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No. KPTPA/ VII CPC/2015

17-12-2015

To

Shri S.K.Makkar

Under Secretary to the Govt. of India,
Department of Pension and Pensioners' Welfare,
3rd Floor, Lok Nayak Bhawan,
Khan Market, New Delhi-110003

Sir,

Subject: Recommendations of the 7th Central Pay Commission relating
to pension/ retirement benefits

Reference: DoP&PW Letter No. 38/66/13-P&PW(A) (Vol.II)
dated 1/3rd December, 2015

We express our sincere thanks for calling for our views on the recommendations of the 7th Central Pay Commission relating to pension/ retirement benefits. We wish to write as stated below on the recommendations of the Pay Commission. We would also like to point out some anomalies that may arise consequent upon implementation of the recommendations in toto. Some points of doubts are also given here under, which require to be clarified .It is requested that the points raised by us may please be examined and the suggestions made by us in further improvement of the benefits that are likely to accrue to Pensioners on implementation of the recommendations, may be accepted if found feasible and included in the Office Memorandum likely to be issued by DoP&PW in due course.

Our views/ comments /suggestions on the recommendations of the 7th Central Pay Commission made in para Nos.10.1.30, 10.1.33, 10.1.37, 10.1.41,10.1 .49,10.1.67 and 10.1.70 of its report are furnished on the respective paras arranged in chronological order for easy reference and perusal by DoP&PW.

Para 10.1.30**Increase in the Rate of Additional Pension and Family Pension to the Older Pensioners**

The Pay Commission, though, was of the considered view that age-related additional pension and family pension should be allowed from 75 years instead of 80 years as at present, had to recommend continuance of the additional pension at the existing rates/ ages since MoD reportedly, did not support its proposals. We urge the DoP&PW to consider the views of the Pay Commission in its perspective and allow the additional pension to commence at 75 years of age of Pensioners/Family Pensioners. We request further that 100 % of pension/ family pension should be allowed at the age of 95 years instead of at 100 years. As the average life span in the country is around 75 years and only a very small percentage of Pensioners live beyond 90 years and the percentage of those who attain 100 years is negligible, the request for lowering the age for entitlement of age-related additional pension may please be considered favourably.

We suggest grant of Additional Pension at the following rates

Age of Pensioner/ Family Pensioner	Additional quantum of pension
From 75 years to less than 80 years	20 % of basic pension
From 80 years to less than 85 years	30 % of basic pension
From 85 years to less than 90 years	40 % of basic pension
From 90 years to less than 95 years	50 % of basic pension
95 years or more	100 % of basic pension

Para 10.1.33

Increasing the existing time period of seven years for enhanced family pension

Family pension at enhanced rate is paid for a period of 10 years to the spouse of an Employee dying while in service whereas, in the case of a Pensioner dying even immediately after retirement, the enhanced family pension is paid only for 7 years. This discrimination between Family Pensioners needs to be removed. Hence, it is suggested that the period of payment of enhanced family pension may be increased to 10 years uniformly for all Family Pensioners.

Para10.1.37

Retirement Gratuity

Indexation of Gratuity to Dearness Allowance recommended by the Pay Commission is appreciated. However, the existing maximum of 16 ½ times the emoluments for calculation of Gratuity under Rule 50(1) (a) may be removed in view of delinking of full pension with 33 years off qualifying service from 1-1-2006. Removing the 'maximum' will benefit those employees who have rendered more than 33 years of qualifying service.

Para10.1.41

Death Gratuity

Revision of the slabs for payment of Death Gratuity and introduction of an additional slab of 11 to 20 years is appreciated. However, the existing maximum of 33 times of monthly emoluments for calculation of Death Gratuity under Rule 50(1) (b) may be removed in view of delinking of full pension with 33 years off qualifying service from 1-1-2006. Removing the 'maximum' will benefit the families of employees who die while in service after rendering more than 33 years of qualifying service.

Para 10.1.49

Fixed Medical Allowance:

The Pay Commission has not recommended any increase in the amount of FMA of Rs. 500/- being paid to Pensioners not covered under CGHS. But, has recommended an increase in allowances such as Canteen Allowance, Children Education allowance, Constant Attendance Allowance etc paid to serving employees. Some allowances have been indexed to D A and the allowances will rise by 25% each time DA increases by 50 %.(Chapter 8.17)

We suggest that FMA must at least be doubled from the existing Rs. 500/- and indexed to Dearness Relief and it should rise by 25% each time D R increases by 50 %.

Para10.1.67

Revision of Pension

The Pay Commission has recommended formulation for revision of pension of pre-2016 Pensioners and has suggested 2 types of calculations for computation of revised pension as on 1-1-2016. Option- I, is a simple method whereby the revised basic pension could be arrived at by multiplying the existing basic pension by 2.57. The other option, option-II , is not that simple as it necessarily, requires reference to the service records of the Pensioners to ascertain the number of increments the Pensioner had earned in that level while in service. Computation of revised pension after adding the number of increments to the notional minimum pay of the corresponding pay level in the Pay Matrix , will result in anomalies which have been narrated below. Several doubts that arise (stated below) need clarifications.

Anomalies

Almost all the pensioners would have been placed in a higher pay scale before their retirement consequent upon introduction of several career progression schemes Viz. ACP, MACP, Time bound financial up gradation schemes in addition to the regular promotions available in all the cadres /grades. So, to find out the number of increments earned in the grade /level from which the pensioner had retired, it is absolutely essential that the particulars of (a) the number of years of service rendered in that grade, (b) the stage of the pay scale at which the initial pay was fixed and (c) the last pay drawn are obtained from the service records/ pay bills etc. Collecting these particulars will no doubt be a herculean task especially in respect of pre- 1986 retirees since the records would have been weeded out.

Anomaly arises when a pensioner, who was placed in a higher pay scale at the fag end of his/her service, **retires either without earning any increment or after earning one or two increments**. In such cases, fixation of pension with reference to the notional pay of the lower pay scale/ lower level after adding increments earned in lower level would be more beneficial than fixation of pension with reference to the notional minimum pay of the higher level (without added increments) from which he /she had retired .The anomaly is well brought out in the example given below.

Example -1

A. Calculation of pension if computed with reference to the higher pay scale/ higher level from which the pensioner had retired without earning any increments

(Promoted from Grade S-19 to S-21 eight months before retirement)

(calculations are based on the service & pension particulars furnished by a Pensioner)

Date of Retirement : 31-5-1988

Qualifying Service : 31.5

Pay Scale from which Retired: IV CPC- Rs.3700 - 125 - 4700 - 150 – 5000

Corresponding Pay Scale :V CPC 12000-375-16500(S-21)

Corresponding Pay Band : VI CPC, PB-3, 15600-39100 + Grade pay Rs.7600

Last Pay drawn: Rs. **4325**

Pension sanctioned on retirement: Rs: **1989** (IV CPC)

Revised Pension under V CPC : Rs. 5728

Revised Pension under VI CPC : Rs. 12947

Grade pay under VI CPC : Rs. 7600

Level as per the Pay Matrix (Table 3) - Level 12

Number of increments earned in level 12 (in grade S-21): NIL (retired within one year after promotion)

Minimum of the corresponding pay level in VII CPC Rs.78,800 (Table 4)

Revision of Pension under VII CPC

Option- I

1. Basic Pension fixed in VI CPC = Rs.12947

2. Initial Pension fixed under VII CPC $12947 \times 2.57 = \text{Rs. } 33274$

(using a multiple of 2.57)

Option- II

3. Minimum of the corresponding pay level in VII CPC = Rs. 78,800

4. Notional Pay fixation based on Increments drawn at the same level -**No change since increments was not earned at the same level ie in grade S-21.** However, Notional Pay for computation of revised pension under 7th CPC should be taken as Rs. 78,800 which is the minimum pay at level 12. Though para 10.1.67 of VII CPC report does not specify this, obviously for calculation of revised pension , minimum pay at the applicable level should be taken in to account for computation of pension.

5. Pension @50 percent of the notional pay so arrived = Rs. 39400

6. Pension amount admissible (higher of Option 1 and 2) Rs.39,400

B.Calculation of pension if computed with reference to the lower pay scale/lower level from which the pensioner had been placed in the higher pay scale before retirement

1.Lower pay scale (IV CPC) Rs. 3,000-100-3,500-125-4,500

2.Corresponding Pay Scale :V CPC 10,000-325-15,500 (S-19)

3.Corresponding Pay Band : VI CPC, PB-3, 15600-39100 + Grade pay Rs.6,600

4.Level as per the Pay Matrix (Table 3) - Level 11

5.Number of increments earned in level 11 (in grade S-19): **12**

6.Minimum of the corresponding pay level in VII CPC Rs.67,700 (Table 4)

Option- II

Minimum of the corresponding pay level in VII CPC (level 11) = Rs. 67,700

Notional Pay fixation based on 12 Increments drawn at the same level = Rs. 96,600

Pension @50 percent of the notional pay so arrived = Rs. 48,300

Pension amount admissible (higher of Option 1 and 2) Rs.48,300

Amount of pension calculated as per Level 12 of the Pay Matrix : Rs.39,400

Amount of pension calculated as per Level 11 of the Pay Matrix : Rs.48,300

Example -2**Calculation of pension if computed with reference to the higher pay scale/ higher level from which the pensioner had retired without earning any increments****(Promoted from Grade S-9 to S-12 five months before retirement)****(calculations are based on the service & pension particulars furnished by a Pensioner)**

Date of promotion to Grade S-12 : 12-12-2001

Date of Retirement : 30-04-2002

Qualifying Service : 40 years

Pay Scale from which Retired: V CPC- Rs.6,500- 200- 10,500

Corresponding Pay Band : VI CPC, (PB-2)Rs. 9,300-34,800 + Grade pay Rs.4,200

Last Pay drawn: Rs. 7,500

Pension sanctioned on retirement: Rs: 3,684 (V CPC)

Revised Pension under VI CPC : Rs. 8,327

Grade pay under VI CPC : Rs. 4,200

Level as per the Pay Matrix (Table 3) - Level 6

Number of increments earned in level 6 (in grade S-12): NIL (retired within 5 months after promotion)

Minimum of the corresponding pay level in VII CPC Rs.35,400 (Table 4)

Revision of Pension under VII CPC**Option- I**

1. Basic Pension fixed in VI CPC = Rs. 8,327

2. Initial Pension fixed under VII CPC $8327 \times 2.57 = \text{Rs. } 21,401$

(using a multiple of 2.57)

Option- II

3. Minimum of the corresponding pay level in VII CPC = Rs. 35,400

4. Notional Pay fixation based on Increments drawn at the same level -**No change since increments were not earned at the same level ie in grade S-12.** However, Notional Pay for computation of revised pension under 7th CPC should be taken as Rs. 35,400 which is the minimum pay at level 6 Though para 10.1.67 of VII CPC report does not specify this, obviously for calculation of revised pension , minimum pay at the applicable level should be taken in to account for computation of pension.

5. Pension @50 percent of the notional pay so arrived = Rs. 17,700

6. Pension amount admissible (higher of Option 1 and 2) **Rs.21,401****B. Calculation of pension if computed with reference to the lower pay scale/lower level from which the pensioner had been placed in the higher pay scale before retirement**

Date of placement in grade S-9: 1-10-1991

1.Lower pay scale (V CPC) Rs. 5,000-150-8,000 (S-9)

2.Corresponding Pay Band : VI CPC, (PB-2)Rs.9,300-34,800 + Grade pay Rs.4,200

3.Level as per the Pay Matrix (Table 3) – Level : 6

4.Number of increments earned in level 6 (in grade S-9): **10**

5.Minimum of the corresponding pay level in VII CPC: Rs.35,400 (Table 4)

Option- II

Minimum of the corresponding pay level in VII CPC (level 6)	= Rs. 35,400
Notional Pay fixation based on 10 Increments drawn at the same level	= Rs. 47,600
Pension @50 percent of the notional pay so arrived	= Rs. 23,800
Pension amount admissible (higher of Option 1 and 2) Rs.23,800	

1. Amount of pension admissible if the pensioner had not been promoted to Grade S-12 Rs. 23,800

2. Amount of pension admissible due to promotion to Grade S-12 : Rs.21,401

Note: Since Grade pay of Rs. 4,600 admissible to Employees in Grade S-12 from 1-1-2006 has not been given to Pre-2006 Pensioners retired from the same Grade and as they have been granted Grade Pay of Rs. 4,200 only, there is no change in the level in Pay Matrix, though they have retired from Grade S-12 after their promotion from Grade S-9 to Grade S-12. Thus in respect of pre-2006 retirees Level in pay matrix is the same, both for retirees from Grades S-9 & S-12.

From the above examples it can be seen that the amount of pension calculated as at “B” above is more than the amount of pension calculated as at “A” above. The pensioner would have got a higher amount of pension under 7th CPC **had he/she not been promoted to a higher post / pay scale** or if he/ she had **retired from the lower post/ pay scale itself**. Ironically, promotion to a higher post/ pay scale has worked out to the pensioner’s disadvantage.

Suggestion

To set right this anomaly, we suggest that instead of two options recommended by 7th CPC in para 10.1.67, **a third option be introduced** whereby the revised pension is calculated with reference to the service/pay particulars of the lower pay scale / lower level and the amount of pension which is higher of options I, II & III is authorized for payment. If this anomaly is not set right either through provision of the **suggested 3rd option** or through some other **dispensation that DoP&PW may think of**, the aggrieved pensioners are likely to seek judicial intervention and in all probability judicial orders would be in their favour on the principle of rendering natural justice.

We are aware that the above suggestion of our Association involves additional work for the PAOs in calculation of revised pension, since 3 types of computation will have to be made to ascertain the amount of pension that would be more beneficial for the pensioner. But, there seems to be no other way out to set right the glaring anomaly that is sure to arise, adversely affecting a **very large number of pensioners - especially pre-2006 pensioners**, after implementation of the formulation recommended by the 7th Pay Commission. We, therefore request DoP&PW to peruse and accept the suggestion made by us with a view to avoid a striking anomaly that will arise as stated above.

Para10.1.70**Rounding off of the amount of pension**

In the New Pay Matrix vide Table No. 5 the amount of revised pay arrived at after multiplying the existing entry level pay by 2.57, 2.62 and so on, has been rounded off to the nearest Rs.100 , ignoring an amount less than Rs. 50 and rounding off Rs. 50 and above to the next Rs. 100.

But, in the case of calculation of revised pension indicated in the illustrations in para10.1.70 of the Pay Commission's report, the amount of revised pension arrived at after multiplication of the existing pension by 2.57 has been rounded off to the next higher rupee as per the extant rules

The different methods of rounding off of fractions as stated above will result in an anomaly between the amounts of pension paid to a pre-2016 Pensioner and a post- 2016 Pensioner retiring at the same stage of Pay as shown in the example given below.

Employee retiring on 30-11-2015

Basic Pay : 55,040 ((Pay in the Pay Band Rs.46340 + Grade Pay Rs.8700)(Level -13)

Pension sanctioned @ 50 % of Basic : 27,250

Revision of pension from 1-1-2016 in terms of para10.1.67 – 7th CPC

Existing pension 27250 multiplied by 2.57 = Rs.70726.4 rounded off to **Rs. 70,727**

Employee retiring on 31-1-2016

Existing Basic Pay 55,040

Revised basic pay after multiplication of the existing basic pay by 2.57 = Rs.1,41,453

In the Pay Matrix for level 13, the figure closest to Rs.1,41,453 is Rs.1,41,600.

Hence the pay of the employee will be fixed at **Rs.1,41,600** in level 13 in the new pay Matrix. on 1-1-2016

On the employees retirement on 31-1-2016, his/her pension will be fixed at 50% of the revised pay @ **Rs.70,800**

Revised Pension of an employee retiring on 30-11-2015 with a basic pay of Rs.55,040 = Rs.70,277

Pension fixed for an employee retiring on 31-1-2016 with same pre revised basic pay = Rs.70,800

We suggest that since the pay commission has recommended rounding off of fraction of the amount of pay of serving employees to the nearest 100 rupees, DoP&PW may please consider rounding off of fraction of the amount of pension to the next rupees 50 (since pension is calculated at 50% of pay)

Doubts which need clarifications**1. Pension Calculation and Qualifying Service**

The Pay Commission in para10.1.6 7(i) of its report states that

*“All the Civilian personnel including CAPF who retired prior to 01.01.2016 **Fifty percent** of the total amount so arrived at shall be the revised pension.”*

As per the above recommendation, pension shall be calculated at 50 % of the notional pay. It is therefore presumed that there will not be any pro rata reduction in pension for **less than 33 years of service** in respect of pre -2006 Pensioners and **for less than 20 years of service** in respect of post -2006 Pensioners since the Pay Commission has not recommended any reduction in the amount of pension for lesser number of years of service. This may please be confirmed.

2. Increments

A. Number of increments

Regarding the number of increments to be added to the minimum pay of the corresponding level in the pay matrix the report states that

*“All the Civilian personnel.....
..... 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**.....”*

It is presumed that the number of increments earned both in the pay scale from which the pensioner had retired and in the corresponding pre-revised pay scale in the same grade/level are to be taken into account for counting the total numbers of increments earned in that level.

This may please be confirmed.

Example:

Grade S-19

Pay Scale from which Retired: V CPC: Rs.10,000-325-15,200 :	Increments earned: 4
Corresponding pay scale: IV CPC Rs. 3000-100-3500-125-4500 :	Increments earned: 8
Total number of increments to be added to notional minimum pay:	12

B. Stagnation Increments

It is presumed that stagnation increment is also to be included in the number of increments earned in that level. This may please be confirmed.

3. Revision of pension of pensioners who had retired from posts which were upgraded subsequent to their retirement

The Pay Commission has recommended a new Pay Matrix with distinct pay levels which would be the Status determiner. The new levels have been determined on the basis of the existing levels of Grade Pay.

As the new levels are based on the existing Grade Pay, the level in the Pay Matrix for pre-2006 Pensioners has to be determined on the basis of the Grade Pay they would have been entitled to but for retirement. Some of the posts were upgraded to higher pay scale from 1-1-2006 and granted higher grade

pay. For example, the post in Grade S-12 in the pay scale of Rs. 6,500-200-10,500 was upgraded to the pay Scale of Rs.7,450-225-11,500 and granted Grade Pay of Rs.4,600. But, for revision of pension of pre 2006 Pensioners retiring from the pay scale of Rs. 6,500-200-10,500 or corresponding pre- revised pay scales, Grade Pay of Rs.4,200 only was considered . Similarly, in respect of several posts upgraded under 5th CPC also, Grade Pay admissible for the normal corresponding pay scale only was considered for revision of pension in terms of para 4.2 of DoP&PW OM dated 1-9-2008.Thus pre- 2006 Pensioners were denied the benefit of upgraded pay scale even though they too had served in the same Grade before their retirement.

With the 7th CPC recommending that “**increments earned in that level**” shall be added to the minimum pay of the corresponding level in the pay matrix, to arrive at the notional pay for calculation of pension and as the level is determined on the Grade Pay, the grievance of pre-2006 pensioners who had retired from posts which were upgraded subsequent to their retirement will continue to remain unresolved even after implementation of 7th CPC recommendations, if they are accepted by the Government.

We earnestly request that this long pending demand of pre-2006 Pensioners, which is stated to be under consideration, may please be considered favorably on priority basis, which will pave the way for their placement in a higher level under 7th CPC making them eligible for higher pension.

4. Family Pension

Para 10.1.25 states that the Commission does not recommend any further increase in the rate of pension and family pension from the existing levels. Therefore, the family pension will continue to be calculated at 30% of last pay. While the Pay Commission recommends revision of pension of pre -2016 pensioners under the formulation suggested by it vide para10.1.67, there is no mention on the question of revision of family pension of pre-2016 family pensioners either in paras, 10.1.25 or 10.1.67 or in any other parts of the report. Hence, it may please be clarified whether the provisions of para 10.1.67 and 10.1.68 are equally applicable to pre-2016family pensioners also, however, with the exception that the family pension shall be calculated at 30 % of the notional pay.

We suggest that the provision for revision of family pension, on the analogy of revision of pension in terms of options I & II indicated in para 10.1.67of Pay Commission’s report, may please be specifically included in the O M likely to be issued in due course.

Conclusion:

The letter of DoP&PW dated 1/3-12-2015 calling for the views of our Association to be submitted before 7-12-2015, was received by us on 12-12-2015, leaving no room for a more analytical study of the report. However, with a view to send our views/ comments as early as possible, an interim reply listing out the anomalies, doubts and suggestions has been given in the fore going paras for favour of consideration.

Thanking you,

yours faithfully

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