

MASTER CIRCULAR

Master Circular No. 60

Master Circular on Pension and Retirement/Death Gratuity

[Part I](#)

[Part III](#)

In continuation of [Master Circular No. 3](#), Master Circular No. 4 is enclosed with this letter, which brings out instructions issued from time to time relating to Pension and Retirement/Death Gratuity.

2. The circular consists of three parts. [Part I](#) deals with the extant provisions regarding eligibility of pension, amount of pension and various classes of pension etc. [Part II](#) relates to provisions pertaining to the payment of Death/Retirement gratuity persons to whom gratuity becomes payable and the provision for nomination in favour of a person for receiving the amount of gratuity in case of a death of a railway servant while in service or death after retirement without receiving the gratuity. [Part III](#) gives brief details of orders issued from time to time on the subjects of pension and gratuity.

3. Instructions referred to in the circular are both old and those current on the subject. For dealing with old cases, the instructions in force at the relevant time be referred to.

If any circular current on the subject has been omitted, the same should nevertheless be treated as valid to the extent operative.

PART I

PENSION

1. Eligibility to Pension and amount of pension:

1.1 Pension is admissible to a permanent railway servant with a minimum of 10 years qualifying service on his quitting service because of either abolition of post or medical invalidation or retirement on completion of 30 years service or superannuation. However, with effect from 1.1.1986, temporary railway servants retiring on superannuation or on being declared permanently incapacitated for further railway service by the appropriate medical authority with 10 years qualifying service shall be eligible for superannuation/invalid pension, retirement gratuity and family pension at the same scale as admissible to permanent employee. Temporary employees on seeking voluntary retirement after completion of 20 years service shall continue to be eligible for pension, retirement gratuity and family pension as per the Scheme of Voluntary retirement.

1.2 Railway servants retiring before completing 33 years qualifying service but after completing 10 years qualifying service, the amount of pension shall be calculated at 50% of the average emoluments and proportionate to the amount of pension for 33 years qualifying service.

[Letter No. [PC-IV/Imp/PN/1 dated 15.04.1987](#) (RBE 90/1987)]

1.3 In the case of a railway servant retiring before completion of 10 years qualifying service, he shall be eligible for service gratuity at the rate of half a month's emoluments for every completed six monthly period of service. Those retiring with 10 years qualifying service or more, pension shall be calculated on the basis of the actual qualifying service and 50% of average emoluments Subject to a minimum of Rs. 375/- and a maximum of Rs. 4500/- per month. ##{W.e.f 1.1.1996, pension shall be subject to a minimum of Rs. 1275/- and a maximum up to 50% of the highest pay in the Government i.e. Rs. 30,000/- p.m.}

[Letter No. [F\(E\)III/97/PN1/22](#) dated [5.11.1997](#) (RBE 142/1997) and [23.10.1998](#) (RBE 242/1998)]

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

[Letter No. [F\(E\)50/RT 1/6](#) dated [16.11.1957](#) & [PC-IV/Imp/PN/1 dated 15.04.1987](#) (RBE 90/1987)]

1.4 In calculating the length of qualifying service, fraction of a year equal to three months and above shall be treated as completed one half year and reckoned as qualifying service.

(Letter No. [F\(E\)III 79 PN1/10 dated 25.08.1963](#))

1.5 The amount of pension finally determined shall be expressed in whole rupee and where the Pension contains a fraction of a rupee, it shall be rounded off to the next higher rupee.

(Letter No. [F\(P\)66 PN1/33 dated 07.04.1966](#))

2. Classes of Pension:

The various classes of pension are as under :-

2.1 Superannuation pension

Superannuation pension shall be granted to a railway servant who has retired on his attaining the age of compulsory retirement (##{Superannuation i.e. 60 years at present.})(Superannuation i.e. 58 years at present.)

[Letter No. [E\(P&A\)I-98/RT-6 dated 14.5.1998](#) (RBE 103/1998)]

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

2.2 Retirement on the last day of the month in which Superannuation falls

With effect from 1.11.1973 Railway servants in Group B, C & D services or posts and from 1.5.1974, Railway servants in Group A services or posts shall retire from service with effect from the afternoon of the last day of the month in which their date of retirement accordance to Rule 2046-RII falls without prejudice to clauses (h) (i) (k) and (l) of that Rule. (Corresponding Rules in 1987 edition of R-II Rules [1802](#) and [1804](#)).

(Letter No. [PC-III/73/RT/4](#) dates [18.12.1973](#), [20.5.1974](#) and [2.8.1974](#))

2.3 Retiring Pension

Retiring Pension is granted to a railway servant who retires or is retired in advance of the age of compulsory retirement (on Superannuation) on completion of 30 years qualifying service as provided in Para 620 of MRPR and Rule [1803](#) of the Indian Railway Establishment Code Vol. II or on completion of 20 years qualifying service as per the scheme of voluntary retirement issued under Board's letter no. [E\(P&A\)I 77/RT-46](#) dated [9.11.1977](#) or under Rule [1802](#) of the Indian Railway Establishment Code Vol. II.

2.4 Pension on absorption in or under a Corporate Company or Body

Railway servant who has been permitted to be absorbed under service or post in or under a Corporate or Company wholly or substantially owned or controlled by Government or in or under a body controlled or financed by the Government. (For details and authority, see Chapter I of Master Circular on Pension)

2.5 Invalid Pension

Invalid pension may be granted if a railway servant retires from service on account of any bodily or mental infirmity, which permanently incapacitates him for service.

2.6 Compensation Pension

If a railway servant is selected for discharge owing to the abolition of his permanent post, he shall, unless he is appointed to another post the conditions of which are deemed by the authority competent to discharge him to be atleast equal to those of his own have the option

- a. of taking compensation pension to which he may be entitled for the service he had rendered; or**
- b. of accepting another appointment on such pay as may be offered and continue to count his previous service for pension.**

(Letter No. [F\(E\)50/RT 1/6 dated 16.11.1957](#) and Paras 601 to 607 of MRPR)

2.7 Compulsory Retirement pension

A railway servant compulsorily retired from service as a penalty may be granted by the authority competent to impose such penalty, pension or gratuity or both at a rate not less than $\frac{2}{3}$ rd and not more than full compensation pension or gratuity both admissible to him on the date of retirement. Pension granted in such cases shall not be less than Rs. 375/-.

(Para 312 of MRPR and Letter No. [PC-IV/Imp/PN/1 dated 15.04.1987](#) (RBE 90/1987))

2.8 Compassionate Allowance

Railway servant who is dismissed or removed from service shall forfeit his pension and gratuity.

Provided that the authority competent to dismiss or remove him from service may if the case is deserving of special consideration 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. The Compassionate allowance sanctioned as such shall not be less than Rs. 375/- per month.

(Para 309 of MRPR and Letter No. [PC-IV/Imp/PN/1 dated 15.04.1987](#) (RBE 90/1987))

3. Retirement on completion of 30 years qualifying service:

At any time after the railway servant has completed 30 years qualifying service.

- a. He may retire from service by giving three months notice; or
- b. He may be required by the appointing authority by giving him three months notice to retire in public interest and in the case of such retirement, the railway servant shall be entitled to retiring pension provided that this benefit shall not be admissible to a scientific or technical expert who is
 - i. On assignment under the Indian Technical and Economic Co-operation (ITEC) Programme of the Ministry of External Affairs and other Aid Programmes;
 - ii. Posted abroad under foreign based offices of the Ministries/ Departments; and
 - iii. On a specific contract assignment of a foreign government

Unless after having been transferred to India he has resumed charge of the post in India and served for a period of not less than one year.

(Para 620 of MRPR and Letter No. [F\(E\)III 85 PN 1/21 dated 19.09.1985](#))

4. Retirement on completion of 20 years qualifying service:

At any time after the railway servant has completed 20 years qualifying service, he may, by giving notice of less than 3 months in writing to the appointing authority retire from service.

[Letters No. [E\(P&A\)I 77/RT-46](#) dated [09.11.1977](#), [29.05.1904](#) and [02.08.1985](#) (RBE 219/1985) Letter No. [E\(P&A\)I 85/FE 4-7 dated 07.11.1986](#) (RBE 216/1986)]

PART-II

RETIREMENT/DEATH GRATUITY

1. With effect from 1.1.1986, in the case of a railway servant who has completed five years qualifying service, retirement gratuity on retirement shall be paid equal to $\frac{1}{4}$ th of his emoluments for each completed six monthly period of qualifying service subject to a maximum of $16\frac{1}{2}$ times the emoluments provided that the amount of retirement gratuity payable shall in no case exceed one lake of rupees. There will also be no ceiling on reckonable emoluments for calculating the gratuity.

1.2 In the event of death in harness, the death gratuity shall be admissible at the following rates.

	Length of service	Rate of gratuity
(i)	Less than one year	2 Times of emolument.
(ii)	One year or more but less than 5 years.	6 Times of emolument.
(iii)	5 years or more but less than 20 years	12 Times of emoluments
(iv)	20 years or more	Half of the emoluments for every 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.

[Letter No. [PC-IV/Imp/PN/1 dated 15.4.1987](#) (RBE 90/1987)]

2. Persons to whom gratuity is payable

- a. Gratuity shall be paid to the person or persons on whom right to receive the gratuity is conferred by means of nomination.

b. If there is no nomination or if nomination does not subsist the gratuity shall be paid in the manner indicated below.

- i. If there are one or more surviving members of the family as given under items (i) to (iv) of the term "family" given under Para 2-3 past, to all such members in equal shares.
- ii. If there are no such surviving members of the family as in item (i) above but if there are one or more members as given in items (v), (vi), (vii), (viii), (ix), (x) and (x) to all such members in equal shares.

2.1 If a railway servant dies after retirement without receiving the gratuity, the same shall be disbursed to the family as indicated above.

2.2 The right of the female member of the family or that of the brother of a railway servant who dies while in service or after retirement to receive the gratuity shall not be effected if the family member marries or remarries or the brother attains the age of 18 years, after the death of the railway servant before receiving her or his share of the gratuity.

Where gratuity is granted to a minor member of the family of the deceased railway servant, it shall be payable to the guardian on behalf of the minor.

(Letters No. F(E)50/RT 1/6 dated 16.11.1957,
F(P)64 PN1/42 dated 22.6.1966,
F(P)58 PN1/5 dated 2.2.1960 and para 702 of MRPR)

2.3 The term 'family' in relation to DCRG is as under: -

- iii. Wife or wives (including judicially separated wife or wives)
- iv. Husband (including judicially separated husband in the case of a female railway servant)
- v. Sons including step sons and adopted sons
- vi. Unmarried daughters including step daughter and adopted daughters
- vii. Widowed daughters including stepdaughter and adopted daughters
- viii. Father (Including adoptive parents in the case of individuals whose personal law permits adoption)
- ix. Mother (Including adoptive parents in the case of individuals whose personal law permits adoption)
- x. Brother below the age of 18 years including stepbrothers
- xi. Unmarried sisters and widowed sisters
- xii. Married daughters and
- xiii. Children of pre deceased son

[Letters No. F(E)50/RT 1/6 dated 16.11.1957,
F(P)59 PN 1/11 dated 30.8.1960,
F(P)PN 1/11 dated 21.3.1961,
F(P)64 PN1/42 dated 22.6.1966]

3. The position as to whom the share of a minor in the capacity of minor natural/legal guardian would be payable is as under.

. Where no valid nomination subsists:

- a. When share is payable to a minor son or minor unmarried daughter, it should be paid to the surviving parents except in the case where the surviving parent happens to be a Muslim lady. When there is no surviving parent or surviving parent is a Muslim lady, payment will have to be made to a person producing the guardianship certificate.
- b. When the share is payable to widowed minor daughter or daughters, production of guardianship certificate would be necessary.
- c. If in a rare case the wife herself happens to be minor death/retirement gratuity payable to her shall be paid to the person producing the guardianship certificate.
- d. When the death/retirement gratuity becomes payable to a minor brother or minor unmarried sister, the payment should be made to the father or in his absence to mother of the beneficiary except in a case where the mother happens to be a Muslim lady. In this case, too, if there is no surviving parent or surviving parent happens to be Muslim lady, the payment will have to be made to the person producing the guardianship certificate. If any share is payable to a widow miner sister, the production of guardianship certified would be necessary.

i. Where valid nomination subsists:

- . Where the nomination is in respect of one or more of the members of the family, the position stated at (i) would apply.
- a. Where there is no family, the nomination in favour of an illegitimate child or married sister would also be valid. The position would therefore be as follows.
 - i. If the nominee is an illegitimate child, the share will be payable to the mother and in her absence production of guardianship certificate would be necessary.
 - ii. If the share is payable to married minor girl the share will be payable to the husband.

(Letter No. [F\(P\)58 PN1/5 dated 2.2.1960](#))

4. Nomination:

4.1 A railway servant, shall, on his initial confirmation in a service or post, make a nomination conferring on one or more persons the right to receive the retirement gratuity/ death gratuity.

Provided that if at the time of making the nomination,

- . has a family, the nomination shall not be in favour of any person or persons other than the members of his family; or

- a. **has no family, the nomination may be made in favour of a person or persons or a body of individuals whether incorporated or not.**

4.2 If a railway servant nominates more than one person he shall specify in the nomination the amount of at share payable to each of the nominee in such manner as to cover the entire amount of gratuity.

4.3 A railway servant may provide in the nomination

- ii. **That in respect of any specified nominee who predeceases the railway servant or who dies after the death of the railway servant but before receiving the payment of the gratuity, the right conferred on that nominee shall pass to such other persons as may be specified in the nomination.**

Provided that if at the time of making the nomination the railway servant has a family consisting of more than one member, the person so specified shall not be a person other than a member of his family.

Provided further that where a railway servant has only one member in his family and a nomination has been made in his favour, it is open to the railway servant to nominate alternate nominee or nominees in favour of any person or a body of individuals whether incorporated or not

- iii. **That the nomination shall become invalid in the event of the happening of the contingency provided therein.**

4.4 The nomination made by a railway servant who has no family at the time of making it or the nomination made by a railway servant where he has only one member in his family shall become invalid in the event of the railway servant subsequently acquiring a family or an additional member in his family as the case may be.

4.5 A railway servant may cancel a nomination at any time by sending a notice in writing to the Head of Office and send a fresh nomination in accordance with the rules,

4.6 Immediately on the death of a nominee in respect of whom no special provision has been made or on the occurrence of any event by reason of which the nomination becomes invalid, the railway servant shall send a notice in writing cancelling the nomination together with a fresh nomination

4.7 Every nomination made including notice of cancellation shall be sent to the Head of Office, who immediately on receipt of such nomination countersign it indicating the date of receipt and keep under his custody. Head of Office may authorise his subordinate Gazetted railway officer to countersign nomination forms of non gazette railway servant. Suitable entry regarding receipt of nomination shall also be made in the service book of the railway servant concerned.

4.8 Every nomination made and every notice of cancellation given by railway servant shall, to the extent that it is valid take effect from the date on which it is received.

Nominations for death/retirement gratuity are important documents on the basis of which the claims of the beneficiaries have to be established and settled. To obviate the possibility of such losses in future, nomination papers should, after countersignature, be kept in a separate confidential file which should be lodged for safe keeping with the Head of the Office or other responsible officer nominated by him for this purpose and a clear note made in the service book of the officer as to that nomination and related notices have been received so that there should be no difficulty in locating the documents when the occasion for making a reference to the arises.

**[Letters No. F(E)50/RT 1/6 dated 16.11.1957,
F(E)64 PN 1/23 dated 12.5.1964,
and F(E)III 75 PN 1/2 dated 30.7.1975]**

5. Payment of death/ retirement gratuity to the extent of Rs. 5000/- later raised to Rs. 10,000) Rs. 10,000/- (or first Rs. 10,000/- where the amount payable exceeds Rs. 10,000/-) in favour of a minor may be made to his/her guardian in the absence of a natural guardian, without production of formal guardianship certificate subject to the production of indemnity bond with suitable sureties to the satisfaction of the sanctioning authority.

For details and the format of Indemnity Bond, see the following orders.

**[Letter No. F(P)65 PN 1/1 dated 21.4.1965,
F(P)66 PN 1/27 dated 3.11 1966
and F(E)III/88/PN 1/42 dated 20.10.1989 (RBE 262/1989)]**

6. Payment of Death/Retirement Gratuity on succession certificate:

Where a railway servant dies while in service or after retirement without receiving the amount of gratuity and leaves behind no family and has also not made any Nomination or the nomination made by him/her does not subsists, the amount of death/ retirement gratuity payable in respect of such a railway servant shall not lapse to the Government but shall be payable to the person in whose favour succession certificate has been granted by the Court of Law.

[Letter No. F(E)III/90 PN 1/36 dated 20.12.1991(RBE 215/1991)]

PART III (A)

PENSION

1. Various orders on matters concerning pension issued from time to time.

2. On introduction of pension scheme on the Railways vide Board's letter No. [F\(E\)50/RT 1/6 dated 16.11.1957](#), Pension Rules as in force at that time were also circulated to the Railways. As per Pension Rules, pension and/or gratuity was admissible in the following cases.
- Retirement on superannuation
 - Retirement on Medical invalidation
 - Retirement on completion of 30 years qualifying service
 - Abolition of post

2.1 Pension was admissible at the scale of 30/80 of average emoluments subject to a maximum of Rs. 8100/- per annum. Those who had completed 5 years service and were not eligible for pension were entitled to service gratuity at the rates prescribed in the orders. Other important features of the Pension Rules were detailed in the said orders.

(Letter No. [F\(E\)50/RT 1/6 dated 16.11.1957](#))

- 2.2 Over payment of arrears of pension, DCRG and family pension could be recovered from the pensioner or his family. Declaration shall be signed by the Pensioner/ family agreeing to refund the excess payment.

(Letter No. [F\(P\)58 CSR 1/6 dated 23.11.1958](#))

3. Consequent upon further liberalisation in the Pension scheme as recommended by the Second Pay Commission, the amount of superannuation, Invalid and Compensation Pension and Gratuity in respect of railway servants who retired on or after 1.1.1959 was fixed as under: -

Gratuity	Ranging from $\frac{1}{2}$ month's emoluments for each six monthly period of qualifying service to $8\frac{1}{8}$ months emoluments for 19 completed six monthly periods of qualifying service.
Pension	At the rate of $\frac{10}{80}$ th of average emoluments for 10 years qualifying service to $\frac{30}{80}$ th of average emoluments for 30 years and above qualifying service subject to a maximum of Rs. 8100/- per annum

4. (Letter No. [PC 60/RB-3/7 dated 1.11.1960](#))

5. A pensioner who desires to commute a portion of his pension is required to furnish two copies of passport six photographs alongwith his application for commutation.

(Letter No. [F\(P\)59 PN 1/14 dated 28.1.1961](#))

6. The requirement for obtaining declaration for refund of the excess payment of pension/ gratuity and family pension was dispensed with. Instead, the pensioner is required to be served with a notice to refund the excess payment failing which the excess payment is recovered from the pension, DCRG or the family pension in one or more instalments.

(Letter No. [F\(P\)62 CSR 1/1 dated 1.6.1962](#))

7. Based on the accepted recommendations of the Second Pay Commission Draft Chapter I of the Manual of Railway Pension Rules was circulated to the Railways, indicating inter alia that pension is admissible to a permanent railway servant with 10 years qualifying service. Those with less than 10 years qualifying service are entitled to ordinary gratuity at the scale prescribed in the circular. Temporary railway servants are entitled to terminal gratuity.

6.1 A permanent railway servant who died while in service or had completed 5 years qualifying service was entitled to DCRG in addition to ordinary gratuity. The quantum of ordinary gratuity, pension/DCRG and the terminal gratuity admissible is given in the following orders. While the pension admissible shall be a maximum of Rs. 675/- per month, the amount of DCRG payable shall not exceed Rs. 24000/-. Minimum pension fixed at Rs. 25/- per month.

[Letter No. F(E)62 PN 1/19 dated 12.12.1962,
F(P)64 PN 1/1 dated 02.1.1964
and F(P)69 PN 1/10 dated 26.6.1969]

8. The amount of pension finally determined should be expressed in whole rupees and where the pension contains a fraction of rupee it shall be rounded off to the next higher rupee.

Clarification issued that orders for rounding off the pension to the next higher rupee are applicable to all classes of pension including Extraordinary Pension, and the Compassionate Allowance, which is in the nature of pension.

[Letter No. F(P)66 PN 1/33 dated 7.4.1966,
14.04.1967
& 21.12.1967]

9. With effect from 1.3.1970, the minimum superannuation, retirement, Invalid and Compensation pension including adhoc increase was fixed at Rs. 40/- per month. However these orders are not applicable in respect of pension payable to a railway servant on absorption in Public Sector Undertaking a or Autonomous Bodies etc.

[Nos. F(E)III/70 PN 1/9 dated 02.05.1970
and F(E)III/76 PM 1/19 dated 19.10.1976]

10. Scope of orders fixing minimum pension of Rs. 40/- per month clarified.

(Letter No. F(E)III/70 PN 1/9 dated 3.7.1971)

11. Benefit of commutation allowed on the difference between the original pension and the enhanced pension fixed as a result of a portion of Dearness Allowance treated as Dearness Pay.

(Letter No. F(E)III 70 PN 1/28 dated 21.10.1971)

12. Pension including Compassionate Allowance shall not be reduced below the minimum permissible pension of Rs. 40/- per month.

(Letter No. [F\(E\)III/70 PN 1/16](#) dated [01.04.1972](#) and [F\(E\)III/75 PN 1/19](#) dated [27.03.1976](#))

13. With effect from 01.01.1973: -

Gratuity shall be payable at the rate of 16^{1/2} months emoluments as against 15 months emoluments;

Maximum qualifying service for determining pension raised from 60 completed six monthly periods to 66 six monthly periods and the Invalid pension shall not be less than the amount of the family pension payable to the family of the deceased railway servant.

(Letter No. [F\(E\)III/74 PN 1/3](#) dated [2.1.1974](#))

14. The recommendation of the Third Pay Commission for grant of relief on pension to Class II, III and IV Railway servants retiring on and after 01.01.1973 was accepted.

(Letter No. [PC-III/73/PN/3](#) dated [5.4.1974](#))

15. Relief on pension was also granted to Pre 01.01.1973 pensioners.

(Letter No. [F\(E\)III 73 PN 1/17](#) dated [15.5.1974](#))

16. Relief on pension was granted to Class I Officers.

(Letter No. [PC-III 73 PN/3](#) dated [18.7.1974](#))

17. Where the railway servant opted for the Railway Services (Revised Pay) Rules 1973 from a date subsequent to 1.1.1973 dearness pay, dearness allowance and the interim relief as in force on 31.12.1972 and drawn till the date the railway servant opted for the revised scale at was treated as emoluments for pensionary purposes.

(Letter No. [PC-III 73/PN/3](#) dated [9.9.1974](#))

18. Clarification was issued that relief on pension is admissible on Compassionate Allowance.

(Letter No. [F\(E\)III 73 PN 1/17](#) dated [2.2.1976](#))

19. In the case of railway pensioner drawing another pension from the State Government, the relief on Railway pension shall be paid on the amount of pension as sanctioned by the Railway. The railway will have no objection if the State Government also pays the relief on the pension sanctioned by the State Government.

(Letter No. [F\(E\)III 74 PN1/16 dated 27.02.1976](#))

20. Rule 2534/R-II and Para 315 of Manual of Railway Pension Rules permitting reduction in pension because of unsatisfactory service record modified.

(Letter No. [F\(E\)III PN1/21 dated 10.2.1978](#))

21. The payment of provisional pension to the retiring railway servants against whom departmental or judicial proceedings had been instituted or continued after retirement is mandatory.

(Letter No. [F\(E\)III 78 PN 1/11 dated 17.5.1978](#))

22. Order relating to relief and adhoc relief on pension to the retiring railway servants were consolidated and the relief was to be granted as a percentage of pay linked with every increase in the cost of living. No relief shall be granted when a pensioner is employed in Public Sector Undertakings, Autonomous Bodies, and Banks or paid from Local Funds etc.

(Letter No. [PC-III 76 PN 1/3 dated 25.5.1978](#))

23. In respect of railway servants retiring on and after 31.3.1979 slab system was introduced under the Liberalisation of Pension Formula. The maximum pension alongwith relief was raised to Rs. 1500/- per month as against the maximum pension of Rs. 1000/-.

(Letter No. [F\(E\)III 79 PN 1/4 dated 1.6.1979](#))

24. Rules 2534, 2809, 2815, 2303, 2308/A and Form 30-D in Appendix XIII of the Indian Railway Establishment Code Vol. II authorising the competent authority to reduce pensionary benefits on grounds of unsatisfactory service record deleted.

(Letter No. [F\(E\)III 80 PN 1/19 dated 18.11.1980](#))

25. Railway servants on retirement from service on attaining the age of superannuation or on being declared to be permanently incapacitated for further service by the appropriate authority after he has rendered temporary service of not less than 20 years allowed pension, gratuity and family pension. Hitherto, pension was admissible only to a permanent railway servant. These orders were made applicable to railway servants who were in service on 31.12.1980.

(Letter No. [F\(E\)III 78 PN 1/3 dated 21.12.1981](#))

26. The upper ceiling limit of DCRG payable was raised from Rs. 30,000/- to Rs. 36,000/-. This was payable to those railway servants who became eligible for gratuity on or after 31.1.1982.

(Letter No. [F\(E\)III 82 PN 1/3 dated 28.4.1982](#))

27. Additional dearness allowance treated as pay for pensionary benefits subject to a minimum of Rs. 42/- and maximum of Rs. 363/- per month depending upon the pay of the railway servant. This benefit was applicable to those who retired on or after 31.1.1982.

(Letter No. [PC-III/82/DP/3 dated 30.4.1982](#))

28. Minimum amount of pension/ family pension including relief thereon was stepped up to Rs. 150/- and Rs. 140/- respectively. This benefit was allowed in respect of pension falling due on 1.4.1982 or thereafter.

(Letter No. [F\(E\)III 82 PN 1/4 dated 3.6.1983](#))

29. The amount of pension and family pension including relief thereon was further stepped up to Rs. 160/- and Rs.150/- per month respectively for pensions falling due on 1.4.1983 and thereafter.

(Letter No. [F\(E\)III 82 PN 1/4 dated 7.8.1982](#))

30. In calculating the length of qualifying service, a fraction of a year equal to three months and above be treated as completed one half year and reckoned as qualifying service for determining the amount of pension.

(Letter No. [F\(E\)III 79 PN 1/10 dated 25.8.1983](#))

31. Notice of voluntary retirement under Rule 2046 (i) (FR 56 (m) -R-11 can be withdrawn by a railway servant before his intended date of retirement.

(Letter No. [E\(P&A\)I-83/RT-11 dated 3.11.1983](#))

32. Arrears of pension on the death of a pensioner are payable to his nominee. Railway servant at the time of retirement may submit nomination. Pensioners were also given six months time to file their nominations.

(Letter No. [F\(E\)III 83 PN 1/25 dated 21.11.1983, 3.9.1984 and 26.2.1986](#))

33. As a result of Supreme Court judgement benefit of Liberalised Pension Formula was extended to all pensioners who were in receipt of superannuation, retiring Compensation and Invalid Pension as Compassionate Allowance on 01.04.1979. The said formula provided for computation of average emoluments on the basis of emoluments drawn during the last 10 months (b) determination of pension with reference to 33 years qualifying service and the maximum pension restricted to Rs.1500/- per month as well as application of slab system in computing the pension from the average emoluments.

(Letters No. [F\(E\)III PN 1/8 dated 29.11.1983, 8.5.1984 and 6.3.1986](#))

34. In the case of running staff retiring on and after 01.08.1981, 55% of pay element allowed to be counted as emoluments for retirement purposes.

(Letter No. [E\(P&A\)II-82/RS-7 dated 5.6.1984](#))

35. In respect of railway servants retiring on and after 31.3.1985, entire additional dearness allowance and adhoc dearness allowance (linked to average index level 568) treated as dearness pay for retirement benefits. The ceiling on the amount of pension was also lifted.

[Letter No. [PC-III/85/DP/1 dated 17.5.1985](#) (RBE 144/1985),
[27.6.1985](#) (RBE 188/1985),
[14.10.1985](#) (RBE 271/1985)
and [19.2.1986](#) (RBE 36/1986)]

36. The scheme of voluntary retirement under Para 620 of Manual of Pension Rules i.e. after 30 years qualifying service shall not be applicable to those who are on assignment to ITDC, posted abroad in foreign-based posts of the Government and those who are on specified assignment to foreign Governments.

(Letter No. [F\(E\)III 85 PN 1/21 dated 19.9.1985](#))

37. The ceiling limit of pension plus relief in the case of a pensioner who retired before 31.03.1979 shall be the same as in the case of a pensioner who retired after 31.03.1979.

(Letter No. [F\(E\)III 85 PN 1/32 dated 21.1.1986](#))

38. With effect from 01.01.1986, the minimum pension (superannuation/ retiring/ invalid/ Compensation) or family pension fixed at Rs. 375/- per month.

[No. [F\(E\)III 87 PN 1/6 dated 9.3.1987](#) (RBE 326/1987)]

39. Pension shall be calculated at 50% of average emoluments in all cases subject to a minimum of Rs. 375/- and a maximum of Rs. 4500/- per month w.e.f. 01.01.1986.

[Letter No. [PC-IV/87/Imp/PN/1 dated 15.4.1987](#) (RBE 90/1987),
and [8.1.1988](#) (RBE 9/1988),
[F\(E\)III 91 PN 1/16 dated 22.11.1991](#) (RBE 204/1991)]

40. With effect from 28.10.1987, the benefit of added years of service under Rule 2423-A/R-II shall be admissible to those who retired from service or post after 31.03.1960.

[Letter No. [F\(E\)III 87 PN 1/21 dated 4.12.1987](#) (RBE 343/1987),
[F\(E\)III/92 PN 1/8 dated 20.4.1992](#) (RBE 56/1992)]

41. Families of persons who retired prior to 01.01.1986 with not less than 10 years temporary service and were not eligible for pension were made eligible to the grant of family pension.

[Letter No. [F\(E\)III 86 PN 1/4 dated 2.3.1988](#) (RBE 38/1988)]

42. Pensioner is required to furnish unemployment or employment/re-employment certificate once in a year i.e. in the month of November each year. Until such certificate is furnished, pension for the month of November and onward shall not be disbursed.

[Letter No. [F\(E\)III 88 PN 1/21 dated 9.8.1988](#) (RBE 159/1988)]

[##{](#)

43. Settlement of dues such as arrears of pay and allowances etc, PF balance, family pension, gratuity, group insurance, etc. in respect of Railway employees who have suddenly disappeared and whose whereabouts are not known, is to be regulated in terms of the instructions contained in the following letters:

[Letter No. [F\(E\)III/86/PN 1/17](#) dated [19.09.1986](#), [27.03.1991](#) (RBE 63/1991) and [21.1.1994](#) (RBE 3/1994)]

44. Family pension to sons and unmarried daughters shall be payable upto the age of 25 years instead of 21 years and 30 years respectively w.e.f 06.08.1987 irrespective of whether they start earning or not.

[Letter No. [F\(E\)III/85/PN 1/19](#) dated [28.09.1987](#) (RBE 338/1987) and [14.05.1993](#) (RBE 70/1993)]

45. The post- retiral spouses are eligible for family pension from the date following the date of death of the pensioner.

[Letter No. [F\(E\)III/89/PN 1/7](#) dated [23.01.1991](#) (RBE 13/1991)]

46. The detailed procedures have been indicated in the following orders for avoidance of delays in payment of pensionary benefits.

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

47. Certain amendments to [Rule 75](#) - Family Pension Scheme for Railway Servants, 1964 [Rule 79](#) - Stages for the completion of pension papers, and [Rule 86](#)- Railway servants on deputation, have been notified.

[Notification No. [F\(E\)III/94/PN 1/31 \(Amendment\)](#) dated [03.02.1995](#)]

48. The benefits of Family Pension Scheme, 1964 were extended to the families of pensionable Railway servants who retired/died before 31.12.1963 or who opted out of the 1964 scheme. The arrears of family pension are admissible w.e.f. 22.09.1977 or from subsequent date they become eligible for family pension, whichever is later.

[Letter No. [F\(E\)III/85/PN 1/19](#) dated [26.07.1985](#),
[25.02.1986](#) and [31.03.1995](#) (RBE 25/1995)]

49. Detailed procedure circulated for inclusion of the name of physically handicapped or mentally retarded children in the PPOs issued prior to 1989. The spouse of the deceased pensioner/employee also allowed to furnish the details of the eligible children to the Pension Sanctioning Authority if such details were not furnished earlier.

[Letters No. [87/AC-II/21/33](#), dated [05.05.1995](#) and [25.02.1999](#)]

50. Dearness relief on pension/family pension is not admissible during re-employment/ employment of Central Government/Railway pensioners/family pensioners in terms of Supreme Court Judgment dated 08.12.1994 in Civil Appeal Nos. 3545-46 of 1990.

[Letter No. [F\(E\)III/92/PN 1/41](#) dated [18.05.1995](#) (RBE 45/1995)]

51. In the event of death of a family pensioner, the right to receive any arrears of family pension would automatically pass on to the eligible member of family next in line. As such it is not considered necessary to provide the facility of nomination facility for family pension.

[Letter No. [F\(E\)III/95/PN 1/23](#) dated [19.01.1996](#) (RBE 6/1996)]

52. The death certificate required to be produced for payment of settlement dues of the deceased employees should be the one issued by the Registrar of Births and Deaths of the area where such registration has been made.

[Letter No. [F\(E\)III/88/PN 1/Ex-gratia/46](#) dated [11.03.1996](#) (RBE 20/1996)]

53. Two months emoluments deducted from the gratuity of retiring Railway servants for grant of family pension in the eventuality of their death, are not to be refunded, as the question of law has been settled by the Supreme Court in their judgment dated 26.09.1995 in CA No. 1799 of 1992 filed by U.T./Chandigarh.

[Letter No. [F\(E\)III/96/PN 1/13](#) dated [02.08.1996](#) (RBE 62/1996)]

54. Railway servants on election duty in Jammu & Kashmir in connection with 11th Lok Sabha General Elections shall be entitled to the benefits under Liberalised Pensionary Awards.

[Letter No. [F\(E\)III/96/PN 1/17](#) dated [04.12.1996](#) (RBE 118/1996)]

55. The children of a deceased Railway servant/pensioner from a wife whose marriage with the said Railway servant/pensioner would be voidable or held void under the provisions of Hindu Marriage Act, are eligible for family pension.

[Letter No. [F\(E\)III/97/PN 1/3 dated 14.02.1997](#) (RBE 30/1997)]

- 56.**With effect from 01.01.1996 the basic pension/family pension shall not be less than Rs. 1,275 p.m. The maximum pension will be 50% of the highest pay in the Government i.e. Rs. 30,000 Family pension will be calculated at a uniform rate of 30% of basic pay in all cases instead of slab system. Parents, who were wholly dependent on the Railway servant when he/she was alive provided the deceased employee has left behind neither a widow nor a child, will be eligible for grant of family pension. Son/daughter including widowed/divorced daughter, will be entitled to family pension till the age of 25 years or upto the date of his/her marriage remarriage. Family pension to parents and son/daughter will be Subject to the condition that their earning does not exceed Rs. 2,550 p.m.

[Letter No. [F\(E\)III/97/PN 1/22, dated 05.11.1997](#) (RBE 142/1997), [25.11.1997](#) (RBE 167/1997) and [23.10.1998](#) (RBE 242/1998)]

- 57.**Pension/family pension in respect of pre 01.01.1996 retirees will be consolidated as on 01.01.1996 by adding together the basic pension/family pension, DR upto CPI 1510, Interim Relief I and II and Fitment Weightage @ 40% of the basic pension/family pension. If the consolidated pension/family pension is less than Rs. 1275/- the same should be stepped up to Rs. 1275/-. The commuted portion of pension, if any deductible, will be deducted from the consolidated pension while making monthly disbursements. The amount paid as IIIrd Interim Relief will be recovered from the arrears due for payment. Dearness Relief as announced from time to time will be calculated on the consolidated pension/ family pension. The pension disbursing authorities are authorised to disburse the consolidated pension/family pension as per the table circulated by DOP&PW as Annexure to their O.M. No. 45/86/97-P&PW(A) Part II, dated 27.10.1997. The pensioners in receipt of personal pension will continue to draw the same, as a separate element but will not be taken into account for grant of dearness relief. The arrears on account of consolidation shall be paid in cash in two instalments.

[Letter No. [F\(E\)III/97/PN 1/23 dated 07.11.1997](#) (RBE 143/1997), [13.1.1998](#) (RBE 12/1998) and [F\(E\)III/97/PN 1/22 dated 12.6.1998](#) (RBE 128/1998)]

- 58.**The basic pay of pre 1.1.1986 pensioners/family pensioners who are in receipt of pension/ family pension on 1.1.1996 shall be notionally revised as on 1.1.1986 in the revised scale of pay for the post held by the pensioner at the time of retirement or on the date of death of Railway servant and the pension/family pension recalculated as on 1.1.1986 as per the pension formula then prescribed. The pension/family pension so calculated shall be consolidated as on 1.1.1996 in terms of para 4.1 of DOP &PW's [O.M No. 45/86/97-P&PW \(A\) Pt. II dated 27.10.1997](#). In case where the family pension has been calculated on notional pay under the slab system, the family pension as on 1.1.1996 shall be recalculated at the rate of 30% of the notional pay as on 1.1.1986 and the additional pension becoming due i.e., the difference between the family pension as on 1.1.1986 under slab system and at 30% of notional pay, shall be added to the consolidated

family pension. With the notional fixation of pay and revision of pension as on 1.1.1996, the pensioners in receipt of personal pension will cease to draw the same and the amount of personal pension disbursed from 1.1.1996 shall be recovered from the arrears becoming due for payment. The pensioners/ family pensioners are required to apply for revision of pension in the prescribed form by 30th September, 1998.

[Letter No. [F\(E\)III/98/PN 1/2 dated 10.03.1998](#) (RBE 55/1998), [01.06.1998](#) (RBE 116/1998), [05.06.1998](#) (RBE 122/1998)]

- 59.** The definition of "family" for the purpose of family pension shall also include (a) parents who were wholly dependent on the Railway servant when he/she was alive provided the deceased employee had left behind neither a widow nor a child and (b) widow/ divorced daughter subject to the production of an annual income certificate to the effect that their earning is not more than Rs. 2,550 p.m. The family pension to the widow/divorced daughters will be admissible till they attain the age of 25 years or upto the date of her re-marriage whichever is earlier. The family pension to parents and sons/ daughters will be admissible as long as their earnings from employment in Government, private sector, self employment etc. are less than Rs. 2,550 p.m. The production of income certificate is necessary. The certificate furnished by the concerned beneficiaries themselves may be accepted if they are self employed or are in receipt of income from sources other than employment. Eligible sons will also have to furnish six monthly certificates in regard to marital status. Grant of family pension to parents and widowed /divorced daughter will be effective for 1.1.1998 or from the date following the date of death of Railway servant/ pensioner, whichever is later. For receipt of family pension to parent mother will get precedence over father. Past cases where death of the Railway servant occurred prior to 1.1.1998 can also be considered for grant of family pension w.e.f. 1.1.1998.

[Letter No. [F\(E\)III/98/PN 1/4 dated 27.04.1998](#) (RBE 81/1998), [10.8.1999](#) (RBE 195/1999) and [9.9.1999](#) (RBE 229/1999)]

- 60.** In respect of Railway servants who retired/died between 1.1.1986 and 31.12.1995 and in whose case the last pay drawn exceeded Rs. 1,500 their family pension may be revised w.e.f 1.1.1996 in the following manner.
- i.** The existing family pension shall be consolidated in terms of para 4.1. of DOP & PW's O.M. No. 45/86/97-P &PW(A) Pt. II dated 27.10.1997 circulated vide Board's letter No. [F\(E\)III/97/PN 1/22 dated 05.11.1997](#) (RBE 142/1997).
 - ii.** The difference between family pension at 30% and 20%/15% of the last pay drawn shall be added to the consolidated family pension worked out as at (i) above.
 - iii.** The sum arrived at in terms of (ii) above shall be the basic family pension w.e.f. 1.1.1996 upon which dearness relief as announced by the Government from time to time shall be admissible.

The pensioner/family pensioner who are in receipt of pension/family pension as on 1.1.1996 and are entitled to the benefit of revision of family

pension is required to apply for the same in the prescribed form within 180 days from the date of issue of DOP & PW's [O.M. No. 45/86/97-P & PW \(A\) Pt. IV dated 08.05.1998](#).

[Letter No. [F\(E\)III/98/PN 1/11 dated 05.06.1998](#) (RBE 121/1998)]

61. The pension/family pension in respect of pre 1.1.1986 retirees who are in receipt of pension/family pension on 1.1.1996, is required to be revised in accordance with the base instructions contained in Board's letter No. [F\(E\)III/98/PN 1/2 dated 10.03.1998](#) (RBE 55/1998). In cases where the amount of revised pension/family pension happens to be less than the amount of consolidated pension/family pension already drawn, there is no need to revise the existing pension/family pension and issue a revised PPO.

[Letter No. [F\(E\)III/98/PN 1/2 dated 02.09.1998](#) (RBE 199/1998)]

62. The last date for submitting application form for revision of pension/family pension in respect of pre 1.1.1986 pensioners/family pensioners in terms of Board's letter No. [F\(E\)III/98/PN 1/2 dated 10.03.1998](#) (RBE 55/1998) extended to 31st March 1999.

[Letter No. [F\(E\)III/98/PN 1/2 dated 16.10.1998](#) (RBE 241/1998)]

63. The last date for submitting application form for revision of family pension in respect of retirees of the period from 1.1.1986 to 31.12.1995 in terms of Board's letter No. [F\(E\)III/98/PN 1/11 dated 05.06.1998](#) (RBE 121/1998) extended upto 31st March 1999.

[Letter No. [F\(E\)III/98/PN1/11 dated 23.12.1998](#) (RBE 294/1998)]

64. Enhanced family pension in respect of pre 1.1.1996 retirees shall be revised as under.
- . In cases where the last pay drawn by the retiree/deceased Railway servant did not exceed Rs. 1,500, the enhanced family pension worked out at the time of retirement/ death of the Railway servant shall be consolidated as on 1.1.1996 in terms of para 4.1. of DOP & PW's O.M. No 45/86/97-P & PW(A) Pt. II dated 27.10.1997 circulated vide Board's letter No. [F\(E\)III/97/PN 1/23 dated 07.11.1997](#) (RBE 143/1997).
 - i. In cases where the last pay drawn by the retiree/deceased Railway servant exceeded Rs. 1,500, the enhanced family pension worked out at the time of retirement/death of the Railway servant shall be consolidated as on 1.1.1996. Thereafter the difference between the amount of enhanced family pension calculated at the rate of 30% and 20%/15% of normal rate of family pension shall be added with the consolidated enhanced family pension.

The enhanced family pension as consolidated as on 1.1.1996 is subject to updation as per ceilings on pension and family pension prescribed from time to time. In no case enhanced family pension will be allowed at twice the consolidated/revised normal rate of family pension.

[Letter No. [F\(E\)III/98/PN 1/11 dated 07.01.1999](#) (RBE 4/1999)]

- 65.**With effect from 1.1.1996 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 letter.

[Letter No. [F\(E\)III/98/PN 1/29 dated 15.01.1999](#) (RBE 8/1999)]

- 66.**The enhanced family pension consolidated, as on 1.1.1996 in terms of Board's letter dated [07.01.1999](#) (RBE 4/1999) shall not be less than 50% of the minimum pay in the revised scale of pay introduced w.e.f. 1.1.1996 or the amount of pension revised in accordance with the instructions contained in Board's letter No. [F\(E\)III/98/PN 1/29 dated 15.01.1999](#) (RBE 8/1999), whichever is lower.

[Letter No. [F\(E\)III/98/PN 1/11 dated 05.03.1999](#) (RBE 42/1999) and [27.08.1999](#) (RBE 216/1999)]

- 67.**In the cases where the Railway servant is to retire at the age of 60 years in pursuance of Board's letter No. [E\(P&A\)I-98/RT-6 dated 14.05.1998](#) (RBE 103/1998), family pension at enhanced rate will be payable for a period of seven years or till the Railway servant/ pensioner would have attained the age of 67 years against the existing provision of 65 years.

[Letter No. [F\(E\)III/99/PN 1/5 dated 15.03.1999](#) (RBE 49/1999)]

- 68.**The last date for submission of application for revision of pension/family pension in respect of pre 1.1.1996 pensioners/family pensioners extended upto 30th September, 1999.

[Letter No. [F\(E\)III/98/PN 1/29 dated 23.04.1999](#) (RBE 82/1999)]

- 69.**Employed family pensioners and re-employed pensioners other than those who held a post in Group 'A' service, are eligible to draw dearness relief on family pension/ pension w.e.f. 18th July, 1997. While in the case of employed family pensioners, the pension disbursing authority has been authorized to release dearness relief at rates as announced by the Government from time to time, in the case of re-employed pensioners, release of dearness relief will be based on a certificate to be issued by the office in which the pensioner is re-employed.

[Letter No. [F\(E\)III/99/PN 1/21 dated 05.08.1999](#) (RBE 190/1999)]

70. Various categories of posts on the Railways have been extended higher replacement scales w.e.f. 1.1.1996 instead of the earlier revised scales allotted to them w.e.f. 1.1.1996. As a consequence of these decisions, the pension/family pension of the retired Railway servants, irrespective of the date of retirement, shall be raised to 50% and 30% respectively of the minimum pay in the higher replacement scale of pay, as envisaged in Board's letter No. [F\(E\)III/98/PN 1/29 dated 15.01.1999](#) (RBE 8/1999).

[Letter No. [F\(E\)III/99/PN 1/20 dated 09.09.1999](#) (RBE 232/1999)]

71. Payment of family pension may be allowed to the judicially separated spouse of the deceased Railway servant after his/her children cease to be eligible for family pension, till his/her death or remarriage, whichever is earlier.

[Letter No. [F\(E\)III/99/PN 1/27, dated 16.09.1999](#) (RBE 236/1999)]

72. In Board's letter No. [F\(E\)III/98/PN 1/29 dated 15.01.1999](#) (RBE 8/1999) it has been stipulated that w.e.f. 1.1.1996 family pension shall not be less than 30% of the minimum pay in the revised scale introduced w.e.f. 1.1.1996 of the post last held by the pensioner/ deceased Railway servant. In view of this the Zonal Railways, etc. are required to revise the family pension of all the family pensioners especially in the case of pre-1986 retirees/ death cases suo-motu without waiting for tracing of the records and verification of details, etc. Subsequently if the records are available the family pension may be recalculated on the basis of Board's letter No. [F\(E\)III/98/PN 1/2 dated 10.03.1998](#) (RBE 55/1998) and [F\(E\)III/98/PN 1/11 dated 05.06.1998](#) (RBE 121/1998) and if this amount is more than 30% of the minimum of the revised pay scale, the family pension may be revised upwardly.

[Letter No. [F\(E\)III/98/PN 1/29, dated 15.10.1999](#) (RBE 269/1999)]

73. The last date for submission of application for revision of pension/family pension in respect of pre 1.1.1996 retirees extended upto 31st March 2000.

[Letter No. [F\(E\)III/98/PN 1/11 dated 04.11.1999](#) (RBE 283/1999)]

74. Non-Practising Allowance and Running Allowance are neither to be taken into consideration after pay revised on notional basis as on 1.1.1986 nor are to be added to the minimum pay in the revised scales of pay introduced w.e.f. 1.1.1996 while revising pension/ family pension in terms of Board's letters No. [F\(E\)III/98/PN 1/2 dated 10.03.1998](#) (RBE 55/1998) and [F\(E\)III/98/PN 1/29 dated 15.01.1999](#) (RBE 8/1999).

[Letter No. [F\(E\)III/98/PN 1/29 dated 12.11.1999](#) (RBE 289/1999) and [29.12.1999](#) (RBE 318/1999)]

75. Pensionary dues are to be settled by strictly following the procedures laid down in Railway Services (Pension) Rules, 1993. Wherever delays are anticipated provisional pension should be sanctioned immediately 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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Part III (B)

GRATUITY

The following orders relating to Gratuity were issued from time to time.

- 2. The provisions regarding eligibility of DCRG, amount admissible and the persons entitled to receive the DCRG etc. was given in the pension rules which were circulated at the time of introduction of the pension scheme on the Railways vide letter No. [F\(P\)50 RT1/6 dated 16.11.1957](#).**
- 3. Permanent railway servants are required to make nomination for payment of DCRG.**

(Letter No. [F\(P\)58 PN 1/5 III dated 31.10.1958, F\(P\)59 PN 1/1 dated 17.02.1960](#))

- 4. Pensioner after retirement is not permitted to make nomination for payment of DCRG.**

(Letter No. [F\(P\)58 PN 1/5 dated 10.02.1959](#))

- 5. Where the amount of ordinary gratuity/pension together with the DCRG and the commuted portion of pension, if any, were less than 12 times of the emoluments, residual gratuity making good the deficiency between the amount received and 12 times the emoluments be granted provided the railway servant had died within 5 years from the date of his retirement.**

(Letter No. [F\(P\)58 PN 1/5 IV dated 28.05.1959](#))

- 6. Revised forms for admissibility of DCRG/Residual gratuity and family pension for the family of the deceased railway servant were introduced separately where nomination existed and those cases where no nomination existed.**

(Letter No. [F\(P\)58 PN 1/5 V dated 06.06.1959](#))

- 7. Terminal gratuity is paid to a temporary railway servant who die while in service or retires on superannuation, medical invalidation or is discharged from service on account of reduction in establishment. The scale and the ceiling limit for grant of service gratuity/ death gratuity are indicated in the following orders.**

(Letters No. PC 60 RB-8/1 dated 31.10.1960,
PC 60 RB-2/3 dated 08.11.1960,
F(P)62 PN-1/4 dated 12.01.1962
and F(P)66 PN 1-21 dated 31.5.1967)

8. Anticipatory DCRG based on continuous temporary and permanent service may be paid to the extent of not more than 3/4th of the amount of gratuity to the pensioner if it is anticipated that gratuity cannot be finally assessed before the retirement of the railway servant. Similarly, payment of appropriate proportion of the DCRG may also be authorised to the nominee or the legal heirs of the deceased railway servant.

(Letters No. F(P)61 PN 1/10 dated 14.04.1961
and F(P)CSR 1/1 dated 24.09.1963)

9. Personal staff of Ministers and Deputy Ministers appointed at the discretion of the Minister/ Deputy Minister and who on the date of their appointment are not Government servants are eligible to the payment of DCRG and family pension as admissible to the temporary employees.

(Letter No. F(P)64 PN 1/22 dated 27.07.1961)

10. Invalid gratuity/pension is payable to a railway servant who is physically or mentally incapacitated by the medical authority for performing his duties. Similarly, if a railway servant feels that he is not in a fit state of health to discharge his duties he may apply to the appropriate authority for retirement for grant of Invalid pension and gratuity.

(Letter No. F(P)62 PN 1/19 pt.1 dated 26.10.1964 /17.11.1964)

11. If the amount of anticipatory gratuity paid happens to be more than the amount due upon completion of the inquiries, the gratuitant shall not be required to refund any excess paid to him except as provided in Chapter XXVI-RII.

(Letter No. F(P)65 PN 1/3 dated 18.02.1965)

12. Clarification issued that for eligibility to the grant of DCRG equal to two months emoluments payable to a person who dies during the first year of his service, the expression "service" means qualifying service and not service.

(Letter No. F(P)65 PN 1/33 IV dated 18.03.1966)

13. The amount of gratuity payable is rounded off to the next higher rupee.

(Letter No. F(P)66 PN 1/33 dated 17.06.1966)

14. Adopted/step children are eligible to be included in the term 'family' for receiving terminal/death gratuity. The term 'father and mother' shall also include adoptive parents in case of individuals whose personal law permits such adoption. The order of preference of family members eligible to the payment of gratuity is given in the orders.

(Letter No. [F\(P\)64 PN 1/42 dated 22.06.1966](#))

15. The term 'government dues', which can be deducted from the DCRG, do not include dues payable by a railway servant to an autonomous organization while on deputation. Such dues however can be recovered from the DCRG with the express consent of the railway servant.

(Letter No. [F\(E\)III 67 PN 1/24 dated 28.02.1968](#))

16. With effect from 01.12.1968, a portion of dearness allowance was treated as pay for determining pension and gratuity.

(Letter No. [PC 68 DA 1/4 dated 24.01.1969](#),
[F\(E\)69 PF 1/5 dated 24.09.1969, 02.12.1969, 16.03.1970, 09.07.1970](#),
[F\(E\)III 70 PN 1/8 dated 06.10.1970](#),
[F\(E\)III 70 PN 1/28 dated 21.11.1970](#),
and [F\(E\)III 69 PF 1/31 dated 16.03.1970](#))

17. Average pay for reckoning terminal/death gratuity for temporary railway servants determined based on last 12 months pay as laid down in Rule 2545-RII.

(Letter No. [F\(E\)III 69 PN 1/32 dated 30.12.1969](#))

18. With effect from 22.07.1977, no deduction shall be made from the DCRG as contribution towards family pension as was required under the Family Pension Scheme 1964.

(Letter No. [F\(E\)III 76 PN 1/23 dated 06.10.1977](#))

19. In respect of railway servant who retired on and after 30.09.1977, a portion of Dearness Allowance was treated as Dearness Pay for retirement benefits. In the case of officers drawing pay above Rs. 2180 and upto Rs. 2650/- the dearness allowance treated as dearness pay ranged from Rs. 50/- to Rs. 220/-.

[Letters No. [PC-III/79/DP/1](#) dated [11.06.1979, 07.08.1979, 30.08.1979, 24.11.1979 & 22.02.1980](#)
and [PC-III/86/DP/2](#) dated [15.10.1986](#) (RBE 195/1986)]

20. The gratuity shall be calculated on the last pay drawn and not based on average emoluments. Appropriate dearness pay shall also be taken into account for calculating the gratuity.

(Letter No. [PC-III/79/DP/1 dated 26.09.1979](#))

21. Interest allowed on delayed payment of gratuity at the rate of 5% per annum for the period beyond three months after the gratuity becomes due to be paid till the month preceding the month in which the payment is actually made. Interest shall be allowed only where the payment of DCRG is delayed because of administrative lapses or for reasons beyond the control of the railway servant.

With effect from 28.07.1984, the rate of interest on delayed payment of DCRG was enhanced from 5% to 7% if the payment has been delayed beyond three months and upto one year and at the rate of 10% beyond one year.

[Letter No. [F\(E\)III PN 1/15 dated 03.09.1979, 14.09.1984, 23.01.1987](#) (RBE 325/1987) and [15.04.1991](#) (RBE 76/1991)]

22. Where disciplinary or judicial proceedings are pending against a railway servant on the date of retirement, no gratuity is paid until the conclusion of the proceedings and the issue of orders thereon. On conclusion of the proceedings, interest on delayed payment of DCRG may be paid if the railway servant is fully exonerated. The gratuity shall be deemed to have fallen due for payment on the day following the date of retirement.

[Letter No. [F\(E\)III 79 PN 1/15 dated 25.05.1983](#) and [F\(E\)III 79 PN 1/15 dated 15.04.1991](#) (RBE 76/1991)]

23. General Managers delegated powers to sanction interest on delayed payment of DCRG.

[Letter No. [F\(E\)III 79 PN 1/15 dated 23.01.1987](#) (RBE 325/1987)]

24. With effect from 01.01.1973, the maximum limit of DCRG was raised from 15 months emoluments to 16½ months emoluments.

(Letter No. [PC-III/73/PN/3 dated 02.01.1974](#))

25. The day of death as per extant Rules is regarded as a day of duty. In view of this, the recommendation of the third Pay Commission in regard to DCRG as contained in Board's letter dated 02.01.1974 is applicable to railway servants who die or may die on and after 31.12.1972. The recommendations of the Commission otherwise were applicable to those who retired from service or died on or after 01.01.1973.

(Letter No. [PC-III/73/PN/3-II dated 07.04.1975](#))

26. The benefit of enhanced commutation on revised pension was allowed to persons who retired on and after 01.01.1973 but before issue of orders implementing the recommendations of the III Pay Commission liberalising DCRG and Pension.

(Letter No. [PC-III/73/PN/3-II dated 07.04.1975](#))

27. In respect of railway servants retiring on and after 31.03.1985, upper ceiling limit of gratuity payable was enhanced from Rs. 36,000/- to 50,000/-.

(Letter No. [F\(E\)III 82 PN 1/3 dated 17.05.1985](#))

28. With effect from 12.02.1985, the amount of DCRG as also the commuted value of pension as finally calculated shall be rounded off to the next higher rupee.

(Letter No. [F\(E\)III 86 PN 1/3 dated 04.02.1986](#))

29. The service gratuity for qualifying service of less than 10 years shall be calculated at a uniform rate of half months emoluments for every completed six monthly period of service.

[Letter No. [PC-IV/87/Imp/PN 1 dated 15.04.1987](#) (RBE 90/1987)]

30. The President has the right of withholding a pension or gratuity or both, either in full or in part or withdrawing a pension in full or in part, whether permanently or for a specified period and of ordering recovery from pension or gratuity of the whole part of any pecuniary loss caused to the Government, if, in any departmental or judicial proceeding the pensioner is found guilty of grave misconduct or negligence during the period of his service, including service rendered upon reemployment after retirement. Here the term pension includes gratuity.

[Nos. [F\(E\)III/91/PN1/29](#) dated [16.12.1991](#) (RBE205/1991) and [F\(E\)III/88/LE1/1](#) dated [07.08.1989](#) (RBE 196/1989)]

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31. With effect from 25.08.1994 where the payment of DCRG has been delayed beyond 3 months from the date of retirement, interest at the rate applicable to SRPF deposits (at present 12% p.a., compounded annually) will be paid to retired/dependents of deceased Railway servant. Wherever the employees are required to refund the pensionary benefits received by them for the service rendered by them under the Central or State Government or Autonomous Bodies or IRCA etc. in order to avail of the benefit of counting of past services for pension purposes, the same rate of interest as applicable on SRPF accumulations, for the period from the date of receipt of pensionary benefits to the date of their refund to the Railway/Government/Autonomous Body shall be payable to the Railways. A penal interest of 2% will be charged for non-deposit of pensionary benefits by the employees within one month from the date of instructions. The interest will be calculated in the same manner as is done in respect of SRPF balances.

[Letter No. [F\(E\)III/94/PN 1/28](#), dated [01.11.1994](#) (RBE 93/1994) and [8.1.1996](#)]

- 32.**In case of Railway employees who retire or die on or after 16th September 1993, 20% of the basic pay shall be treated as Dearness pay for the purpose of DCRG. In the case of Running Staff, Dearness pay shall be calculated as 20% of basic pay + 30% basic pay. Stagnation increment, if any drawn, will also be taken into account for deciding Dearness pay as above.

[Letter No. [PC-IV/93/DP/1](#), dated [25.11.1993](#) (RBE 167/1993) and [26.7.1994](#) (RBE 61/1994)]

- 33.**Dearness Allowance linked to AICPI 1201.66, as indicated below, shall be treated as dearness pay for reckoning emoluments for the purpose of retirement/death gratuity in the case of Railway employees, who retire or die on or after 1.4.1995 :

	Pay range	D.A. to be added to pay for calculating gratuity
1.	Basic pay up to Rs. 3500/-p.m.	97% of pay.
2.	Basic pay above Rs. 3500/-p.m. and upto Rs. 6000/-p.m.	73% of pay Subject to a minimum of Rs. 3,395/-
3.	Basic pay above Rs. 6000/- p.m.	63% of pay Subject to a minimum of Rs. 4,380/-

- 34.**The ceiling on the maximum amount of DCRG shall stand raised from Rs. 1.00 lakh to Rs. 2.50 lakhs w.e.f. 01.04.1995.

35.[Letter No. [PC-V/95/DCRG](#), dated [08.08.1995](#)]

- 36.**The upper limit of retirement/death gratuity has been raised from Rs. 2.5 lakhs to Rs. 3.5 lakhs in the case of Railway servants who were in service on 1.1.1996 and retire/die on or after 1.1.1996. The dearness allowance admissible at the time of retirement/death will form part of emoluments for the purpose of calculating DCRG.

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

- 37.**In cases where payment of gratuity is delayed and it results in payment of interest, action should be initiated to fix responsibility and to recover the amount of interest from the concerned dealing official, Supervisor and Head of Office in proportion to their salary. The payment of gratuity should not be delayed on account of pending a decision regarding payment of interest.

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

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**** Replaced 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).