

Cabinet approves 2 percent Dearness Allowance to Central Government employees

The Union Cabinet chaired by Prime Minister Shri Narendra Modi has given its approval to release an additional instalment of Dearness Allowance (DA) to Central Government employees and Dearness Relief (DR) to pensioners w.e.f. 01.01.2018 representing an increase of 2% over the existing rate of 5% of the Basic Pay/Pension, to compensate for price rise.

This will benefit about 48.41 lakh Central Government employees and 61.17 lakh pensioners.

The combined impact on the exchequer on account of both Dearness Allowance and Dearness Relief would be Rs.6077.72 crore per annum and Rs.7090.68 crore in the financial year 2018-19 (for a period of 14 months from January, 2018 to February, 2019).

This increase is in accordance with the accepted formula, which is based on the recommendations of the 7th Central Pay Commission.