



RAILWAY SENIOR CITIZENS WELFARE SOCIETY

(Estd. 1991, Regd. No. 1881 – Under Registration of Societies Act),

Website <http://www.rscws.com>; Quarterly Journal: "Pensioner's Rail Sampark"

IDENTIFIED BY DOP&PW - UNDER PENSIONERS' PORTAL GOVT. OF INDIA

FORMER MEMBER, SCOVA (STANDING COMMITTEE FOR VOLUNTARY AGENCIES)

DEDICATED TO THE CAUSE
OF PENSIONERS SINCE 1991

No. 2024-9/RSCWS/CHD/Secretary (Pension)

Dated: 21.05.2024

Chairman,
T.S. Kalra,
Ex CEE (PHOD),
Ph. 9876173490

President,
K. P. Singh, FIE
Ex-ED RB,
Ph. 9811922222

Secretary General
Sat Pal Singh, FIE
Ex. Sr.DGM/RITES
Ph. 9888448063

Finance Secretary
Jaspal Singh
Ex. Ch.OS/P/DRM
office/ UMB
RRB/CDG
Ph. 9876092040

Treasurer
C. P. Singh
Ex.SSE/Loco/JUC
Ph. 9888054477

Secretary (Pension),
Government of India,
Ministry of AR, PG & Pension,
5th Floor, Patel Bhawan,
Parliament Street, New Delhi – 110001.
secy-argp@nic.in

Sub: - Restoration of Commuted pension after 12 years instead of 15 years
(Anomalies)
Ref: -i) Govt. of Gujrat Resolution No.-NVT/102010/D/66/P (PENSION CELL)
Dated 12.10.2022
ii) Our Memorandum No. RSCWS/HO/CHD/Memo MOS/P&PW / 2022-25
Dated: 12-12- 2022 to Dr. Jatindra Singh, Hon'ble Minister of State,
GOI, Department of Personnel, PG & Pension.

Dear Sir,

We draw your kind attention to the submissions made by us in our Memorandum dated 12-12-2022 cited above regarding anomalies in respect of excessive recovery of commuted pension and humbly request to review the facts at earliest. Last revision of commutation table was done in the year 2008 with compounded interest rate of 8% annually. Since then, the interest rates in various Govt. Schemes have fallen by 33% in the last five years. Following facts are furnished in support of our concern:-

Comparative Rate of Interest on Various Govt. Saving Schemes

Name of the Scheme	Year	Interest Rate	Year	Interest Rate	year	Interest Rate
P.P. F.	01.01.2006	8.0%	01.01.2016	8.1%	01.01.2024	7.1%
Sr.C.S.S.	01.01.2006	9.2%	01.01.2016	8.6%	01.01.2024	8.2%
N.S.C.	01.01.2006	11.3%	01.01.2016	8.1%	01.01.2024	7.7%

Rate of interest on PPF from 01.04.1986 to 31.03.2006 was around 12%. From the above table it is evident that there is a decline in the interest rates and RBI's repo rates at present is 6.5% as compared to 7.5% in year 2006. After 6th CPC i.e. from 01.01.2006 the retirement age is 60 years but Commutation Factor (CF) was downgraded to 8.194 from 9.81 for 61 years (Next Birthday). The reduction in CF has led to reduction in commuted pension by 16.5% which is an added monetary loss.

In addition to this, the Rate of Interest on commuted value increased from 4.75% to 8% i.e., an increase of 68% in the low interest rate regime which is 30% low in the last five years.

In view of decreased rates of interest and increased life expectancy to 70 years in case of Govt. Employees, the commutation table has not been revised which is the need of the hour for realistic approach to reduce recovery time of commuted portion of the pension.



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1. Restoration of Commuted Pension after 12 years

The 5th CPC already recommended to recover the commuted pension in 12 years which was unjustifiably not accepted with exception to certain states like Kerala, M.P., Odissa, Punjab and Gujarat is the latest addition vide above referred letter. The commutation-factor decreased by 16.8%, therefore, there is no justification to recover anything more than what is advanced to the retirees as commutation of Pension.

The decreased commutation factor if equated in terms of years it should be 10.85 years which means presently 4.15 years (15-10.85) of more recovery time is taken to restore full pension. On calculation the entire amount of commutation @ 8%, commuted value of pension stands recovered in 10 years & 8 months. But, recovery is allowed to continue till 15 years, where additional value of recovered money from the pensioner will come out to be 18.3%.

It is not out of place to mention that 15 yrs. recovery period was fixed on the bases of then prevailing 12% rate of interest. Rate of interest has been declining since 2006, which was 8% in 2010 & presently hovering around 7%.

Refer to the judgment passed on 09/02/2024 in CWP 2490/2024 filed in Hon'ble High Court Punjab & Chandigarh for stay in future recovery of Commuted portion of Pension.

The petition No. 8222/2024 came up for hearing on 15/04/2024 & the court has passed orders for staying future recovery of Commuted portion of Pension.

2. Mortality Rate

Life expectancy as per the current data is 70 years and mortality rate has gone low. The WHO statistics has shown life expectancy of 77 years in case of Govt. Employees.

In view of above it is requested to get the matter evaluated to reduce the period of commuted pension recovery from 15 years to 12 years in view of low rates of interest and increased life expectancy.

With Regards

21.05.2024

Sat Pal Singh

Secretary General/RSCWS

Copy to: -

1. Secretary, Department of Pension & Pensioners Welfare
2. Secretary, Ministry of Finance, Department of Expenditures