

IMPORTANCE OF OPTION 1 OF 7TH CPC FOR REVISED PENSION
- BIG LOSS IN PENSION IF IT IS DENIED

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Most of the Pre 2016 pensioners will suffer heavy loss in Revised Pension, if the Option 1 recommended by the Seventh CPC is denied to them.

It was after 20 years that 7th CPC recommended parity between past pensioners and those retiring after 1-1-2016 under Option 1 which means consideration of increments earned while in service as detailed in Para 10.1.67 of the Report. This objective of PARITY (Recommended by Commission after examining all factors in depth in Chapter 10) is fulfilled only with the implementation of option 1 without any dilution/deviation. Non implementation of option 1 on the plea of non availability of record in a few cases will have the following adverse effects:

- i) Pre 2006 pensioners, in particular, who are victim of modified parity will suffer a much bigger loss compared to the post 2006 retirees because in their case the basic pension which is multiplied by 2.57 in the interim phase takes into accounts their increments before retirement. This aspect has been examined in the case of Pre & Post S 19 pensioner as an example. From the Table 1 given below, it will be clear that the reduction in pension for post 2006 pensioner is of a uniform small magnitude as compared to the loss increasing exponentially with each increment lost in case of pre 2006 pensioner. Similar is the case in other scales also
- ii) 7th CPC has considered pre 2016 pensioners as one homogenous group (Para 10.1.53 refers). It means that all pre 2016 pensioners have to be treated alike. But with denial of option 1, pre 2016 pensioners will get divided into two groups i.e. Pre 2006 and Post 2006 Pensioners - which violates the settled law of equality between the equals.
- iii) In many cases, Option 3 gives much lower pension compared to option 1 recommended by 7th CPC. This will be clear from Table 2 below. Where a comparison has been made between two options.

Encls: 2 Tables

TABLE- 1 SHOWING LARGE REDUCTION IN REVISED PENSION OF PRE-2006 PENSIONERS COMPARED WITH POST-2006 PENSIONERS IF OPTION 1 IS DENIED ILLUSTRATIVE EXAMPLE OF LEVEL 11 (Scale S 19 - PB3)

POST 2006 PENSIONER						PRE 2006 PENSIONER	
Increments	Pay with increments @ 3% pa	Corresponding Existing pension (col. 2/2)	Revsd pension with MF of 2.57	Pension for L 11 as per matrix table	Reduction in pension with denial of Option 1 (col 5-4)	Revsd pension with MF of 2.57	Reduction in pension with denial of Option 1 (col 5-7)
1	2	3	4	5	6	7	8
0	25200	12600	32382	33850	1468	32382	1468
1	25956	12978	33353	34850	1497	32382	2468
2	26735	13367	34354	35900	1546	32382	3518
3	27537	13768	35385	37000	1615	32382	4618
4	28363	14181	36446	38100	1654	32382	5718
5	29214	14607	37540	39250	1710	32382	6868
6	30090	15045	38666	40450	1784	32382	8068
7	30993	15496	39826	41650	1824	32382	9268
8	31923	15961	41021	42900	1879	32382	10518
9	32880	16440	42251	44200	1949	32382	11818
10	33867	16933	43519	45550	2031	32382	13168
11	34883	17441	44824	46900	2076	32382	14518

1. From the above table it will be clear, that pre-2006 pensioners, as victims of Modified Parity will stand to lose more in pension compared to post -2006 pensioners if Option 1 of counting increments is not accepted by Govt.
 2. The loss in pension for post 2006 pensioners is in the range of Rs.1700 (from 1468 to a max of 2076 as per col. 6) only and is nearly constant, whereas for pre-2006 pensioners the loss in pension increases by almost Rs.1000/- for every one increment (Refer cols. 6 & 8).
 3. For example, the loss suffered in pension of pre 2006 pensioner in losing 5 increments works out to 6868 as against 1710 for post 2006 pensioner.

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TABLE 2 SHOWING REVISED PENSION OF SCALE S 29-PB 4 (LEVEL 14) PENSIONERS OF 4th CPC REGIME WITH & 3rd OPTION BASED ON NOTIONAL PAY OF SUCCESSIVE PAY COMMISSIONS

(Para 5 of minutes of meeting held on 6th October, 2016) vs OPTION 1 BASED ON INCREMENTS EARNED

Pay on retirement	Notional pay-5th CPC	Notional pay-6th CPC (Fitment table-6th CPC)	Notional pay-7th CPC with MF OF 2.57-3rd option (col.3xMF)	Operative Pay of col. 4 in the next cell of pay matrix (MOF OM dt 25-7-2016)	Pay based on option 1 with increments (as per pay matrix)	Pension as per option 3 (col.5/2)	Pension as per option 1 (col.6/2)	Loss of Revised pension if Option 1 is not given (Difference between Option 1 & 3) (col.8-7)
1	2	3	4	5	6	7	8	9
5900	18400	54700	140579	144200	144200	72100	72100	0
6100	18400	54700	140579	144200	148500	72100	74250	2150
6300	18400	54700	140579	144200	153000	72100	76500	4400
6500	18900	56050	144049	144200	157600	72100	78800	6700
6700	18900	56050	144049	144200	162300	72100	81150	9050
6900	18900	56050	144049	144200	167200	72100	83600	11500
7100	19400	56050	144049	144200	172200	72100	86100	14000
7300	19400	56050	144049	144200	177400	72100	88700	16600

NOTE: 1.3rd Option is not suitable at all. The loss in pension is clear from col. 9.

2. Notional pay in 6th CPC in col. 3 has been taken from the Fitment table issued by MOF (DOE) on 30-8-2008.

- Compiled by: N. P. MOHAN 24-10-2016