

Circular No. 165

Audit/Tech./070-XXI
O/o the Pr.CDA (P),
Allahabad
Dated: 22 .02.2013.

To,

The CMD

1. All Public Sector banks
2. Private Sector Banks (i.e. ICICI, HDFC and AXIS Banks)

Sub: Delay in payment of pension to Defence Pensioners / Family Pensioners by agency banks.

The payment of pension to defence (including defence civilian) pensioners/family pensioners is disbursed by banks as per instructions contained in scheme for payment of pension of defence pensioners by Public Sector Banks.

Any other order issued by Government affecting entitlement of basic pension, increased dearness relief or other benefits are also supplied to the banks through circulars for timely & correct implementation.

However, this office as well as CGDA/Ministry of Defence is regularly receiving complaints from defence pensioners/family pensioners regarding delay in payment, payment at incorrect rate etc. The number of complaints from pensioners/family pensioners is increasing regularly, which has been viewed seriously by higher authorities.

Though, the remedial measures on various natures of complaints received from pensioners/family pensioners are already provided in the above mentioned scheme/circulars issued from time to time by this office, however, the same are again reiterated as under.

1. Release of withheld amount of gratuity/DCRG:- Of late it is reported by pensioner/family pensioner that bank is not releasing the withheld amount of Gratuity/DCRG after expiry of six months from date of retirement (three month after date of death of Personnel in the case of family pension).

Necessary instructions to release automatically the withheld amount of Gratuity/DCRG i.e. without any instruction from Pension Sanctioning Authority, after expiry of six months/three months (in the case of family pension) is either mentioned on back side of the PPO itself or enclosed/attached separately with the Pension Payment Order concerned. Therefore, there is only a need to establish a mechanism for release of the withheld amount of Gratuity/DCRG automatically after expiry of six months / three months as the case may be, if nothing is heard from concerned Pension Sanctioning Authority in this regard during the above period.

2. Restoration of Commuted Portion of Pension after 15 years of retirement:- Representations against non restoration of commuted portion of pension even after completion of 15 years are also received in a large numbers. To avoid such representation following guidelines, though already circulated under this office circular No.83 dt.24.11.2000, are reproduced.

(i) Where the commutation of pension is/was simultaneous with the retirement, the commuted portion of pension shall be restored after expiry of 15 years with effect from the date of retirement, if payment of commuted value

of pension is made during the first month of retirement leading to appropriate reduction on account of commutation in first pension itself.

(ii) Where commutation of pension is applied and notified after the date of commencement of pension and commuted portion leads to a reduction in pension in second or subsequent month, the 15 year period for restoration of commuted portion will be reckoned from the date of payment of commuted value i.e. from the date on which reduction in pension on account of commutation become effective.

(iii) Further, where the commuted value is paid in more than one stages, the reduction in amount of pension in such cases shall be made from the respective date of payment and commuted portion of pension of such pensioners will also be restored in stages by pension disbursing authorities on completion of 15 years from the date of reduction in pension.

A mechanism to restore the commuted portion of pension automatically after expiry of 15 years as clarified above also needs to be established.

3. Payment of Fixed Medical Allowance:-

(A)Defence Pensioners/Family Pensioner:-

(i) Consequent on introduction of new Medicare Scheme w.e.f. 1.4.2003, all Ex servicemen who retired on or after 1.4.2003, have to become member of ECHS compulsory and are not eligible to draw Fixed Medical Allowance. All pre 01.4.2003 retirees have the option of either joining the scheme after depositing the requisite lump sum amount for the purpose or drawing Fixed Medical Allowance as per extent rates. Such pensioners/family pensioner who join this scheme will thereby not be entitled to Fixed Medical Allowance.

(ii) Payment of Fixed Medical Allowance in r/o all pre-01.04.2003 pensioners/family pensioners who do not join the scheme will be regulated as under.

(a) All defence pensioners/family pensioners in whose cases pension payment orders were issued by this office till 31.10.98, have been become entitled to the payment of Fixed Medical Allowance w.e.f. 01.12.97 or the date of commencement of their pension whichever is later provided that they opt for medical allowance and submit an undertaking to the bank to the effect that they are entitled to medical facilities under Armed Forces Hospital/MI Room but are residing in the areas where no such outdoor facilities are available. On the basis of this undertaking bank was requested to make an entry in regard to grant of medical allowance in the PPO, Payment Register and pension certificate and to authorized payment of Fixed Medical Allowance.

(b) The grant of Fixed Medical Allowance in r/o pensioners / family pensioners whose pension payment order is issued after 31.10.98 had to be notified in the PPO itself.

(c) Such an undertaking shall be obtained by the bank every year alongwith the certificate, the pensioner is required it furnish to continue the payment of Fixed Medical Allowance.

(d) Only one change in option, in the life time of pensioners/family pensioners shall be allowed.

(e) The Fixed Medical Allowance has been enhanced from Rs.100/= p.m. to Rs. 300/= p.m. w.e.f. 01.09.2008.

Note:- (i) If any pensioner or family pensioner receives two pensions, only single Medical Allowance as per the extant rules is admissible if he/she does not avail of the medical facilities provided by the respective organizations.

(ii) Re-employed pensioners/Employed family pensioners are not entitled to medical allowance as medical facilities are provided by his/her organization

(B) Defence Civilian Pensioners / Family Pensioner:-

(i) All defence civilian pensioners/family pensioners in whose cases pension payment orders were issued by this office till 30.4.98, have been become entitled to the payment of Fixed Medical Allowance w.e.f. 01.12.97 or the date of commencement of their pension whichever is later provided that they opt for medical allowance and submit an undertaking to the bank to the effect that they are entitled to medical facilities under CGHS or similar Health scheme administrated by the Central Government but are residing in the areas where no such outdoor facilities are available. On the basis of this undertaking bank was requested to make an entry in regard to grant of medical allowance in the PPO, Payment Register and pension certificate and to authorized payment of Fixed Medical Allowance.

(ii) The grant of Fixed Medical Allowance in r/o pensioners / family pensioners whose pension payment order is issued after 30.04.98 had to be notified in the PPO itself.

(iii) After exercising above option and furnishing undertaking, if pensioners residential address is changed from CGHS covered area to a non CGHS covered area and vice-versa, only one change in option in the life time of a pensioner shall be allowed to avoid hardship to the pensioner as well as bank.

(iv) Such an undertaking shall be obtained by the bank every year alongwith the certificate, the pensioner is required to furnish to continue the payment of Fixed Medical Allowance.

Note:- (i) If any pensioner or family pensioner receives two pensions, only single Medical Allowance as per the extant rules is admissible if he/she does not avail of the medical facilities provided by the respective organizations.

(ii) Re-employed pensioners/Employed family pensioners are not entitled to medical allowance as medical facilities are provided by his/her organization.

4. Payment of Enhanced Rate of Ordinary Family Pension:- Enhanced rate of ordinary family pension is payable for 7 years from the date of death of service personnel/pensioner or till attaining the age of 67 years whichever is earlier.

In all cases, where family pension is notified either jointly (i.e. Joint Notification) or separately the period of grant of enhanced rate as well as normal rate is also notified in the PPO itself.

Consequent upon implementation of 6th CPC recommendations, the enhanced rate of ordinary family pension is payable for a period of ten years, without any upper age limit from the date of death of the personnel to the family of a personnel who dies in service. This period of grant is also notified in the PPO itself. However, often it has come to the notice of this office as well as HQrs. Office/MOD that bank is making the payment of family pension at normal rate though the period/condition mentioned in the PPO for payment of enhanced rate has not expired.

5. Payment of Additional quantum of pension/family pension to pensioners/family pensioners of 80 years of age and above: -

(i) The procedure for payment of additional quantum of pension/family pension to old pensioner/family pensioner has been provided in this office circulars No.57 dt. 27.9.2008, 68 dt. 28.7.2009, 72 dt. 24.9.2009, 75 dt. 25.11.2009, 83 dt. 12.10.2011, 397 dt.18.11.2008, 417 dt. 02.09.2009, 441 dt. 01.10.2010 and 470 dt.27.9.2011.

According to these, the additional quantum of pension/family pension on attaining the age of 80 years and above would be admissible at the below mentioned rates :-

Age of pensioners/family pensioners	Additional quantum of pension/family pension
From 80 years to less than 85 years	20% of Basic Pension/family pension
From 85 years to less than 90 years	30% of Basic Pension /family pension
From 90 years to less than 95 years	40% of Basic Pension /family pension
From 95 years to less than 100 years	50% of Basic Pension /family pension
100 years or more	100% of Basic Pension /family pension

(ii) In cases where exact date of birth of pensioner/family pensioner is available in the PPO, the additional quantum of pension/family pension on attaining the age of 80 years and above, would be payable at the above mentioned rates from the first day of the month in which his/her date of birth falls.

(iii) However, in case the exact date of birth is not available either in the PPO or in the office records, but an indication regarding the age of pensioner / family pensioner is available, the additional quantum of pension/family pension shall be paid from the 1st January of the year following the year in which the pensioner / family pensioner has completed the age of 80 years and above, based on the PPO/Office records. For example if the records show that the pensioner/family pensioner has already completed the age of 80 years/85 years as on 1st January 2008, he/she shall be allowed additional quantum of pension/family pension from 1st January 2008. No corrigendum PPO is required to be issued in such cases.

(iv) In case neither the exact date of birth nor the age is available either in the PPO or in the office records, the bank will request the pensioner / family pensioner to submit four copies of any of the following documents duly attested by a Gazetted officer/MLA to the bank.

- (a) PAN Card
- (b) Matriculation Certificate (containing the information regarding date of birth)

- (c) Pass Port
- (d) CGHS/ECHS Card
- (e) Driving license (if it contains date of birth)
- (f) Election ID Card
- (g) Aadhaar Number UIDAI

A. If the document submitted by the pensioner / family pensioner contains the information regarding exact date of birth, the additional quantum of pension/family pension will be payable from the 1st day of the month in which his/her date of birth falls. However, in case the exact date of birth is not available on the documents submitted by the pensioner / family pensioner but an indication regarding the age of pensioner / family pensioner is available therein, the additional quantum of pension/family pension shall be paid from the 1st January of the year following the year in which the pensioner / family pensioner has completed the age of 80 years, 85 years etc. based on the documents submitted by the pensioner / family pensioner.

B. The bank will make the additional quantum of pension/family pension, on provisional basis, up to a period of six months from the month in which the proof of date of birth/age is submitted by the pensioner/family pensioner. In all such cases, the bank will immediately send one copy of each documents submitted by the pensioner / family pensioner to the Service HQrs / RO / HOO in r/o commissioned officers / PBOR / Defence Civilians respectively for verification and submission to concerned Pension Sanctioning Authorities for formal notification of date of birth/age through corrigendum PPO.

C. The bank will make payment of additional quantum of pension/family pension beyond a period of six months only on receipt of a corrigendum PPO notifying the date of birth/age of pensioner / family pensioner.

D. In case, the pensioner / family pensioner is unable to submit any of the documents mentioned in para 5(iv) above, but claims additional pension based on some other documentary evidence, such cases will be submitted by the bank to the Administrative Ministry through service HQrs(for Commissioned Officers)/Record Office (for PBOR)/HOO(for Defence Civilians) as the case may be. If Administrative Ministry is satisfied about the claim of the pensioner / family pensioner the same will be authorized through corrigendum PPO. No additional pension will be released by the bank until the corrigendum PPO is issued by the Pension Sanctioning Authorities.

6. Payment of Dearness Relief on pension/family pension: -

(i) Of late, it is represented by the defence pensioners / family pensioners that additional installment of dearness relief is not paid timely by the banks. Banks take the plea that they have not received any order/circulars in this regard from this office. In this context, attention is drawn to this office circular No. 3/1992 bearing file No. G1/C/0113/Vol. X/Tech dt 29th April 1992, wherein banks were requested to release the dearness relief to defence pensioners (including defence civilian) pensioners/family pensioners on the basis of Government Order on the subject received from the Ministry of personnel, PG&P (Deptt. of Pension and pensioners welfare) New Delhi without waiting any instruction from this office as they are authorized to do so by the Ministry itself.

(ii) This view has also been strengthened by RBI vide, item 2 of Master Circular on disbursement of Pension by Agency Banks conveyed to all agency

Banks under RBI Master Circular RBI/2011-13/98 (Ref DGBA GAD No. H-1/31.05.001/2011-12 dt. July 1, 2011)

7. Payment of dearness relief during re-employment of pensioners / family pensioners:-

The payment of dearness relief during re-employment / employment / permanently absorption of pensioners / family pensioners under the Central or State Government or in a Statutory Corporation / Company / Body / Bank under them in India or abroad, is not being regulated correctly by various banks though the position on the subject is clearly stipulated in Ministry of Personnel, Public Grievances & Pensions, Deptt of P&PW letter No. 45/73/97-P&PW(G) dt. 2nd July, 1999 and Ministry of Defence letter 79(1)/95/D (Pen/Services) dated 28th August 2000 and Deptt of P&PW UO No. 41/42/2007-P&PW(G) dt. 3-4-2008. For uniform implementation of above orders, position is re-clarified as under.

(a) In case of re-employed pensioners who hold Group 'A' post or posts of the ranks of commissioned officers at the time of their re-employment will not be entitled to any dearness relief on pension on the fact that:- (i) a certain portion of pension is taken into account and is not entirely ignored. (ii) the pay in the post of re-employment is not required to be fixed at the minimum of the scale in all cases, and (iii) dearness allowance at the rates applicable from time to time is also admissible on the pay fixed on re-employment.

(b)(i) The entire pension admissible is to be ignored in the case of civilian pensioner who held posts below Group 'A' and those ex-servicemen who held posts below the ranks of commissioned officers, at the time of their retirement. Their pay on re-employment is to be fixed at the minimum of the pay scale of the post in which they are re-employed. Such civilian pensioners will consequently be entitled to dearness relief on their pension at the rates applicable from time to time.

(b)(ii) The ex-servicemen (PBOR) who retired before attaining the age of 55 years and re-employed thereafter and their pay fixed at a higher stage because of advance increments and no protection of the last pay drawn is being given, the pay should be treated as fixed at a minimum only for the purpose of ignoring the entire pension and allowing dearness relief on pension.

(c) The disability element is part of disability pension, therefore position explained at a & b above will also apply for regulating dearness relief on disability element during re-employment of pensioner drawing disability pension.

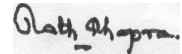
(d) The family pension received by the eligible central Govt. employees/Armed Forces pensioners is, in any case, not taken into account in determining their pay on employment therefore, dearness relief at the rates applicable from time to time shall be admissible on their family pension.

8. Compensation by the Agency Banks for delay in crediting pension/family pension/arrear thereof:-

(i) Delay in credit of pension/family pension/ arrears thereof by banks have always been cause of increase of representation from defence pensioners/family pensioners. Though, RBI has already issued the guidelines to all agency banks to put in place a mechanism to obtain immediately the copies of pension order from Pension Sanctioning Authorities directly and to make payments so that pensioners/family pensioners should get benefits announced

by the Governments in the succeeding month's pension payment itself. (ii) Non adhering by of above guidelines, thereby causing, increase of complaints from pensioners/family pensioners alleging inordinate delay in disbursing the revised pension/family pension and arrears thereof has been reviewed by RBI. And in order to obviate the such unwarranted inordinate delay in payment of pension/defence pension and arrears thereof, RBI has further instructed vide item 34 of Master Circular on Disbursement of pension by Agency Banks issued by RBI under letter No. RBI/2013-13/103, DGBA.GAD.No.H-4/31.05.001/2012-13 dated July 2, 2012 that pension paying banks should compensate the pensioner for delay in crediting the pension/family pension/ arrears thereof by paying compensation at a fixed interest rate of 8 percent for the delay after the due date and the compensation shall be credited to the pensioner's/family pensioner's account automatically without any claim from the pensioner/family pensioner on the same day when the bank affords credit for revised pension/family pension/ arrears thereof in respect of all delayed pension payments made since October 1, 2008.


In view of the positions explained above, it is requested that all paying branches/CPPC making/authorising payment of defence (including defence civilian) pension/family pension may be advised/instructed either to put in place a mechanism to revise/calculate the pension/family pension/ arrears thereof at earliest so that pensioner/family pensioner should get the benefits announced by the Government in the succeeding month's pension payment itself or to compensate the pensioner/family pensioner at a fixed interest rate of 8 percent for the delay in crediting his/her pension/family pension or arrear thereof.



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Copy to:

1. The CGDA, Office of the CGDA Ulan Batar Road, Palam, Delhi Cantt.-10: For information w.r.to HQrs Office letter No. 5169/AT-P/Vol-X dt.20.12.2012
2. The PCDA (Navy), Cooperage Road, Mumbai.
3. The CDA (AF), New Delhi.
4. PA to CDA (AT) / CDA (Gts) in Main Office.
5. PA to All Addl.CDA/Jt.CDA, in Main Office.
6. All GOs, in Main Office.
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9. Officer-in-Charge, All sections (Local).
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