

## CHAPTER-XII

### RETIREMENT & PENSION

**12.1** Every Government employee is entitled to pensionary benefits after retirement, provided he fulfills eligibility conditions as laid down in C.C.S. Pension Rules. The retirement of the employee may be due to the following reasons, in accordance with the circumstances:-

- (i) **Superannuation Pension: -Rule-35**, When one reaches the age of superannuation.
- (ii) **Retiring Pension: - Rule-36**, When one seeks voluntary or premature retirement before reaching superannuation.
- (iii) **Pension on absorption in or under a corporation, company or body:- Rule 37**, When one joins a corporation, company or body owned or controlled or financed by Government and get absorbed there in public interest.
- (iv) **Invalid Pension: - Rule-38**, When one is declared by the Competent Medical Authority to be permanently incapacitated for further service.
- (v) **Compensation pension: - Rule 39**, when one is discharged from service owing to abolition of his permanent post and provision of alternate employment of equal status is not possible or offer of a lower post is not accepted.
- (vi) **Compulsory Retirement Pension:-Rule 40**, when one is compulsory retired as a measure of penalty by the competent authority.

**12.2** The rules enjoin upon the Head of the office to get a list prepared every six months i.e. 1<sup>st</sup> January, 1<sup>st</sup> July for all those who would be retiring on superannuation within next 24-30 months and accordingly he shall undertake the work of preparation of pension papers two years before the date on which a Government servant due to retire on superannuation. (CCS pension Rule 56).

**12.3** The head of the office will ensure that all requisite papers for pension duly filled in and completed in all respect are obtained from the Government servant before eight months of his retirement.( CCS pension Rule 57).

**12.4** After necessary checking and calculation based on the details and information as recorded in his Service book, all papers in the prescribed form and other details and Service Book of the employee must be sent to the Pay and Accounts Officer not later than 6 months before the date of retirement of the Government servant. ( CCS pension Rule 61).

If after the pension papers have been forwarded to the Pay and Accounts Officer, any event which has a bearing on the amount of pension admissible the fact shall be promptly reported to the Pay and Accounts Officer by the Head of the Office.

**12.5** The Head of the Office, after ascertaining and assessing the Government dues shall furnish the particulars thereof to the Pay and Accounts Officer , at least two month before the date of retirement of a Government Servant so that the dues are recovered out of the gratuity before the payment is authorized. ( CCS pension Rule 63).

**12.6 A retiree is entitled to the following benefits :-**

- a. **Pension:-** which is recurring monthly payment. Further every pensioner is eligible to commute a portion, i.e. 40% of monthly pension.(CCS Pension Rule-49)
- b. **Retirement/ Death Gratuity :** Subject to the eligibility the retiree is entitled to ½ month's emoluments for every completed year of service subject to a maximum of 16-1/2 months emoluments, limited to Rs.3,50,000. (CCS Pension Rule-50)
- c. **Commutation of Pension:** Pension may be commuted to the extent of 40 %. It will be restored after 15 year. (CCS Commutation of Pension) Rules 1981

- d. **Encashment of Leave :** The retiree gets cash equivalent to the emoluments for accumulated earned leave at his credit subject to maximize of 300days.
- e. **C.G.E.I. scheme-** The pensioner gets refund of his contribution towards C.G.E.I. scheme as per the prescribed chart issued for every year.

**12.7 Retirement on completion of 30 years' qualifying service: Rule-48** - At any time after a Government servant has completed thirty years' qualifying service:-

(a) he may retire from service, or (b) he may be required by the Appointing Authority to retire in the public interest.

**In the case of such retirement the Government servant shall be entitled to a retiring pension:**

Provided that:-

- (a) a Government servant shall give a notice in writing to the Appointing Authority at least three months before the date on which he wishes to retire; and
- (b) The Appointing Authority may also give a notice in writing to a Government servant at least three months before the date on which he is required to retire in the public interest or three months' pay and allowances in lieu of such notice :

**12.7.1 Rule-48-A: - Retirement on completion of 20 years' qualifying service**

(1) At any time after a Government servant has completed twenty years' qualifying service, he may, by giving notice of not less than three months in writing to the Appointing Authority, retire from service.

(2) The notice of voluntary retirement given under sub-rule (1) shall require acceptance by the Appointing Authority :

**12.8 Verification of pension paper-** It is imperative that the Admn. Section should scrutinize all the papers, calculation etc. meticulously with reference to the relevant rules of CCS Pension Rules and latest orders of the Government of India issued thereon to ensure that no erroneous payment is proposed to the Pay and Accounts officer. This is more so important in such cases as the payment once made will be final and there will remote chance of recovery of any over payment made inadvertently.

Orders permitting/requiring a Government servant to retire after completing 30 years qualifying service should be issued only after the fact that qualifying service rendered by the officers is verified to be above 30 years by the Audit Officers.

(Authority: GOI, Ministry of Finance (Deptt. of Exp.) O.M. No. 12(8) EVA-60 dated 6.7.1960 communicated to the CAG's Endorsement No. 555 / AI-119-60 dated 18.7.1960)

**12.9 Preparation of pension papers:-** Every Head of office shall undertake the work of preparation of pension papers in Form 7 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 to retirement, whichever is earlier.(Rule-58)

**12.10 Stage for the completion of pension papers: Please refer to Rule 59 of CCS Pension Rules.**

**12.11 Payment of Provisional Pension and Gratuity: Please refer to Rule 64 of CCS Pension Rules.**

**12.12 Death while in service:** If an employees dies while in service, the cash equivalent of leave salary for E.L. due and admissible to the deceased on the date immediately following the date of death will be paid to his family in the manner specified in Rule 39 of CCS Leave Rules. The entitlement will be limited to a maximum of 300 days of E.L.

**12.13 Benefit of increment falling due during leave:** If a Government servant dies while on any kind of leave for which leave salary is payable, a lump sum ex gratia payable, in addition to normal entitlement under leave rules may be allowed to the member of his family as specified in Rule 39-C. The ex gratia payment shall be equivalent to the differences between the amount of leave salary as well as cash equivalent of leave salary admissible as per Rules and 39-A of CCS Leave Rules 1972 and the amount of leave salary as well as cash equivalent of leave salary which would have been admissible if the benefit of increment falling due during currency of leave

leave period up till date of death was allowed from its due date without waiting for rejoining duty of the Govt. Servant. The head of the department may issue the necessary order sanctioning the amount of ex-gratia in each individual case. (G.I. Decision (3), Below Rule 39-D )

**12.14 Claims for family pension**

**For detail please refer to Rule 77,78,79,80 of CCS Pension Rules**

**12.15 Quarterly report on settlement of pension and other retirement benefit** – It has been decided that a close watch should be kept on the finalization of all pensionary cases. Field officers are requested to furnish a statement for each of the quarters ending 31<sup>st</sup> March, 30<sup>th</sup> June, 31<sup>st</sup> October and 31<sup>st</sup> December indicating the cases of settlement in the proforma given below of pension, G.P. Fund etc. which are pending over a month following the end of each quarter. The statements in respect of Pension, D.C.R.Gratuity and family pension cases may be sent separately from those in respect of G.P. Fund cases under also separate covering letters. Head of Departments are requested to keep a close watch on the disposal of such cases and take remedial action as may be necessary to ensure expeditions disposal of various pension claims. It is also necessary that wherever delay has accrued, efforts should be made to fix responsibility for such delay and action taken against person (s) found responsible.

Quarterly statement showing the number of pending cases relating to Pension/GPF/Family pension of Government servants as on 31<sup>st</sup> March /30<sup>th</sup> June/30<sup>th</sup> September/ 31 December every year.

No. of cases pending as on.....

Item	For more than one month but less than 3 months	Between three and six months	More than six month	Remarks
1.	2.	3.	4.	5.

1. Pension

2. G.P.F.

---

### 3. D.C.R.G.

---

### 4. Family Pension

---

A separate sheet should be attached where delay has exceeded six months, indicating details of the case with dates as well as reasons for delay and action taken to fix responsibility on the concerned officials (s).

(Authority:- Government of India, Department of Personnel and A.r. O.M. No. F 20 (7) – Pension unit/82 dated 30<sup>th</sup>/09/1982. CAG’ s endr. No. 3828-N 1/86-82 dated 13/01/1983)

**12.16 Grant of family pension and gratuity to the families of Govt. employees/pensioners who disappear suddenly and whose whereabouts are not known:-** In the case of missing Govt. employees, the date of disappearance of the employees/pensioners will be reckoned from the date of First Information Report is lodged with the police and the period one year after which the benefit of family pension and gratuity are to be sanctioned will also be reckoned from this date. However, the benefits of family pension and gratuity are to be sanctioned will also be sanctioned to the family, etc; of the missing employee will be based on and regulated by the emoluments drawn by him as on the last date he/she was on duty including authorized period of leave. “Family pension at normal/enhanced rates, as may be applicable in individual cases, will be payable to the families of missing employees”.

In the case of missing pensioners the family pension at the rates indicated in the PPO will be payable and may be authorized by the Head of the Office concerned where the PPO does not contain this information, the Head of office will take necessary action to sanction the family pension as due as provided above.

Death gratuity will also be payable to the families, but not exceeding the amount which would have been payable as Retirement Gratuity if the person had retired.

The difference between retirement gratuity and death gratuity shall be subsequently payable after death is conclusively established or on the expiry of seven years period from the date of missing.

The indemnity bond is to be deposited for the purpose from the family members, etc. will be in the formats attached with this office memorandum. Separate formats for use in the case of missing employees and missing pensioners have been prescribed. These formats have been finalized in consultation with the Department of Legal Affairs.

Case already settled otherwise than in accordance with this office Memorandum need not be reopened, unless such a re-opening will be to the advantage of the beneficiaries.

(Authority: Govt. of India, Ministry of Personnel (D.P.& P.W.) O.M. No.1.17.1986-P-PW© dated 25/1/1991 and CAG's Endt. No. 208-ACII/125-86 dated 26.2.1991.)

### **12.17 Introduction of New Pension Scheme**

Government of India have introduced a new Defined Contribution Pension Scheme replacing the existing system of defined Benefit Pension System vide Government of India, Ministry of Finance, Dept. of Economic Affairs Notification dated 22<sup>nd</sup> December, 2003. **The new Pension Scheme comes into operation with effect from 1.1.2004** and is applicable to all new entrants to Central Govt. service, except to Armed Forces, joining Government service on or after 1.1.2004.

**The salient features of New Pension Scheme are as follows :-**

1. The New Pension Scheme will work on defined contribution basis and will have two tiers-Tier-I and II. Contribution to Tier I is mandatory for all government servants joining government service on or after 1.1.2004, whereas Tier II will be optional and at the discretion of Government servants.
2. In Tiers I, Government servants will have to make a contribution of 10 % of his basic pay plus DA, which will be deducted from his salary bill every month by the PAO concerned. The Government will make an equal matching contribution.
3. Tier I contributions (and the investment returns) will be kept in a non-withdrawal Pension Tier I Account. Tier II contributions will be kept in a separate account that will be withdrawable at the option of the government servant. Government will not make any contribution to Tier II account.

- 4. The existing provisions of Defined Benefit Pension and GPF would not be available to new government servants joining Government service on or after 1.1.2004.**
5. In order to implement the Scheme, there will be a Central Record Keeping Agency and several Pension Fund Managers to offer three categories of Schemes to Government servants viz. option A,B and C based on the ratio of investment in fixed income instruments and equities. An independent Pension Fund Regulatory and Development Authority (PFRDA) will regulate and develop the pension market.
6. As an interim arrangement, till such time the Statutory PFRDA is set up, an interim PFRDA has been appointed by issuing an executive order by *Mia* Finance (DEA).
7. Till the regular Central record Keeping Agency and Pension fund Managers are appointed and the accumulated balances under each individual account are transferred to them, it has been decided that such amounts representing the contributions made by the Government servants and the matching contribution made by the Government will be kept in the Public Account of India. This will be purely a temporary arrangement as announced by the Government.
8. It has also been decided that Tier II will not be made operative during the interim period.
9. A government servant can exit at or after the age of 60 years from the Tier I of the scheme. At exit, it would be mandatory for him to invest 40 percent of pension wealth to purchase an annuity (from an IRDA regulated Life insurance Company), which will provide for pension for the lifetime of the employee and his dependent parents/spouse. In the case of government servants who leave the Scheme before attaining the age of 60, the mandatory annuitisation would be 80% of the pension wealth.
10. The following guidelines are issued for the implementation of the New Pension Scheme during the interim arrangement for the guidance of the DDOs:
  - (a) The new pension scheme becomes operational with effect from 1.1.2004.
  - (b) Contributions payable by the Govt. servants towards the Scheme under



Tier I, i.e. 10 % of the (basic pay + DA), will be recovered from the salary bills every month.

- (c) The scheme of voluntary contributions under Tier-II will not be made operative during the period of interim arrangement and therefore no recoveries will be made from the salaries of the employees on this account.
- (d) Recoveries towards Tier I contribution will start from the salary of the month following the month in which the Government servant has joined service. Therefore, no recovery will be effected for the month of joining. For example, for employees joining service in the month of January 2004, deductions towards Tier I contribution will start from the salary bill of February 2004. No deduction will be made for his salary earned in January 2004. Similarly, deductions for those joining service in the month of February 2004 will start from the salary bill of March 2004 and so on.
- (e) No deductions will be made towards GPF contribution from the Government servants joining the service on or after 1.1.2004 as the GPF scheme is not applicable to them.
- (f) It has been decided that pending formation of a regular Central Record Keeping Agency, Central Pension Accounting Office will function as the Central Record Keeping agency for the above scheme.
- (g) Immediately on joining government service, the government servant will be required to provide particulars such as his name, designation, scale of pay, date of birth, nominee(s) for the fund, relationship of the nominee etc. in the prescribed form (Annexure I). The DDO concerned will be responsible for obtaining this information from all government servants covered under the new pension scheme. Consolidated information for all who have joined service during the month shall be submitted by the DDO concerned in the prescribed format (Annexure II) to his Pay & Accounts Officer by 7th of the following month. Annexure I will be retained by DDOs.
- (h) The particulars of the government servants received from the various 0005 will be consolidated by the PAO in the format (Annexure II-A) and sent to the Principal Accounts Office by the 12<sup>th</sup> of every month.



					digit (to be allotted by PAO)		(s)		governme nt servant	share

Name of DDO:

Office seal

**ANNEXURE –III**

**FORMAT OF SCHEDULE OF GOVERNMENT SERVANT'S CONTRIBUTIONS TOWARDS TIER I AND TIER II OF THE NEW PENSION SCHEME**

Name of DDO/Code No:

Unique pension A/C No. in 15 digit (to be allotted by PAO)	Name of the Government Servent	Designation	Basic Pay Rs.	DA Rs.	Contribution under Tier-I Rs.	Contribution under Tier-II * Rs.	Total Rs.	Remarks

(Rupees.....)

\* This column is not be used during the interim period.

Date and signature of Drawing Officer

Designation

#### ANNEXURE –IV

#### Format of schedule of Government's contribution towards Tier I of New Pension Scheme

(To be attached with the bill for drawal of Government's contribution)

Name of DDO/Code No:

Unique pension A/C No. in 15 digit (to be allotted by PAO)	Name of the Government Servent	Designation	Basic Pay Rs.	DA Rs.	Government's contribution Rs.	Remarks

#### ANNEXURE –VII

#### INDEX REGISTER

Unique pension A/C No.	Name of the Government Servent	Designation	Name of Office in which joined service	Date of birth	Date of joining govt. service.	Signature of AAO

#### 12.18 Implementation of Defined Contribution Pension Scheme-Instructions on the accountal of the Contributions regarding:

It has been finally decided in consultation with the Budget Division and O/o the CAG of India the amount of Government's contribution under the scheme shall be debited to the following head:

**Major head- 2071-Pension and other retirement benefits**

**Sub Major head-01-Civil**

**Minor head- 117- Government Contribution for Defined Contribution pension scheme**

**Sub head -01 -Government Contribution**

**Object head-00.04 Pensionary Charge**

2 Government Servant's and Government's Contributions under the Defined contribution Pension Scheme shall be credited to the following head:

**Major head-8342 –Other Deposits**

**Minor head-117- Defined Contribution pension scheme for Government Employees**

**Sub Head-01- Government Servants' Contribution under Tier-I**

**Sub head-02- Government contributions under Tier-I**

The numeric codes. Serial code number in respect of the above said head have been furnished in the annexure:

(Authority: G.I. Min. of Finance , Deptt. of Exp. O.M. No. F.No. 1(7)(2)/2003/TA/380-424 dated 10.5.2005 received with CAG letter No. 300-AC-1/SP-1/Gr.1/44-2004 dated 25.8.2005)

**Annexure**

Grant No.	Numeric No.	Description	Serial code	Charged plan payment	Voted plan payment	Charged Non-plan payment	Voted Non-plan payment
40	2071	Pension and other retirement benefits					
	01	Civil					
	117	Government Contribution for Defined Contribution pension scheme	20710182				
	01	Government Contribution	20710183				

	00.04	Pensionary Charge	20710184	186	195	122	139
				<b>Receipt</b>		<b>Payment</b>	
800	8342	Other Deposits					
	117	Defined Contribution pension scheme for Government Employees	83420053				
	01	Government Servants' Contribution under Tier-I	83420054	310		329	
	02	Government contributions under Tier-I	83420055	317		322	

