

MASTER CIRCULAR

Master Circular No. 53

Pension Scheme on Railways and Retirement Benefits on Absorption in Public Sector Undertakings/Autonomous Bodies.

Pension Rules are incorporated in the Indian Railway Establishment Code Vol. II (1973 edition) and the Manual of Railway Pension Rules (1968 edition). The Manual embodies pension rules and orders as were issued from time to time in a self contained and readily understandable form. The manual however has not been updated after 1968 and during this period, large number of provisions either has become obsolete or has been substantially modified by issue of numerous orders. In view of this, a need has been felt for compiling some of the more important instructions for the guidance of the staff dealing with the pension work in the form of Master Circulars.

Master Circular No. 1 enclosed with this letter brings out instructions on the following subjects.

1.	Introduction of Pension Scheme on Railways and Pension options for the Railway employees who were governed by the PF Rules	Part 'A'
2.	General Rules on pensionary matters	Part 'B'
3.	Retirement benefits for the Railway employees permanently absorbed in Public Sector Undertakings.	Part 'C'
4.	Retirement benefits for the Railway employees absorbed in Autonomous Bodies	Part 'D'
5.	Guidelines for timely payment of retirement dues to the retiring employee and the families of the employee who die while in service	Part 'E'

3. The instructions contained in the original circular referred to have only prospective effect from the date of issue unless indicated otherwise in the concerned circular. For dealing with old cases, the instructions in force at the relevant time should be referred to.

4. If any circular current on the subject has been lost sight of, the same should not be ignored and should be treated as valid and operative. References to the orders based on which the above chapters have been framed are indicated against each item of the chapter.

CHAPTER I

Part 'A'

Introduction of Pension Scheme on Railways and Pension options for the employees governed by Provident Fund Scheme.

1. Pension scheme was introduced on the Railways on 16.11.1957 effective from 1.4.1957 vide Railway Boards letter No. [F\(E\)50/RTI/6 dated 16.11.1957](#). All railway employees who entered service on and after 16.11.1957 are governed by the said Pension Scheme. The new Pension Scheme was practically an adoption of the provisions of the Railway Pension

Rules 1950 promulgated as the Liberalised Pension Rules, 1950 vide Railway Boards letter No. [E48-CPC/208 dated 8th July 1950](#), as amended & clarified from time to time.

- 2. At the time of introduction of pension scheme on the Railways, pension option was also allowed to all those non-pensionable railway servants who were in service on 01.04.1957 or had joined railway service between 01.04.1957 and 16.11.1957 in preference to the Provident Fund scheme by which they were governed. This option was open until 30.09.1959.**
- 3. As a result of various improvements in the service conditions or implementation of the Pay Commission's recommendations etc. fresh options were again allowed to the staff to join the pension scheme as these improvements had bearing on the pensionary benefits. In all 12, such options were allowed. The details of these orders are as under: -**

Option No.		Letter No and date.	Option validity period	Reasons for giving option.
1	i)	F(E)50/RTI/6 dated 16.11.1957	1.4.1957 to 30.9.1959	Introduction of pension scheme on Railways
	ii)	F(P)58 PN 1/6 dated 07.03.1958		
	iii)	F(P)58 PN 1/6 dated 19.06.1958		
	iv)	F(P)58 PN 1/6 dated 24.12.1958		
	v)	F(P)58 PN 1/6 dated 28.03.1959		
2.	i)	PC60/RB-2/2 dated 17.09.1960	1.7.1959 to 31.12.1961	Merger of DA with Pay - Revised Pay Structure (IInd Pay Commission Recommendation.)
	ii)	-Do- dated 07.04.1961		
	iii)	-Do- dated 02.11.1961		
	iv)	-Do- dated 13.11.1961		
3.		F(P)62 PN 1/2 dated 26.10.1962	1.9.1962 to 31.3.1963	Liberalisation of pensionary benefits.
4.		F(P)63 PN 1/40 dated 17.01.1964 & dated 04.07.1964	17.1.1964 to 16.7.1964	Introduction of Family Pension Scheme.
5.		F(P)65 PN1/41 dated 03.03.1966, dated 27.04.1966, dated 26.05.1966	31.12.1965 to 30.6.1966	In pursuance to the recommendation of JCM/NC
6.		F(E)III 68 PN1/2 dated 13.09.1968 and dated 31.03.1969	1.5.1968 to 31.3.1969	-Do-
7.		F(E)III 71 PN 1/3 dated 15.07.1972	15.7.1972 to 21.10.1972	
8.		PC-III 73 PN/3 dated 23.07.1974	1.1.1973 to 31.12.1978	IIIrd pay commission's recommendations Restructuring of cadres.
9.		F(E)III 79 PN1/4 dated 23.08.1979 and 01.09.1980	31.3.1979 to 22.2.1981	Liberalisation of Pension formula.
10.		F(E)III 82 PN1/7 dated 04.10.1982, dated 09.11.1982 dated 13.05.1983, dated 02.06.1983	31.1.1982 to 31.8.1983	Merger of ADA with pay for retirement benefits.
11.		F(E)III 85 PN1/5 dated 18.06.1985	31.3.1985 to 17.12.1985	100% Merger of DA/ADA with pay for retirement benefits.

12.	PC-IV/87/IMP/PN1 dated 08.05.1987 (RBE 115/1987) & (RBE 116/1987)	1.1.1986 to 30.9.1987	Implementation of IV Pay Commission Recommendations.
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- 4.
5. As per the last pension option order issued under Boards letter No. [PC-IV/87/ Imp/ PN1 dated 08.05.1987](#) (RBE 115/1987), CPF beneficiaries who were in service on 1.1.1986 and those who continued to be in service on the date of issue of the said order were, however, automatically deemed to have come over to the Pension scheme unless they specifically opted to continue under the Contributory Provident Fund Scheme. The last date for such option was 30.9.1987.
6. All pension option orders issued from time to time were made applicable retrospectively from the specified dates as mentioned in each order. The staffs who had retired in the intervening period but were otherwise eligible to opt for the pension scheme were, therefore, also given the option to join the pension scheme by refunding the payment of settlement dues that they had received under the Contributory Provident Fund Scheme. Similarly, the families of the deceased employees who were eligible for these options were also allowed the option to join the pension scheme by refunding the payments they had received under the Provident Fund Scheme.
7. Apart from the twelve options given to the staff referred to above the families of the deceased railway employees were also given the following option to opt for the Pension Scheme by issue of following separate orders-
1. [F\(E\)III 72 PN 1/3 dated 15.09.1972](#)
 2. [F\(E\)III 72 PN 1/19 dated 19.09.1972 & 18.12.1972](#)
 3. [F\(E\)III 72 PN 1/19 dated 07.04.1975](#)
 4. [F\(E\)III 79 PN 1/4 dated. 12.11.1979.](#)
8. Besides the above orders, instructions were also issued under Boards letter No. [F\(E\)III 68 PN1/37 dated 07.10.1970](#) and [16.07.1971](#) as per which the request from the families of the employees, who had retained the Provident fund scheme and were either killed or died as a result of injuries sustained in the due performance of their duties were also considered on merits for being allowed to join the pension scheme. Further, under Boards letter No. [F\(E\)III 84 PN 1/17 dated 16.07.1985](#), families of railway employees who died in harness could also come over to the pension scheme.

Part 'B'

GENERAL RULES

Retirement benefits under Pension Rules

1. These comprise mainly of the following: -
 - i. Pension and retirement gratuity,
 - ii. Family Pension and Death gratuity
2. Ordinary Gratuity/Pension becomes admissible to a Railway servant temporary or permanent, with not less than 10 years qualifying service. On his quitting services on account of either abolition of post or medical

invalidation or retirement on completion of 30 years qualifying service or superannuation. The Minimum pension payable in all such cases is Rs. 375/- p.m.

[Authority for minimum pension: - Board's letter No. [F\(E\)III 87/PN1/6 dated 09.03.1987](#) (RBE 326/1987)]

2.1 Retirement Gratuity - It is payable to a railway servant on his retirement if he has completed five years qualifying services at the scale of one fourth of the emoluments for each completed six monthly period of qualifying service subject to a maximum 16^{1/2} times emoluments provided that the amount of retirement gratuity payable shall in no case exceed Rs. 1 lakh.

2.2 Death Gratuity - It is payable to the family of a railway servant in the event of his death in harness at the following scales: -

Less than one year's service	2 Times of emoluments
One year or more but less than five years	6 Times of emoluments
Five years or more but less than 20 years	12 Times of emoluments
20 years or more	Half of emoluments for each completed six monthly period of qualifying service subject to a maximum of 33 times emoluments, provided that the amount of death gratuity shall in no case exceed Rs. one lakh.

Service Gratuity :- Those quitting with less than 10 years qualifying service, gratuity at a uniform rate of half month's emoluments for every completed six-months period of service.

2.3 Pension for Temporary employees.

Temporary employees who retire on superannuation or on being declared permanently incapacitated for further railway service by the appropriate medical authority after having rendered not less than 10 years of service shall be eligible for grant of superannuation or invalid pension as the case may be, retirement gratuity and family pension in accordance with the rules.

[Authority: i) Letter No. [F\(E\)III 78 PN 1/13 dated 12.02.1981](#),
ii) Letter No. [PC-IV/87/ Imp/PN/I dated 15.04.1987](#) (RBE 90/1987)]

2.4 ##{With effect from 1.1.1996, pension shall continue to be calculated at 50% of average emoluments in all cases and shall be Subject to a minimum of Rs. 1,275 p.m. and maximum upto 50% of the highest pay in the Government i.e., Rs. 30,000. The maximum limit of retirement/death gratuity shall be Rs. 3.5 Lakhs. Further, pension of all the retired Railway servants irrespective of the date of retirement shall not be less than 50% of the minimum pay in the revised scale of pay introduced w.e.f. 1.1.1996 of the post last held by the pensioner. This is, however, Subject to the retired Railway servant having rendered 33 years of qualifying service and where

the qualifying service is less than 33 years, pro-rata reduction shall be made from the revised pension. Similarly w.e.f. 1.1.1996 family pension shall not be less than 30% of the minimum pay in the revised scale of pay introduced w.e.f. 1.1.1996. Revision of pension/family pension of the Railway servants who had retired/died during different periods shall be regulated in terms of the detailed procedure given in the following letters.}

[Letter No. [F\(E\)III/97/PN 1/22 dated 05.11.1997](#) (RBE 142/1997) & [23.10.1998](#) (RBE 242/1998) and Letter No. [F\(E\)III/98/PN 1/29 dated 15.01.1999](#) (RBE 8/1999)]

3. Family pension

Family pension at the rates specified from time to time is admissible to the widow/ widower and where there is no widow to the children of he deceased railway servant who.

- i. dies while in service after completion of not less than one year's service or with less than one year's service provided the deceased railway servant was medically examined at the time of entering into the railway service; or.
- ii. after retirement was in receipt of pension or compassionate allowance.

[Authority: [F\(P\)63 PN 1/40 dated 02.01.1964](#), [F\(E\)III 85 PN1/19 dated 26.07.1985](#), [PC-III/73/PN 1/3 dated 02.01.1974](#) & [F\(E\)III/88/PN 1/12 dated 03.06.1988](#) (RBE 117/1988)]

4. Commutation of pension

4.1 A railway servant is entitled to commute for a lump sum payment a fraction not exceeding one-third of his pension. A pensioner who has commuted a portion of his pension and on 1.4.1985 or thereafter completed or will complete 15 years from his respective date of retirement will have his commuted portion of pension restored.

[Authority: [F\(E\)III 87 PN1/7 dated 26.03.1987](#) (RBE 329/1987)]

4.2 A Railway servant retiring from service on or after 1.1.1996 is entitled to commute for a fraction not exceeding 40% of his pension.

[Authority : Letter No. [F\(E\)III/97/PN 1/22 dated 05.11.1997](#) (RBE 142/1997)]

5. Pensionary benefits are determined based on the following two concepts.

5.1 **Qualifying service** - Pension and gratuity is calculated based on qualifying service, which means continuous temporary, or officiating service under the Government. Qualifying service of a railway servant commences from the date he takes charge of the post to which he is first appointed either substantively or in an officiating or temporary capacity.

(Authority: Para 104 of MRPR)

5.2 Emoluments for pensionary benefits - In respect of a railway servant quitting service on or after 1.1.1986 emoluments for pensionary benefits mean pay as defined in Rule [1303\(a\)\(i\)](#) of the Indian Railway Establishment Code Vol. II (1987 Edition) which the railway servant was receiving immediately before his retirement or on the date of his death. [Authority Board's letter No. [PC-IV 87/Imp/PN/1 dated 15.04.1987](#) (RBE 90/1987)]. 'Average Emoluments' are determined with reference to emoluments drawn by a railway servant during the last ten months of his service.

6. No pensionary benefits are admissible to a railway servant who is dismissed or is removed or resigns from the railway service.

(Authority: Letter No. [F\(E\)III 77 PN 1/11 dated 05.08.1977](#))

6.1 The authority competent to dismiss or remove a railway servant may, if the case is deserving of special consideration as per the laid down norms, sanction a Compassionate Allowance not exceeding $\frac{2}{3}$ rd of pension or gratuity or both which would have been admissible to him if he had retired on Compensation Pension.

(Authority: Para 309 of MRPR)

7. A railway servant compulsorily retired from service as a penalty may be granted by the authority competent to impose such a penalty pension or gratuity or both at a rate not less than $\frac{2}{3}$ rd and not more than full Compensation pension (earlier Invalid Pension) or gratuity or both admissible to him on the date of his compulsory retirement.

(Authority: Para 312 of MRPR)

8. Recovery of Government Dues

Government dues like dues pertaining to Government/Railway accommodation including arrears of licence fee, house building or any other type of advances, over payment of pay and allowances or leave salary and arrears of Income Tax deducted at source under the Income Tax Act 1961 (43 of 1961), losses caused by the railway servant including short collection of freight charges, shortage in stores etc can be recovered from the gratuity payable to the railway servant even without his consent or without obtaining the consent of his family in case of a deceased railway servant.

(Authority: Letter No. [F\(P\)59 PN 1/34 dated 22.10.1959](#))

8.1 Recovery of Government dues can also be made from the pensioners Relief without the consent of pensioner.

(Authority: Letter No. [F\(E\)III B5 PN1/13 dated 20.09.1985.](#))

Part 'C'

Retirement benefits for railway employees absorbed in Public Sector Undertakings

Railway servants, who are permanently absorbed in Public Sector Undertakings are eligible to the grant of retirement benefits under the scheme with which they are governed. Such cases are governed by separate sets of orders. The conditions governing such cases for grant of retirement benefits and the relevant orders thereof are as follows :-

2. Railway employee with atleast five years service who were absorbed permanently by the Public Sector Undertakings in Public interest were allowed retirement benefits in respect of their previous pensionable/non-pensionable service rendered on the Railways. Initial orders to this effect were issued on 15.06.1961 stipulating that railway servant who is deputed or transferred to service in a body corporate owned or controlled by Government and subsequently permanently absorbed in such organisations after resigning from railway service was eligible to the grant of an amount equal to his own subscription in the Provident fund together with interest in his non contributory Provident Fund on the date of his permanent absorption. Those who were non pensionable were eligible to the grant of Government contribution on the date of absorption plus special contribution, to the Provident Fund as was due to him. The railway's liability was to be discharged by crediting these amounts to the Contributory Provident Fund with such bodies.

(Authority: Letters No. F(P)60 PN 1/43 dated 15.06.1961 & F(P)64 PN 1/46 dated 15.03.1965)

3. Clarification was issued that resignation from railway service with a view to join Public Sector Undertaking shall be treated as good and sufficient from the point of view of administration to claim retirement benefits.

(Authority: F(E)III 66 PN 1/25 dated 21.09.1966)

4. Permanent Railway servants with 10 years service on absorption with Public Sector Undertaking were allowed pro rata pensionary benefits whereas those who retired with less than 10 years service were eligible to ordinary gratuity in lieu of pension and Death cum retirement gratuity based on the length of qualifying service at the time of absorption. The payments however were to be made only from the date the railway servant/would have normally superannuated had he continued in service.

4.1 Railway servant was also given six months time from the date of his absorption to exercise option to –

- i. Receive monthly pension and DCRG; or
- ii. Receive DCRG and lumpsum amount in lieu of pension.

4.2 Railway servant was not eligible to the benefit of family pension on absorption.

(Authority: - Letter No. [F\(P\)67 PN 1/18 dated 21.09.1967](#))

5. Railway servant governed by PF Rules on absorption was allowed option for receiving the pro rata retirement benefits as were transferred to his new PF Account in the Public Sector Undertaking.

(Authority: [F\(E\)III 70 PF 1/2 dated 11.02.1970](#))

6. Absorbed railway servant in the event of his resignation within two years from the date of his absorption was required to obtain approval of the Government before he could take up any private employment.

(Authority; [F\(P\)67 PN 1/18 dated 18.02.1970](#))

7. Railway servant governed by PF Rules was allowed Special contribution to Provident Fund on pro rata basis, based on the length of railway service even though he may not be eligible to the grant of SC to PF under the normal provisions of Provident Fund Rules.

(Authority: [F\(E\)III 70 PF 1/2 dated 30.04.1971](#))

8. The amount of commutation of pension of a portion of pension upto a maximum of one third was exempted from income tax payable by the absorbed railway servant. Those who opted for lumpsum payment in lieu of pension, the lumpsum payment was treated as two components (i) the commuted value upto the normal limit of one third of pension and (ii) terminal benefit equal to $\frac{2}{3}$ rd of pension. Whereas the one-third amount of the commuted value was exempted from income tax, the terminal benefit component was chargeable to tax as income of the year in which it was due. However, the recipient was allowed to spread this amount evenly over the preceding three years for levy of income tax.

8.1 Resignation with a view to absorption in Public Sector undertaking was treated as deemed retirement. The amount of DCRG payable to the absorbed employee was exempted from income tax.

(Authority: [F\(P\)67 PN 1/18 dated 10.09.1971](#))

9. The pro rata retirement benefits were made payable either from the date from which the railway servant could have retired voluntarily under the rules applicable to him or from the date of his absorption in the Undertaking whichever was later.

(Authority: [F\(P\)67 PN 1/18 dated 23.06.1973](#))

10. The benefit of commutation of pension allowed on absorption was subject to medical examination in accordance with the provisions of Railway Pension (Commutation) Rules. Where the medical Board directs that the age of the

employee for the purpose of commutation shall be assumed greater than his actual age the absorbed employee will have the opportunity to change his option for receiving lumpsum payment to the option of monthly pension.

(Authority: [F\(E\)III 72 PN 1/25 dated 11.07.1973](#))

11. With effect from 21.09.1967 the benefit of Family Pension Scheme, 1964 as incorporated in the Railway Pension Rules was allowed to the absorbed employee provided he was governed by the Pension Rules and was otherwise eligible for pension on the date of his absorption. This was not allowed to a railway servant who was eligible only for service gratuity in lieu of pension. The benefit of family pension from the railway was allowed only if the family pension under the Public Sector Undertaking was not admissible or the absorbed employee was not covered under the Family Pension Scheme of the Enterprise for one reason or the other.

(Authority: [F\(E\)III 75 PN 1/15 dated 29.01.1976](#),
[F\(E\)III 78 PN 1/18 dated 24.08.1978](#)
& [F\(E\)III 85 PN 1/25 dated 26.12.1985](#))

12. Pro rata pension/gratuity and other benefits to a railway servant who joins Public Sector Undertaking on 'immediate' absorption were allowed irrespective the appointment was in public interest or otherwise provided that the employee had applied through proper channel and released only after obtaining his resignation. The absorbed employee is eligible for encashment of LAP at his credit but the half pay leave will stand forfeited.

12.1 With the issue of above orders permitting immediate absorption, the earlier system of deputation to such bodies was dispensed with except where the Government specifically allow deputation in selective Undertakings,

(Authority: [F\(E\)III 86 PN 1/5 dated 16.04.1986](#))

13. Clarification issued that Nationalised Banks including Reserve Bank of India and State Banks are autonomous bodies and not Public Sector Undertakings.

(Authority: [F\(E\)III 86 PN 1/15 dated 21.07.1986](#))

14. The absorbed railway servant was allowed option either to get the family pension from the Railways or from the Public Sector Undertakings subject to fulfilment of specified conditions.

[Authority: [F\(E\)III 90 PN 1/8 dated 21.02.1990](#) & [25.06.1992](#) (RBE 100/1992)]

- 14.1. **##{The entitlement of the family pension in the case of absorbed employees is also to be indicated in the calculation sheet to be supplied to them for future use with an explanation that the benefit of family pension**

will be admissible in such cases subject to fulfillment of prescribed conditions.}

[Authority : No. [91/AC-II/21/4 dated 24.04.1993](#)]

15. Separate set of format indicating terms and conditions of absorption in Public Sector Undertaking prescribed for issue of appropriate sanctions.

[Authority: [F\(E\)III 86 PN 1/5 dated 31.08.1990](#) (RBE 147/1990)]

16. Permanent Railway employees, deputed to Public Sector undertakings/ Autonomous Bodies / Joint Sector Undertakings under the control of State Governments and subsequently absorbed permanently in such organisations with the prior permission of the competent authority, allowed w.e.f. 9.1.1984 pro-rata retirement benefits as admissible to permanent Railway employees absorbed permanently under the Autonomous Bodies controlled by the Central Government.

W.e.f 31.3.1987 Railway employees are required to join Public Sector Undertakings/ Autonomous Bodies/ Joint Sector undertakings under the control of State Governments on immediate absorption basis.

[Authority: [F\(E\)III/84/PN 1/5 dated 25.06.1984](#) & [F\(E\)III/92/PN 1/25 dated 16.03.1993](#) (RBE 40/1993)]

17. Retirement benefits to a railway servant who had applied on his own volition on the basis of his application in response to Press advertisement for posts in Public Sector Undertakings and Autonomous bodies was also allowed the payment of retirement benefits as allowed to those who were permanently absorbed after deputation in public interest.

(Authority: [E\(NG\)72 AP/12 dated 02.08.1972](#),
[E\(NG\)II/73/AP/11 dated 05.12.1975](#)
& [E\(NG\)II/77/AP/19 dated 24.05.1978](#))

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18. Formats for issue of sanction of terms and conditions on permanent absorption of permanent Railway employees in Central Public Sector Undertakings/Central Autonomous Bodies, has been revised incorporating the changes which have taken place consequent upon the publication of Railway Services (Pension) Rules, 1993 and Railway Services (Commutation of Pension) Rules, 1993.

[Letter No. [F\(E\)III/86/PN 1/5 dated 21.09.1994](#) (RBE 72/1994)]

19. The Cut-off date i.e. 21.09.1967 envisaged in Board's letter No. [F\(P\)67 PN 1/18 dated 21.09.1967](#) for grant of pro-rata retirement benefits has been removed and the benefits have been extended to all permanent Railway employees, who were absorbed in Central Public Sector Undertakings prior to 21.09.1967 Subject to certain conditions.

[Letter No. [F\(E\)III/95/PN 1/1](#) dated [07.04.1995](#) (RBE 27/1995) and [25.06.1997](#) (RBE 93/1997)]

- 20.** The existing facility of receiving capitalized value equivalent to 100 percent commutation of pension on absorption in Public Sector Undertakings/Autonomous Bodies, etc. stands withdrawn w.e.f. 10.07.1995.

[Letter No. [F\(E\)III/95/PN 1/9](#) dated [10.07.1995](#) (RBE 65/1995)]

- 21.** The Railway servant will be relieved only after he has tendered technical resignation for being absorbed in Central Public Sector Undertakings/Autonomous Bodies. The relieving order should indicate the period, normally 15 days, within which he should join the PSU/AB. The period between the date of relief and the date of joining PSU/AB can be regulated by grant of leave due and admissible and if no leave is due, by grant of EOL. The case for grant of retirement dues should be processed only after ascertaining the fact of his having joined the PSU/AB.

[Letter No. [F\(E\)III/86/PN 1/5](#) dated [22.12.1995](#) (RBE 139/1995)]

- 22.** Railway servants opted for lump sum payment in lieu of pro-rata monthly pension shall be eligible for restoration of $\frac{1}{3}$ rd commuted portion of pension after 15 years from the date of commutation or 1.4.1985 whichever is later. Where the permanent absorption in the PSU/AB had taken place prior to 31.3.1979 or thereafter, the provisions contained in Liberalised Pension Formula of 1979, and/or recommendations of IVth/Vth Pay Commission as accepted by the Government, as the case may be, shall be applied while restoring $\frac{1}{3}$ rd commuted portion of pension. The restored amount of one-third pension shall not be less than one-third of 50% of the minimum pay as on 1.1.1996 in the Vth CPC scale of pay provided the absorbed employee had 33 years of qualifying service in the Railways and if the qualifying service is less than 33 years, pro-rata reduction shall be made.

Family pension, wherever admissible shall not be less than 30% of the minimum pay in Vth CPC scale of pay introduced w.e.f. 1.1.1996.

[Letter No. [F\(E\)III/96/PN 1/9](#) dated [25.10.1996](#) (RBE 103/1996), [09.01.1997](#), [06.02.1998](#) (RBE 25/1998), [18.08.1998](#) (RBE 185/1998), [18.03.1999](#) (RBE 41/1999), [18.11.1999](#) (RBE 292/99)]

- 23.** The extant instructions do not provide for counting of service rendered by a Central Government/Railway employee in Public Sector Undertaking or service rendered by an employee in PSU under the Government for the purpose of pension.

[Letter No. [F\(E\)III/84/PN 1/4](#) dated [27.02.1997](#) (RBE 35/1997) and [24.04.1997](#) (RBE 60/1997)]

- 24. Resignation tendered by Railway employees while on deputation of Public Sector Undertakings, etc, in order to get absorbed in such organizations, should be processed and orders accepting the same issued before the expiry of the sanctioned deputation term and not at a later date with retrospective effect.**

[Letter No. [F\(E\)III/97/PN 1/9](#) dated **08.08.1997 (RBE 108/1997)]**

- 25. Option once exercised by a Railway servant to receive 100% commutation of pension instead of pro-rata monthly pension consequent upon his permanent absorption in PSUs/ ABs, is to be treated as final and the request for changing option vice-versa cannot be permitted at any later stage.**

[Letter No. [F\(E\)III/97/PN 1/9](#) dated **27.12.1999 (RBE 317/1999)]**

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Part 'D'

Retirement benefits admissible to a railway servant absorbed in Autonomous Bodies and counting of service between Railways and Autonomous Bodies

Retirement benefits in respect of railway service to a railway servant absorbed in the Autonomous Body are governed by separate sets of orders. Conditions governing such cases and the relevant orders are given below: -

- 2. The benefit of pro rata retirement benefits between Railways and Central Autonomous bodies is governed by the same sets of orders as are applicable for absorption of a railway servant in Public Sector Undertakings. As per the extant provisions, service rendered outside Central Government did not count for pension on Railways except in the case of scientific employees of autonomous bodies who are allowed the benefit of counting of service for pension on the Railways. With effect from 29.08.1984, Government decided to allow the benefit of counting of service for retirement benefits between Railways and the Central Autonomous Bodies and vice versa.**

(Authority [F\(E\)III 84 PN 1/4](#) dated **25.09.1984 & **08.04.1985**)**

- 3. Where the absorbed railway servant in an autonomous body had been paid the retirement benefits the rate of interest to be paid on the amount to be refunded by him for option to get the benefit of past service in the autonomous body or the Railways is fixed at 6% per annum.**

(Authority: [F\(E\)III 85 PN 1/26](#) dated **16.12.1985)**

- 4. The terms and conditions of absorption in the Central autonomous bodies are similar as applicable to permanently absorbed railway employee in the Public Sector Undertaking indicated in Board's letter No. [F\(E\)III 86 PN 1/5](#) dated **16.04.1986**. The definition of a Central Autonomous Body was also spelt out.**

[Authority: [F\(E\)III/84 PN 1/4 dated 25.06.1987](#) (RBE 331/1987)]

5. The benefit of counting of service between the autonomous body and Railways and vice versa extended to cases of permanent transfer prior to 29.08.1984.

[Authority: [F\(E\)III 84/PN 1/4 dated 12.04.1988](#) (RBE 75/1988)]

6. Clarification issued that Life Insurance Corporation is treated as Autonomous Body. General Insurance Corporation and its four subsidiaries viz. National Insurance Co. Ltd, the Oriental Insurance Co. Ltd., United India Insurance Co. Ltd. and New India Assurance Co. Ltd. to be treated as Central Autonomous Bodies.

(Authority: [F\(E\)III/84/PN 1/4 dated 17.08.1987](#) (RBE 335/1987) & [01.02.1988](#))

7. Benefit of counting of service between employees of Central Government absorbed in State Autonomous bodies and employees of Central Autonomous bodies absorbed in State Governments and State Autonomous bodies and vice versa allowed. This arrangement has been made with the State Governments of Karnataka, Madhya Pradesh Punjab, Rajasthan, Sikkim, Tripura, W. Bengal, Uttar Pradesh, Bihar, Gujarat, Assam Meghalaya, Himachal Pradesh, Andhra Pradesh, Kerala, Mizoram, Goa, Arunachal Pradesh Haryana, Orissa, Manipur & Maharashtra.

[Authority: [F\(E\) III 84 PN 1/4 dated 24.03.1986](#), [18.08.1986](#), [22.01.1987](#) (RBE 324/1987), [27.05.1988](#) (RBE 109/1988), [05.09.1988](#) (RBE 198/1988), [28.10.1988](#) (RBE 244/1988), [18.05.1990](#) (RBE 78/1990) & [15.10.1992](#) (RBE 169/1992)]

8. Detailed format for the purpose of issuing sanction to entitlements of pro rata retirement benefits on absorption of railway employees in autonomous bodies prescribed.

[Authority: [F\(E\)III 86 PN 1/5 dated 31.08.1990](#) (RBE 147/1990)]

9. Permanent Railway employees, deputed to Public Sector Undertakings/Autonomous Bodies/Joint Sector Undertakings under the control of State Governments and subsequently absorbed permanently in such organisations with the prior permission of the competent authority, allowed w.e.f. 9.1.1984 pro-rata retirement benefits as, admissible to permanent Railway employees absorbed permanently under the Autonomous Bodies controlled by the Central Government.

[Authority: [F\(E\)III/84/PN 1/5 dated 25.06.1984](#) & [F\(E\)III/92/PN 1/25 dated 16.03.1993](#) (RBE 40/1993)]

10. W.e.f 31.03.1987, Railway employees are required to Join Public Sector Undertakings/ Autonomous Bodies/Joint Sector Undertakings under the control of State Governments on immediate absorption basis. In case of

absorption in an Autonomous Body under the State Government, having pension scheme on the pattern of Central Government, the employee will have the option to count the service for pension provided the concerned State Government has entered into reciprocal arrangement with Central Government for counting of service for pension. Otherwise, the employee will be entitled to the payment of pro-rata retirement benefits only.

[Authority : [F\(E\)III/92/PN 1/25 dated 16.03.1993](#) (RBE 40/1993)]

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11. The service rendered by the employees in Government/Railways will not be counted for the purpose of pension on absorption in the Nationalised Banks including the Reserve Bank of India and the State Bank of India and its subsidiaries and other financial institutions including Life Insurance Corporation of India, General Insurance Corporation and its subsidiaries. Likewise the service rendered in these institutions by the employees prior to their appointment in Central Government/Railways will not count for the purpose of pensionary benefits under Central Government/Railways. They may seek terminal benefits as admissible from the concerned Nationalised Banks etc. in which they had rendered service before being appointed in the Central Govt./Railways.

[Letter No. [F\(E\)III/95/PN 1/4 dated 04.08.1995](#) (RBE 79/95)]

12. Discharge of pro-rata pensionary liability by the parent organization is necessary in all cases of mobility of personnel from Government/Railway to Autonomous Bodies and vice-versa if the employees opt for pensionary benefits based on the combined service in accordance with the instructions contained in Board's letter No. [F\(E\)III/84/PN 1/4 dated 08.04.1985](#) and [24.03.1986](#).

[Letter No. [F\(E\)III/84/PN 1/4 dated 07.08.1995](#) (RBE 80/1995)]

13. Belated requests for counting of past services rendered by the employees in Autonomous Bodies on their permanent absorption in the Railways and vice-versa by surrendering pro-rata pensionary benefits already drawn by them shall be considered by the Department of Pension and Pensioners' Welfare if the Ministry of Railways record a certificate of non-circulation of Board's instructions contained in their letter No. [F\(E\)III/84/PN 1/4 dated 08.04.1985](#) and [24.03.1986](#) by the Zonal/Divisional Railways.

[Letter No. [F\(E\)III/84/PN 1/4 dated 25.05.1999](#) (RBE 117/99)]

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Chapter I

Part 'E'

Orders and procedure to be followed for timely Payment of Pensionary Benefits to the retiring Railway employee

1. Delay in sanction of the payment of pensionary benefits involves hardship to the retiring employee. It is therefore imperative that the authorities dealing with the applications for pensionary benefits should act expeditiously so that the beneficiary receives his dues on due date. When delay is anticipated in sanction, the retiring employee may be granted provisional pension/gratuity or family pension/death gratuity, as the case may be on the basis of the information available with the Head of the Office or the Railway servant. Detailed procedure to deal with such cases as well as the procedure to be followed for sanctioning the pensionary benefits in time as issued from time to time are as under: -

<u>[F(E)III</u>	<u>76</u>	<u>PN</u>	<u>1/3</u>	<u>dated</u>	<u>08.04.1976,</u>
<u>F(E)III</u>	<u>76</u>	<u>PN</u>	<u>1/3</u>	<u>dated</u>	<u>15.10.1976,</u>
<u>E(G)76</u>	<u>PN</u>	<u>1-25</u>	<u>dated</u>		<u>19.11.1976,</u>
<u>F(E)III</u>	<u>79</u>	<u>PN</u>	<u>1/3</u>	<u>dated</u>	<u>01.09.1979,</u>
<u>F(E)III</u>	<u>87</u>	<u>PN</u>	<u>1/2</u>	<u>dated</u>	<u>06.03.1987,</u>
<u>F(E)III 87 PN 1/2 dated 19.08.1987 (RBE 336/1987)]</u>					

2. Order dated 08.04.1976 prescribes the time table to commence the work of preparing pension papers for payment of superannuation pension, procedure for determining qualifying service, average emoluments treatment of extraordinary leave, period of suspension, break in service, period of deputation/foreign service dispensation of the requirement of administrative sanction to grant pension, procedure for payment of provisional pension where service records are not available, adjustment of government dues etc. Similarly orders dated 01.09.1979 prescribe details for finalising cases to grant pensionary benefits to the families of employees who die while in service.
3. In all cases, efforts are made to assess and adjust the recoverable dues within a period of 3 months from the date of retirement of the Railway servant concerned. In any case, it is to be presumed that there is no claim against a Railway servant if none is made after his retirement within 15 months – if commercial debits are involved, and 6 months, if commercial debits are not involved.

In the case of retiring commercial staff, the limit of 15 months has been reduced to 6 months for payment of gratuity w.e.f. 01.08.1988 which has further been reduced to 3 months w.e.f. 30.12.1991.

[Para 323 (iv) (b) of MRPR and Board's letter No. F(E)III/87/PN 1/1 dated 17.11.1987 & 30.12.1991 (RBE 225/1991)]

4. Cases of Railway Servants whose retirement occurs ahead of superannuation, the procedure for making payment of pensionary benefits in such cases is detailed in Board's letter No. E(G)76 PN 1-25 dated 19.11.1976.

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5. Instructions issued for prompt finalisation of pensionary cases to ensure payment of pensionary benefits to retiring employees immediately after retirement by strictly following the existing rules/orders in this regard.

[Letter No. [F\(E\)III/94/PN 1/18 dated 21.07.1994](#) (RBE 55/1994)]

6. In implementation of recommendations contained in para 61 of 44th Report of Parliamentary Standing Committee on Ministry of Home Affairs, instructions issued that time schedule for disbursement of pension laid down in the RS(P)Rules' 93 should be strictly followed. Wherever delays are anticipated, provisional pension should be sanctioned and the matter should be reported to the next higher authority by the Head of Office.

[Letter No. [F\(E\)III/99/PN 1/35 dated 21.01.2000](#) (RBE 15/2000)]

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** Substituted by Railway Board's letter No. [F\(E\)III/2000/Master Circulars/Revision dated 10.3.2000](#) (RBE 41/2000).

Inserted by Railway Board's letter No. [F\(E\)III/2000/Master Circulars/Revision dated 10.3.2000](#) (RBE 41/2000).