

No. 17(02)/2016-D(Pen/Pol)  
Government of India  
Ministry of Defence  
Department of Ex-Servicemen Welfare  
New Delhi

Dated 4<sup>th</sup> September 2017

To

The Chief of the Army Staff  
The Chief of the Naval Staff  
The Chief of the Air Staff

**Sub: Implementation of the Government decision on the recommendations of the Seventh Central Pay Commission - Revision of provisions regulating Pension/ Gratuity/ Commutation of Pension/ Family Pension including pensionary awards notified in terms of casualty pensionary awards in respect of Commissioned Officers, Junior Commissioned Officers & Other Ranks, Retiring or dying in harness on or after 1.1.2016.**

Sir,

The undersigned is directed to refer to the Government's decisions on the recommendations of the Seventh Central Pay Commission notified vide Government of India, Ministry of Defence, Department of Ex-Servicemen Welfare Resolution bearing No 17(1)/2014/D(Pension/Policy) dated 30.9.2016, recommendations of National Anomaly Committee on methodology for calculation of disability element for Defence Forces and Ministry of Personnel, Public Grievances and Pension, Department of Pension and Pensioners' Welfare Office Memorandum No. 38/37/2016 - P&PW(A) (i) dated 4.8.2016 as modified vide OM F No 42/14/2016-P&PW(G) dated 24.10.2016. Sanction of the President is hereby accorded for modification in the rules regulating Pension, Family pension, Retirement/ Death/Service Gratuity, Commutation of pension, pensionary awards under casualty pensionary awards including Ex-gratia lump sum compensation in cases of invalidment etc., to the extent specified in this letter.

2. The provisions of the Pension Regulations, 2008 of Army and various Services Regulations, Instructions and Government Orders issued by this Ministry from time to time, which are not affected by the provisions of this letter, shall remain unchanged.

3. DATE OF EFFECT

3.1 The revised provisions of this letter shall apply to the Commissioned Officers (including MNS and Territorial Army Officers), Junior Commissioned Officers and Other Ranks of the three Services, Non-Combatants (Enrolled) in the Air Force, Defence Security Corps and the Territorial Army (hereinafter collectively referred to as Armed Forces Personnel) who retired/discharged/ released/invalided out or died in harness on or after 1.1.2016. Separate orders have already been issued in respect of Armed Forces Personnel who retired/died before 1.1.2016.

3.2 Where Pension/ Family Pension/ Death Gratuity/ Retirement Gratuity/ Commuted Value of Pension or pensionary awards under casualty pensionary awards has already been sanctioned provisionally, or otherwise, in cases of



retirement/death occurring on or after 1.1.2016, the same shall be revised in terms of these orders. In cases where pension has been finally sanctioned under the pre-revised orders and if it happens to be more beneficial than the pension becoming due under these orders, the pension already sanctioned shall not be revised to the disadvantage of pensioner.

#### 4. RECKONABLE EMOLUMENTS

4.1 The term 'Reckonable Emoluments' for the purpose of calculating various pensionary benefits other than various kinds of Gratuities, shall consist the following-

4.1.1 Commissioned Officers: Pay in the Pay Matrix, Military Service Pay and Non Practicing Allowance, if any, last drawn by the officer (Refer - Army Officer Pay Rules-2017, Air Force Officer Pay Rules-2017, Navy Officer Pay Regulations-2017 as may be the case)

4.1.2 Junior Commissioned Officers & Other Ranks: Pay in the Pay Matrix, Military Service Pay, and 'X' Group Pay & Classification Allowance, if any, last drawn by the JCOs/ORs (Refer - Army Pay Rules-2017, Air Force Pay Rules-2017, Navy Pay Regulations-2017 as may be the case).

4.2 For calculation of all kinds of gratuities, dearness allowance admissible on the date of retirement/discharge/invalided out/death, shall continue to be treated as part of emoluments along with the emoluments as defined in para 4.1 above.

#### 4.3 SPECIAL PROVISIONS FOR THOSE WHO OPTED TO CONTINUE TO DRAW PAY IN THE PRE-REVISED SCALE OF PAY

4.3.1 Those who have elected to continue to draw pay in the pre-revised scale of pay and have retired/ discharged/ invalided out of service on or after 1.1.2016, their pension and gratuity, as applicable, shall be calculated under the rules in force immediately before coming into effect of these orders.

4.3.2 The term 'Reckonable Emoluments' for the purpose of pensionary benefits under this Para 4.3.1 shall be the same as defined in para 3.1 of this Ministry's letter No 17(4)/2008(2)/ D(Pen/Pol) dated 12.11.2008 and shall also include Dearness Allowance notified under Sixth CPC Pay structure.

4.3.3 Entitlement of gratuity shall be determined under the order in force immediately before coming into effect of these orders subject to the maximum ceiling as prescribed in Para 8 of this Ministry's letter No. 17(4)/2008(2)/D (Pen/Pol) dated 12.11.2008.

4.3.4 Family Pension shall also be allowed in accordance with orders applicable prior to the issue of these orders.

4.4 In the case of Commissioned Officers and JCOs/ORs who have opted for the revised pay structure and have retired/discharged within 10 months from the date of coming over to the revised pay structure, the 'average emoluments for 10 months period preceding retirement/discharge will be calculated by taking into account pay



as follows:-

(a) For the period during which pay is drawn in the revised pay structure	Pay drawn in the prescribed Pay Matrix plus Military Service Pay, 'X' Group pay and whole of Classification Allowance (where applicable in case of JCOs/ORs) and Non Practicing Allowance, if any.
(b) For the period during which pay was drawn in the pre-revised pay scales	Pay determined after applying multiplying factor of 2.57 to the sum of existing pay in the Pay Band, Grade Pay, Military Service Pay, 'X' Group Pay (in case of JCOs/ORs) and NPA, if any, drawn during the relevant period plus whole of classification allowance, if any, drawn by JCOs/OR.

## 5. QUALIFYING SERVICE

5.1 The minimum period of qualifying service prescribed for earning various kind of pension and gratuity by Defence Forces personnel, shall continue as hithertofore. There shall also be no change in the provisions for determining reckonable qualifying service for calculating pension and gratuity.

## 6. PENSION

6.1 Subject to para 6.2, there shall be no change in the provisions regulating the amount of pensions including pension determined under casualty pensionary awards. However, the provisions for determining pension based on notional maximum of pre-revised pay scale in respect of JCOs/OR, shall be discontinued.

6.2 The amount of pension shall be subject to a minimum of Rs 9,000/- and the maximum pension would be 50% of highest pay in the Government (the highest pay in the Government is Rs 2,50,000/- with effect from 1.1.2016). However, the maximum ceiling shall be applicable only in the case of Service/Retiring Pension, Service element of Disability/ Liberalized disability/ War Injury Pension and Ordinary Family Pension. The said ceiling is not applicable in the cases of Disability/ Liberalised Disability/ War Injury element, being authorized under casualty pensionary awards.

6.3 The quantum of additional pension/family pension available to the old pensioners/family pensioners shall be continue to be as follows-

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



The Pension Sanctioning Authorities should ensure that the date of birth and the age of a pensioner/ family pensioner, are invariably indicated in the Pension Payment Order to facilitate payment of additional pension by the Pension Disbursing Agencies as soon as it becomes due. Dearness relief shall also be admissible on the additional pension available to old pensioners/family pensioners.

Note: The additional pension payable to old pensioners/ family pensioners of 80 years of age and above shall also be applicable to old pensioners/ family pensioners of 80 years of age and above in receipt of War injury pension/ Disability pension/ Liberalized family pension/ Special family pension.

## 7. GRATUITY

7.1 The maximum limit of all kinds of Gratuity i.e. Retiring/ Retirement /Service /Invalid/ Special/ Terminal/ Death Gratuity shall be Rs. 20 lakhs. This ceiling on gratuity shall be increased by 25% whenever the Dearness Allowance rises by 50% of the basic pay.

### 7.2 DEATH GRATUITY

The rates for payment of death gratuity shall be as under:

Length of qualifying service	Rate of Death Gratuity
Less than One year	2 times of monthly emoluments
One Year or more but less than 5 years	6 times of monthly emoluments
5 years or more but less than 11 years	12 times of monthly emoluments
11 years or more but less than 20 years	20 times of monthly emoluments
20 years or more	Half month's emoluments for every six monthly period of qualifying service subject to a maximum of 33 times of emoluments.

## 8. FAMILY PENSION

8.1 Subject to para 8.2, there shall be no change in the provisions regulating the amount of various kinds of family pensions including family pension determined under casualty pensionary awards and additional family pension applicable to old family pensioners.

8.2 The amount of all kind of family pension shall be subject to a minimum of Rs 9,000/-. The maximum amount of normal rate and enhanced rate of ordinary family pension shall be 30% and 50% respectively of highest pay in the Government which is Rs 2,50,000/- with effect from 1.1.2016. The maximum ceiling is, however, not applicable in the cases of Special Family/ Liberalized Family Pension etc., applicable under casualty pensionary awards.

8.3 The dependency criteria for the purpose of family pension shall continue to be the minimum family pension along with Dearness Relief thereon.



## 9. Ex-GRATIA LUMP SUM COMPENSATION IN CASES OF INVALIDMENT

9.1 The Ex-gratia lump sum compensation to Defence Service personnel who are boarded out of service on account of disability/ war injury attributable to or aggravated by military service, shall be paid @ Rs 20 lakh for 100% disability subject to provisions as stipulated in this Ministry's letter No. 2(2)/2011/D(Pen/Pol) dated 26.12.2011. For disability/ war injury less than 100% but not less than 20%, the amount of Ex-gratia compensation shall be proportionately reduced. No Ex-gratia lump sum compensation shall be payable for disability/ war injury less than 20%. The proportionate compensation would be based on actual percentage of disability as certified by the Invaliding Medical Board, without applying broad banding provisions as contained in Para 7.2 of this Ministry's letter No 1(2)/97/D(Pen-C) dated 31.01.2001.

## 10. BROAD-BANDING OF PERCENTAGE OF DISABILITY/WAR INJURY ON DISCHARGE

10.1 Where an Armed Forces personnel is discharged/retired under the circumstances mentioned in Para 4.1 of this Ministry's letter No 1(2)/97/D(Pen-C) dated 31.1.2001 with disability including cases covered under this Ministry's letter No 16(5)/2008/D(Pen/Policy) dated 29.9.2009 and the disability/ war injury has been accepted as 20% and more, the extent of disability or functional incapacity shall be determined in the manner prescribed in Para 7.2 of said letter dated 31.1.2001 for the purpose of computing disability/ war injury.

10.2 Rates for calculation of disability where composite assessment is made due to existence of disability, as well as war injury, shall be determined in terms of provision contained in Para 3(b) of Ministry's letter No. 16(02)/2015-D(Pen/Pol) dated 8<sup>th</sup> August 2016.

## 11. EX-GRATIA AWARDS TO CADET (DIRECT)

11.1 In cases of disablement / death, following Ex-gratia award shall be payable subject to the same conditions as hitherto in force in the event of invalidment on medical ground / death of a Cadet (Direct) due to causes attributable to or aggravated by military training-

11.1.1 Monthly Ex-gratia amount of Rs 9,000/- per month.

11.1.2 In cases of disablement, Ex-gratia disability award @ Rs 16,200/- per month shall be payable in addition for 100% of disability during period of disablement subject to prorata reduction in case the degree of disablement is less than 100%. No disability award shall be payable in cases where the degree of disablement is less than 20%.

11.1.3 In cases of death, Ex-gratia amount of Rs 12.5 lakhs.

11.1.4 The Ex-gratia awards to Cadets (Direct)/ NoK, shall be sanctioned purely on ex-gratia basis and the same shall not be treated as pension for any purpose. However, dearness relief at applicable rates shall be granted on monthly ex-gratia as well as ex-gratia disability award.



## 12. CONSTANT ATTENDANT ALLOWANCE (CAA)

12.1 "Constant Attendant Allowance shall continue to be admissible under the condition as hithertofore at the existing rate from 1.1.2016 to 30.06.2017. However, it shall be admissible at the uniform rate of Rs. 6750/- per month, irrespective of the rank with effect from 1.7.2017."

## 13. COMMUTATION OF PENSION:

13.1 There shall be no change in the provisions relating to commutation values, the limit upto that the pension can be commuted or the period after which the commuted pension is to be restored.

13.2 The pensioners who have retired between 1.1.2016 and date of issue of orders for revised pay/ pension based on the recommendations of the 7<sup>th</sup> CPC, shall have an option, in relaxation of provisions of relevant Pension Regulations, not to commute the pension which has become additionally commutable on retrospective revision of pay / pension on implementation of recommendations of the 7<sup>th</sup> CPC. Option form to be used for this purpose shall be prescribed by the PCDA (Pension), Allahabad along with their implementation instructions.

13.3 The option may be invited only from those who want to commute their pension which has become additionally commutable as per Para 13.2 above and no commutation shall be allowed as a default. In such cases, RO/HOO/PSAs will finalize the cases without waiting for option for commutation of additional pension and such option, if any, received later on (within four months from the date of issue of this letter) may be processed separately for additional commutation. Option for additional commutation on the basis of revised pension once exercised would be final and in no case it would be entertained at a later stage. Service Hqrs may be deputed as Nodal agencies to carry out such exercise with the respective ROs for the speedy implementation of work and forward such cases to PSAs.

## GENERAL INSTRUCTIONS

14. The amount of various pensionary awards admissible in terms of this order, shall be rounded off to the next higher rupee by the Pension Sanctioning Authorities.

15. If the amount of any monthly pension/ family pension admissible under the provisions of this letter works out to be less than Rs 9,000/- per month, it shall be stepped up to Rs 9,000/- per month and authorized for payment at this rate.

16. The pension/ family pension notified in terms of these orders from 1.1.2016 or thereafter, shall qualify for dearness relief sanctioned by the Government from time to time in accordance with the relevant rules/ instructions.

## PROCEDURE FOR SANCTION OF REVISED PENSION TO THOSE WHO HAVE ALREADY RETIRED

17. For revision of pensionary awards as per provisions of this letter in respect of Armed Forces personnel who have already retired/ discharged/ invalided out/ died



on or after 1.1.2016 and in whose cases, pensionary benefits at pre-revised rates have already been notified, the Record Offices concerned in case of JCOs/ORs and PCDA(O) Pune/ Naval Pay Office Mumbai/ AFCAO, New Delhi, as the case may be in respect of commissioned officers, will initiate and forward revised LPC-cum-Data Sheet as prescribed by PCDA(Pensions), Allahabad, to their respective Pension Sanctioning Authorities (PSAs) for issue of Corrigendum PPOs notifying the revised pensionary awards. Further, implementation instructions to all concerned, shall be issued by PCDA (Pensions), Allahabad immediately on receipt of these orders.

18. Pension Regulations of the three Services, shall be amended in due course.

19. This issues with the concurrence of the Finance Division of this Ministry vide their ID Note No.10(03)/2017/Fin/Pen dated 30.08.2017.

20. Hindi version will follow.

Yours faithfully



( Manoj Sinha )

**Under Secretary to the Government of India**

Copy to: As per Standard list

