

Central Civil Services (Pension) Rules, 2021

(Highlights of Rule-37)

Conditions for payment of pension on absorption consequent upon conversion of a Government Department into a Public Sector Undertaking (PSU)

- a) On conversion of a department of the Central Government into a public sector undertaking, all **Government servants of that Department shall be transferred en-masse to that PSU**, on deemed deputation without any deputation allowance till such time as they get absorbed in the said undertaking, and such transferred Government servants shall be absorbed in the PSU with effect from such date as may be notified by the Government.
- b) The PSU shall frame its rules and regulations **within a time not exceeding five years**.
- c) From the date of notification of the rules and regulations by the PSU, **within a period of three months employees are required to exercise their option** to revert back to the Government or to seek permanent absorption in the PSU.
- d) Permanent absorption as PSU employee will take effect from date on which Government accepts employees' option.
- e) All such employees shall cease to be Government employees and they shall be **deemed to have retired from Government service, the post they were holding will be abolished**.
- f) **Employees opt to revert to Government service**
 - i. Employees opting for Government service shall be **repatriated to the Government service within two years and shall be redeployed through the surplus cell of the Government**.
 - ii. Where an employee retires or dies during the period of such deemed deputation, the pay which he would have drawn under the Central Government had he not been on deemed deputation shall be treated as emoluments for calculating the pensionary benefits to be paid by the Government.
- g) **Employees opt for permanent absorption to PSU**
 - i. Employees opting for permanent absorption in the PSU shall be governed by the rules of the PSU from the date of absorption.
 - ii. A Government servant who has been absorbed in the PSU shall exercise option either,
 - to receive pension or service gratuity / retirement gratuity from the Government for the service rendered under the Central Government. Or
 - to count the service rendered under the Central Government in that public sector undertaking for pension and gratuity.
 - iii. A Government employee exercised option for PSU, he and his family shall be eligible for pensionary benefits (including commutation of pension, gratuity, family pension or extraordinary pension), on the basis of combined service in the Government and PSU.
 - iv. Such pensionary benefits shall be based on the formula and calculation laid down by Central Government at the time of his retirement from the PSU or his death.
 - v. On retirement from the PSU or on death, the amount of pension or family pension shall be calculated in the same manner as calculated in the case of a Central Government employee retiring or dying, on the same day.
 - vi. In addition to pension or family pension, the employee who opts for pension on the basis of combined service shall also be eligible to dearness relief as per Industrial Dearness Allowance pattern.

h) Upon conversion of a Government Department into a PSU

- i. Balance of provident fund standing at the credit of the absorbed employees be transferred to the new Provident Fund Account of the employees in PSU
- ii. Earned leave and half pay leave at the credit of the employees on the date of absorption shall stand transferred to PSU
- iii. Dismissal or removal from service of the PSU of any employee after his for any subsequent misconduct shall not amount to forfeiture of the retirement benefits for the service rendered under the Government.
- iv. In the event of his dismissal or removal or retrenchment the decisions of the PSU shall be subject to review by the administrative Ministry.

i) Pension fund

- i. **The Central Government shall create a Pension Fund** in the form of a trust and the pensionary benefits of absorbed employees shall be paid out of such Pension Fund.
- ii. To discharge its pensionary liability in respect of employees opted for PSU, **Government shall pay one time lump sum payment to the Pension Fund.**
- iii. **The PSU shall make pensionary contribution to the Pension Fund** for the period of service to be rendered by the concerned employees under that PSU **at the rates determined by the Board of Trustees.**
- iv. If the Trust is unable to discharge its liabilities fully from the Pension Fund and the PSU is also not in a position to meet the shortfall, the Government shall be liable to meet such expenditure and such expenditure shall be debited to either the Fund or to the public sector undertaking.

j) On disinvestment of PSU

- i. In case the Government disinvests its equity in any PSU to the extent of fifty-one per cent or more, it shall specify adequate safeguards for protecting the interest of the absorbed employees of such public sector undertaking.
- ii. The safeguards shall include option for voluntary retirement or continued service in the PSU or retirement benefits on terms applicable to Government employees or employees of the PSU as per option of the employees and assured payment of earned pensionary benefits with relaxation in period of qualifying service, as may be decided by the Government.

k) For BSNL & MTNL

- i. For BSNL & MTNL, the pensionary benefits including family pension shall be paid by the Government. Government shall specify the arrangements and the rate of pensionary contributions to be made by BSNL & MTNL to the Government and the manner in which financial liabilities on this account shall be met.
- ii. The arrangements shall be applicable to the existing pensioners and to the employees who are deemed to have retired from the Government service for absorption in BSNL & MTNL.
- iii. Not apply to the employees directly recruited by BSNL & MTNL for whom they shall devise their own pension schemes and make arrangements for funding and disbursing the pensionary benefits.

l) Payments of pensionary benefits of the pensioners of a Government Department who retired from that Department before the date of its conversion into a PSU shall continue to be the responsibility of the Government.

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