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# Rs 5,000 crore package for Centre's pensioners after MCD polls

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NEW DELHI: The government is set to clear a Rs 5,000 crore package for pensioners after Sunday's municipal elections in the capital to address their concerns related to the award of the 7th pay commission for central government employees and seniors.

The revised pension will be taken up by the Union cabinet along with three-four issues related to the pay of central government employees, even as a committee headed by Finance Secretary Ashok Lavasa finalises its recommendations for allowances for government employees, including an increase in the house rent allowance (HRA). The panel is expected to submit its recommendations next week but there are indications that the change in allowances may not take place immediately.

"The revised pension scheme has been finalised and the government has postponed a decision due to the code of conduct for Delhi municipal elections. The cabinet may clear it next week," said a source, who did not wish to be identified.

The pay panel had recommended an increment-linked pension formula along with the option for multiplying the pension based on the six pay commission's recommendations by 2.57. To quickly implement the suggestions, the government opted for the second option as the increment-linked pension model was seen to be difficult to implement. This has created a situation where those who retired by December 31, 2015 are receiving a lower pension compared to someone who retired a month later. For

instance, someone who retired as a secretary before January 2016 is getting a pension of Rs 1.02 lakh compared to Rs 1.12 lakh for someone who retired at the end of the month.

Now, the government is looking at two options -- one is to move to a new "modified parity-plus" formula, which links the pension to the salary drawn by someone who is at the same rank. The other is a formula based on the multiple of the sixth pay commission-based pension. A sources said the factor of 2.57 is also being changed to make the pension more attractive. "Basically, there will be two options for a pensioner and the formula that ensures a higher payout to the seniors will be given," explained a source.