69 Illustration on fixation of pension based on recommendations of the Seventh CPC.

#### Case I

10.1.70 Pensioner 'A' retired at last pay drawn of ₹79,000 on 30 May, 2015 under the VI CPC regime, having drawn three increments in the scale ₹67,000 to 79,000:

		Amount in ₹
1	Basic Pension fixed in VI CPC	39,500
2	<b>Initial Pension fixed under Seventh CPC (using a multiple of 2.57)</b>	<b>1,01,515- Option 1</b>
3	Minimum of the corresponding pay level in 7 CPC	1, 82,200
4	Notional Pay fixation based on 3 increments	1, 99,100
5	<b>50 percent of the notional pay so arrived</b>	<b>99,550- Option 2</b>
6	<b>Pension amount admissible (higher of Option 1 and 2)</b>	<b>1, 01,515</b>

#### Case II

10.1.71 Pensioner 'B' retired at last pay drawn of ₹4,000 on 31 January, 1989 under the IV CPC regime, having drawn 9 increments in the pay scale of ₹3000-100-3500-125-4500:

		Amount in ₹
1	Basic Pension fixed in IV CPC	1,940
2	Basic Pension as revised in VI CPC	12,543
3	<b>Initial Pension fixed under Seventh CPC (using a multiple of 2.57)</b>	<b>32,236 Option 1</b>
4	Minimum of the corresponding pay level in 7 CPC	67,700
5	Notional Pay fixation based on 9 increments	88,400
6	<b>50 percent of the notional pay so arrived</b>	<b>44,200 Option 2</b>
7	<b>Pension amount admissible (higher of Option 1 and 2)</b>	<b>44,200</b>