

**GOVERNMENT OF INDIA
PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS
LOK SABHA**

UNSTARRED QUESTION NO:1903
ANSWERED ON:05.12.2012
RETIREMENT BENEFITS
Devi Aswamedh

Will the Minister of PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS be pleased to state:

- (a) whether the Union Government employees recruited after January, 2004 are not eligible for retirement benefits such as pension, GPF and gratuity;
- (b) if so, the reasons therefor;
- (c) whether not providing gratuity, pension and GPF facility is a discrimination with employees recruited after January, 2004 as the same is being provided to the employees of private sector;
- (d) if so, the details thereof;
- (e) whether the Government proposes to provide all retirement benefits including gratuity to the Government servants recruited after January, 2004; and
- (f) if so, the details thereof?

Answer

Minister of State in the Ministry of Personnel, Public Grievances and Pensions and Minister of State in the Prime Ministers Office.
(SHRIV. NARAYANASAMY)

(a) to (f): A new restructured defined contribution pension system for the new entrants to Central Government service, except to the Armed Forces, replacing the system of defined benefit pension including GPF, was notified on 22nd December, 2003. The Government employees appointed on or after 1.1.2004 and governed by the New Pension System can withdraw 60% of their Pension Fund as a lumpsum when they retire and the balance 40% of their wealth is used to purchase an annuity scheme from a life insurance company of their choice, which will pay him/her a monthly pension for the rest of his life. In case the employees leave the New Pension Scheme prior to age 60, the mandatory annuitization would be 80% of the pension wealth.

The monthly annuity under the New Pension Scheme is only a replacement of pension on retirement and family pension on death after retirement. The benefits of Death-cum-Retirement Gratuity (DCRG) and pension/family pension have been provisionally allowed, vide Department of Pension & Pensioners' Welfare OM No. 38/41/06-P&PW(A) dated 5.5.2009, in respect of the Central Government servants covered by the New Pension Scheme in cases where a Government Servant is retired on invalidation/disability and in the case of death of a Government servant in service, on the same rates as are applicable under the old pension scheme, i.e. CCS (Pension) Rules, 1972.

The details of DCRG payable to employees of Central Government under NPS are as under:

(i) The retirement gratuity is payable to the retiring Government servant. A minimum of 5 years qualifying service and eligibility to receive service gratuity/ pension is essential to get this one time lump sum benefit. Retirement gratuity is calculated @ 1/4th of a month's Basic Pay plus Dearness Allowance drawn before retirement for each completed six monthly period of qualifying service. The maximum retirement gratuity payable is 16 XA times the Basic Pay, subject to a maximum of Rs. 10 lakhs.

(ii) If the Government Servant dies while in service, the death gratuity shall be paid to his family at the rates furnished in the table below:

S.No.	Length of Qualifying Service	Rate of Death Gratuity
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1.	Less than one year	2 times of emoluments
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2.	One year or more but less than 5 years	6 times of emoluments
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3. 5 years or more but less than 20 years 12 times of emoluments

4. 20 years or more Half of emoluments for every completed six monthly period of qualifying service subject to a maximum of 33 times of emoluments.

Maximum amount of Death Gratuity admissible is Rs. 10 lakhs w.e.f. 1.1.2006.