

Sub:- Counting of two additional increments for the purpose of revision of pension w.e.f. 1.1.2016 in respect of pre-2016 Scientists/Engineers pensioners in Department of Space, Department of Atomic Energy and DRDO.

The Scientists/Engineers in various grades in the Department of Space, Department of Atomic Energy and DRDO were sanctioned two additional increments in their basic pay w.e.f. 1.1.1996. The orders in this regard were issued in the year 1992. Initially these two additional increments were not counted towards calculation of pension on retirement of the Scientists/Engineers. Accordingly the pension of these Scientists/Engineers was calculated based on their basic pay without the element of these two additional increments.

2. The Scientists/Engineers in these Departments had been agitating for counting these two increments also for calculation of their pension on retirement. On the basis of some court decisions and with the approval of Department of Expenditure, these Departments have since issued orders for counting of the two additional increments for the purpose of calculation of pension on retirement. Accordingly, all Scientists/Engineers who retired on or after 1.1.1996 are getting the benefit of two additional increments in their basic pay for the calculation of their initial pension on retirement.

3. Department of Pension & Pensions' Welfare has issued order on 12.5.2017 for revision of pension of pre-2016 pensioners on the basis of notional fixation of their pay and the pay matrix recommended by the 7th CPC in the level corresponding to the pay in the pay scale/pay band and grade pay at which they retired/died. This will be done by notional pay fixation under each intervening Pay Commission based on the formula for revision of pay. 50% of the notional pay as on 1.1.20016 shall be the revised pension and 30% of notional pay shall be the revised family pension.

4. Questions have been raised by Department of Space and Department of Atomic Energy in regard to revision of pension w.e.f. 1.1.2016 of pre-2016 Scientists/Engineers pensioners whose initial pension at the time of retirement includes the element of two additional increments. On examination, it was found that there was no uniformity in the three Departments in regard to the amount of increments that is being counted for the purpose of calculation of initial pension and also the manner in which the pension is to be revised w.e.f. 1.1.2016 taking into account the two additional increments drawn at the time of retirement. In order to understand the issue in detail, a meeting was taken by Joint Secretary (Pension) on 16.3.2018 with the representatives of the three Departments i.e. Department of Space, Department of Atomic Energy and DRDO. The meeting was taken to consider the following issues :-

- (i) Will the two increments added to the basic pay of the Scientists/Engineers retired during 5th and 6th Pay Commission period be taken into account for the purpose of fixation of notional pay and revision of pension of such pensioners w.e.f. 1.1.2016.
- (ii) If so, the manner in which the pension of Scientists/Engineers Departments will be revised w.e.f. 1.1.2016 in view of the instructions contained in this Departments OM dated 12.5.2017 for revision of pension of pre-2016 pensioners by notional fixation of pay.

5. In the discussions with the three Departments, the following position

	Department of Space	Department of Atomic Energy	DRDO
Fixation of initial pension of those who retired during 1.1.1996 to 31.12.2005	<p>Orders for grant of two additional increments to the Scientists/Engineers were issued in the year 1999. Since during the 5th Pay Commission (1.1.1996 to 31.12.2005), the rate of increments was fixed in all scales (e.g. Rs. 325 for the pay scale of Rs. 10,000-325-15200, Rs. 375 for the pay scale of Rs. 12,000-375-16500 and Rs. 400 for the pay scale of Rs. 14300-400-18,300), there was no difficulty in determining the amount of two additional increments available to the Scientists/Engineers. Initially the amount of these two additional increments was not reckoned for calculating the pension.</p> <p>In January, 2014, orders were issued to include the amount of two additional increments in emoluments for calculating the pension on retirement. As a result of this order, the initial pension of all those who retired during 1.1.1996 to 31.12.2015 has been recalculated by adding the amount of two additional increments to the emoluments reckoned for pension.</p>	<p>Orders for grant of two additional increments to the Scientists/Engineers were issued in the year 1999. Since during the 5th Pay Commission (1.1.1996 to 31.12.2005), the rate of increments was fixed in all scales (e.g. Rs. 325 for the pay scale of Rs. 10,000-325-15200, Rs. 375 for the pay scale of Rs. 12,000-375-16500 and Rs. 400 for the pay scale of Rs. 14300-400-18,300), there was no difficulty in determining the amount of two additional increments available to the Scientists/Engineers. Initially the amount of these two additional increments was not reckoned for calculating the pension.</p> <p>In June, 2017, orders were issued to include the amount of two additional increments in emoluments for calculating the pension on retirement. As a result of this order, the initial pension of all those who retired during 1.1.1996 to 31.12.2015 is to be recalculated by adding the amount of two additional increments to the emoluments reckoned for pension.</p>	<p>Orders for grant of two additional increments to the Scientists/Engineers were issued in the year 1999. Since during the 5th Pay Commission (1.1.1996 to 31.12.2005), the rate of increments was fixed in all scales (e.g. Rs. 325 for the pay scale of Rs. 10,000-325-15200, Rs. 375 for the pay scale of Rs. 12,000-375-16500 and Rs. 400 for the pay scale of Rs. 14300-400-18,300), there was no difficulty in determining the amount of two additional increments available to the Scientists/Engineers. Initially the amount of these two additional increments was not reckoned for calculating the pension.</p> <p>In November, 2017, orders have been issued to include the amount of two additional increments in emoluments for calculating the pension on retirement. As a result of this order, the initial pension of all those who retired during 1.1.1996 to 31.12.2015 is to be recalculated by adding the amount of two additional increments to the emoluments reckoned for pension.</p>
			<p>The Department forwarded the pension papers for fixation of pension in the 5th CPC period as well as for revision of pension w.e.f. 1.1.2006 and 1.1.2016 to CPAO. However, the pension cases have been returned by CPAO in the absence of a clarity regarding the manner in which pension of pre-2016 pensioners is to be revised w.e.f. 1.1.2016 in such cases.</p>

<u>Fixation of initial pension of those who retired during 1.1.2006 to 31.12.2015</u>	<p>During the 6th CPC period, the amount of increments was not fixed. The normal rate of increments in the new pay structure was 3% of the (basic pay + grade pay) during the preceding year.</p>	<p>During the 6th CPC period, the amount of increments was not fixed. The normal rate of increments in the new pay structure was 3% of the (basic pay + grade pay) during the preceding year.</p>	<p>During the 6th CPC period, the amount of increments was not fixed. The normal rate of increments in the new pay structure was 3% of the (basic pay + grade pay) during the preceding year.</p>
	<p>The amount of two additional increments allowed to serving Scientists/ Engineers was based on the least amount of the increment in the particular grade. For example :- the amount of two additional increments of the Scientists/ Engineers in [PB 4 (pay band Rs. 37,400-67000) with grade pay of Rs. 8700] was fixed at Rs. 2770/- (Rs. 6% of Rs. 46,100).</p> <p>After issue of the order for counting of two additional increments in pension, the amount of Rs. 2770 was added to the emoluments for the purpose of initial pension of those who retired during 1.1.2006 to 31.12.2015.</p>	<p>The amount of two additional increments allowed to serving Scientists/ Engineers was based on the least amount of the increment in the particular grade. For example :- the amount of two additional increments of the Scientists/ Engineers in [PB 4 (pay band Rs. 37,400-67000) with grade pay of Rs. 8700] was fixed at Rs. 2770/- (Rs. 6% of Rs. 46,100).</p> <p>The Department forwarded the pension papers for fixation of pension in the 6th CPC period as well as for revision of pension w.e.f. 1.1.2016 to CPAO. However, the pension cases have been returned by CPAO in the absence of a clarity regarding the manner in which pension of pre-2016 pensioners is to be revised w.e.f. 1.1.2016 in such cases.</p>	<p>The amount of two additional increments allowed to serving Scientists/ Engineers was based on the amount of the last increment earned in the particular grade. For example :- the amount of one additional increment of a Scientists/Engineers drawing a basic pay of Rs. 51500 in [PB 4 (pay band Rs. 37,400-67000) with grade pay of Rs. 8700] was fixed at Rs. 1500/- [Rs. 51500 (current pay) - Rs. 50,000 (previous year's pay)]. Accordingly, the amount to two additional increments is Rs. 1500*2 - Rs. 3000.</p>
			<p>As the orders for including two additional increments in pay for calculating pension have been issued only in November, 2017, the Department is yet to re-calculate the initial pension of those who retired during 6th CPC and to revise the pension w.e.f. 1.1.2016.</p>
<u>Revision of pension w.e.f. 1.1.2006 of those who retired during 1.1.1996 to 31.12.2005</u>	<p>The pension w.e.f. 1.1.2006 of those who retired during the 5th CPC period has been revised by consolidating their pre-revised pension (which includes the element of two additional increments) + dearness pension + dearness relief + fitment benefit @ of 40% of basic pension. Their pension would, however, not be less than 50% of the minimum of pay in the revised pay band + the grade pay w.e.f.</p>	<p>Department of Atomic Energy proposed to revise the pension w.e.f. 1.1.2006 in the same manner as has been done by Department of Space and sent the proposals to CPAO for initial fixation of pension as well as for revision of pension w.e.f. 1.1.2016. However, the pension cases have been returned by CPAO in the absence of a clarity regarding the manner in which pension of pre-2016 pensioners is to</p>	<p>The Department is yet to re-fix the initial pension of those who retired during 5th CPC by including the two additional increments. As such, action to revise the pension w.e.f. 1.1.2006 has also not yet been taken.</p>

	<p>1.1.2006. However, the amount of two additional increments has not been taken into account for determining the revised minimum pension under this method. Thus, the revised pension w.e.f. 1.1.2006 of those Scientists/Engineers who retired during 1.1.1996 to 31.12.2005 would be the consolidated pension [pre-revised pension (which includes element of two additional increments) + Dearness Pension + Dearness Relief + Fitment Benefit] or 50% of the minimum pay + Grade pay in the revised pay structure, whichever is higher.</p>	<p>be revised w.e.f. 1.1.2016 in such cases.</p>	
Fixation of initial pension of those who retired during 1.1.2016 onwards	<p>In the 7th CPC, Government has notified pay matrix for the serving employees. Department of Space has re-fixed the pay of serving employees at the appropriate stage in the matrix as per the normal pay. Fixation Rules on the basis of pre-revised basic pay. The amount of two additional increments to be granted to the serving employees has been separately worked out. This amount is equal to twice the difference between second stage and the first stage in a particular level in the 7th CPC matrix, multiplied by two. For example, for the serving officers in level 13, the amount of two additional increments is Rs. $3600 * 2 = 7200$.</p> <p>Thus the pension of those retiring after 1.1.2016 is worked out at 50% of [the basic pay in 7th CPC + amount of two increments as worked out above].</p>	<p>In the 7th CPC, Government has notified pay matrix for the serving employees. Department of Space has re-fixed the pay of serving employees at the appropriate stage in the matrix as per the normal pay fixation Rules on the basis of pre-revised basic pay. The amount of two additional increments being paid to the serving Engineers/Scientists is the same as was being given during the 6th CPC. For example, the amount of two additional increments of the Scientists/ Engineers in Level 13 in 7th CPC matrix which was fixed at Rs. 2770/- remains unchanged.</p> <p>Thus the pension of those retiring after 1.1.2016 is proposed to be worked out at 50% of [the basic pay in 7th CPC + amount of two increments at 6th CPC rate]</p>	<p>The representatives of the DRDO were unable to explain as to how the two additional increments are being taken into account for pay revision and pension fixation of the Engineers/ Scientists who were in service as on 1.1.2016 and retired thereafter.</p>

Revision of pension w.e.f. 1.1.2016 of those who retired during 5th and 6th CPC	Department of Space has issued orders for revision of pension of pre-2016 pensioners by including the elements of the two additional increments in the same manner as in the case of serving officers. The amount of two additional increments (as worked out in the case of serving employees as on 1.1.2016) would be added to the notional pay as determined in accordance with the Revised Pay Rules /Concordance Table and 50 % of the amount so arrived at would be the revised pension	The pension revision cases have been returned by CPAO in the absence of a clarity regarding the manner in which pension of pre-2016 pensioners is to be revised w.e.f. 1.1.2016 in such cases.	DRDO is yet to take action for revision of pension of Engineers/ Scientists retired before 1.1.2016
	w.e.f. 1.1.2016 in respect of the Scientists/Engineers in the Department of Space who retired before 1.1.2016. Department of Space has sought approval for revision of pension of pre-2016 Scientists/Engineers in the above manner		

6. We are now required to take a view on the two questions mentioned in para 4 above. As regards the question whether the two additional increments added to the basic pay of the Scientists/Engineers retired during 5th and 6th Pay Commission period would be taken into account for the purpose of fixation of notional pay and revision of pension of such pensioners w.e.f. 1.1.2016, it is submitted that the issue regarding two additional increments in the case of Scientists/Engineers is similar to Non-Practicing Allowance in the case of medical officers. Government medical officers were entitled to be entitled to Non-Practicing Allowance @ 25% of their basic pay during 5th & 6th CPC. During 1.1.2016 to 30.6.2017, the amount of Non-Practicing Allowance continued to be @ 25% of the pre-revised basic pay. Non-Practicing Allowance has been revised @ 20% of the Revised basic pay w.e.f. 1.7.2017. The amount of NPA, as available to the serving Government Medical Officers is also being added to the notional basic pay of the pre-2016 retired medical officers for the purpose of revision of their pension w.e.f. 1.1.2016/1.7.2017. It is, therefore, felt that in the case of pre-2016 Engineers/Scientists pensioners of the three Departments, two additional increments may also be taken into account for the purpose of revision of their pension w.e.f. 1.1.2016.

7. As regards the manner in which the pension of Scientists/Engineers Departments will be revised w.e.f. 1.1.2016 by taking into account the two additional increments, in the meeting held on 16.3.2018 with the three Departments, the following two alternate methods were suggested:

(i) The pay of these pensioners may be notionally fixed w.e.f. 1.1.2016 at the appropriate stage/level in the 7th CPC matrix based on their basic pay at the time of retirement during 5th or 6th CPC (without including two additional increments) in accordance with the instructions contained in this Departments OM dated 12.5.2017 and the concordance tables issued thereafter. The amount of two additional increments to be added would be equal to twice the difference between second stage and the first stage in a particular level in the 7th CPC matrix, multiplied by two. For example, for the serving officers in level 13, the amount of two additional increments would be Rs. 3600 *2 = 7200. The revised pension would be 50% of the notional pay in 7th CPC matrix + amount of two increments as worked out above

(ii) The pay of these pensioners may be notionally fixed w.e.f. 1.1.2016 at the appropriate stage/level in the 7th CPC matrix based on their basic pay at the time of retirement during 5th or 6th CPC (without including two additional increments) in accordance with the instructions contained in this Departments OM dated 12.5.2017 and the concordance tables issued thereafter. The amount of notional pay so arrived at may be increased by two stages in same level in the matrix. 50% of the amount so arrived at would be the revised basic pension w.e.f. 1.1.2016. The two additional increments would get subsumed in the notional pay/revised pension so fixed.

(iii) The amount of two additional increments may be merged with the basic pay drawn at the time of retirement. Thereafter, the pay of these pensioners may be notionally fixed w.e.f. 1.1.2016 at the appropriate stage/level in the 7th CPC matrix based on the pay (including two additional increments) at the time of retirement during 5th or 6th CPC in accordance with the instructions contained in this Departments OM dated 12.5.2017 and the concordance tables. 50% of the amount so arrived at would be the revised basic pension w.e.f. 1.1.2016. The two additional increments would get subsumed in the notional pay/revised pension so fixed

8. While the Formulation in para 7(i) has been recommended by the Department of Space, in the meeting held on 16.3.2018, DRDO recommended Formulation in para 7(iii). On a comparative analysis of the three alternate formulations, Formulation in para 7(iii) seems to be most appropriate.

9. We may request Department of Expenditure for their approval to the Formulation in para 7(iii) above, before the three Departments are advised accordingly.

(S.K. Makkar)

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Dir. (PP)