

No.8(3)/85/A/D(Pension/Services)  
Government of India/Bharat Sarkar  
Ministry of Defence/Raksha Mantralaya  
New Delhi, the 17th March, 1986

To

The Chief of the Army Staff  
The Chief of the Naval Staff  
The Chief of the Air Staff.

Subject:- Grant of pro-rata pensionary benefits to Defence Services Officers on permanent absorption in Central Public Enterprises.

Sir,

I am directed to say that grant of pro-rata pensionary benefits to the officers of the Defence services on their immediate absorption in Central Public Enterprises under the control of the Department of Defence Production and other civil Ministries, in terms of Ministry of Finance, Bureau of Public Enterprises, Office Memorandum No.5(25)/83-BPE dated 6-3-85 (reproduced as Annexure A), will be regulated in accordance with the provisions of this letter.

2. For the purpose of these instructions, immediate absorption means acceptance of request for premature retirement of an officer from Defence services to enable him to take up an appointment in a Central Public Enterprise, for which he had applied with proper permission. Such premature retirement/will/ terminal benefits. In such cases, the officer concerned shall be deemed to have retired from the date of such premature retirement and shall be eligible to receive retirement benefits enumerated in this letter. However, an officer selected for a post in a Central Public Enterprise and released after acceptance of his request for premature retirement from Defence services, will not be allowed to retain any lien in his parent cadre. ~~All his parent cadre.~~ All his connections with the Government will be severed on his release for appointment in an Enterprise and he will not be allowed to revert to his parent cadre.  
L not entail forfeiture of service for the purpose of retirement/
3. The stipulation of 'immediate absorption' will apply to all appointments in the Central Public Enterprises, irrespective of the level of appointment, the mode of recruitment, and whether an appointment is in public interest or otherwise, but subject to the exceptions made in the O.M. dated 6.3.1985 referred to above.
4. The pensionary benefits enumerated in this letter will be admissible to all officers who secure appointments in Central Public Enterprises with proper permission. An officer selected for appointment in an enterprise on the basis of an application submitted by him before joining the Government service will be deemed to have applied with proper permission for the purpose of these orders.
5. For the purpose of these orders, a Central Public Enterprise is an undertaking wholly or substantially owned by the

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Government of India, and which is accepted as such by the Bureau of Public Enterprises.

6. Since the pensionary benefits enumerated in this letter are admissible only to those officers who leave the service with proper permission to secure employment in an Enterprise, a case for grant of those benefits should be initiated by the service Headquarters only after ascertaining from the Enterprise concerned that the officer has actually joined them. All cases for grant of pensionary benefits to officers in accordance with the provisions of this letter will be decided by this Ministry and a separate sanction will be issued in each case. Case of doubtful nature or those not covered by the provisions of this letter or which require relaxation of any provision will continue to be referred to the Bureau of Public Enterprises with necessary service particulars.

7. The pensionary benefits admissible under the provisions of this letter are enumerated in the following paragraphs:-

Pro-rata Pension/Gratuity

8. An officer with not less than 10 years of qualifying service would be entitled to pro-rata pension calculated according to the method in Annexure B to this letter.

9. given

9. Death-cum-Retirement gratuity, based on the length of qualifying service of an officer till the date of his absorption will be admissible, as calculated under the DCRG Rules applicable to the officer before absorption.

10. No pension or service/Death-cum-Retirement gratuity will be payable to an officer absorbed in an Enterprise with less than 10 years of service.

Commutation/Lump-sum payment

11. Every officer will be required to exercise an option within six months of his absorption for either of the alternatives indicated below:

- (a) Receiving pro-rata monthly pension and Death-cum-Retirement gratuity as admissible under the rules.
- (b) Receiving Death-cum-Retirement gratuity and a lump-sum amount in lieu of monthly pro-rata pension, worked out with reference to the Commutation tables as obtaining on the date on which commuted value becomes payable.

Note:- Where no option is exercised within the prescribed time limit, the officer will be governed by alternative (a) above. Option once exercised shall be treated as final.

12. An Officer opting for or who is deemed to have opted for alternative (a) above will be entitled to commutation of a portion of his pension as admissible in accordance with the normal rules.

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However, such an officer will not be entitled to periodic relief on pension during his service in the Enterprise.

13. Where an officer opts for alternative (b) payment of lump-sum amount will be authorised based on the findings of the Release Medical Examination/Board of the officer, provided it is held not later than one year from the date of absorption. However, if an officer has already appeared before a commutation Medical Board after 6 March 1985 but before the date of issue of this letter, the findings of the commutation Medical Board will apply.

14. Reduction in the amount of pension consequent upon the officer's opting for either of the two alternatives referred to above, would become operative from the date of receipt of commuted value of pension by the pensioner or three months after the issue of the authority letter by the Pension Sanctioning Authority directing the pensioner to collect the commuted value of pension, whichever is earlier.

#### Family Pension

15. The family of an officer would be eligible for benefits under the ordinary family pension scheme, applicable to the officer before absorption, provided he is not compulsorily covered by any other similar scheme applicable to the staff of the Enterprise in which he is absorbed.

16. The benefit of ordinary family pension scheme will be admissible only if an officer was actually in receipt of pension from the Central Government or had opted for payment of a lump-sum amount in lieu of pension on absorption in an Enterprise. This benefit will not be admissible to the family of an officer who is absorbed in an Enterprise before completion of 10 years of service.

17. In case an officer happens to be a widower with minor eligible children or where the officer opts to draw a lump-sum amount in lieu of monthly pro-rata pension, family pension will be notified by the Pension Sanctioning Authority on receipt of an application from the eligible heirs as and when the contingency arises.

#### General

18. Any liberalisation of pension/gratuity and other rules as decided upon by the Government of India in respect of officers of the services and applicable from a date after the permanent absorption of an officer would not be extended to him.

19. The lump-sum payments to the officer will not be subject to deductions of income tax as per the existing orders. However, in this regard officers will be governed by the orders issued by the Central Board of Direct Taxes or any other Competent Authority from time to time.

20. Separate orders will be issued regarding pay fixation, carry forward/encashment of leave and DSOF Fund of the

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officers.

21. The provisions of this letter will be applicable to the Defence Services officers who are absorbed in Central Public Enterprises on or after 6-3-1985.

22. Pension Regulations of the three services will be amended in due course.

23. This issues with the concurrence of the Finance Division of this Ministry vide their u.o. No.1232/Pen of 1986.

Hindi version will follow.

Yours faithfully,

*Amit Cowshish*

( AMIT COWSHISH )

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\*DR\*

17-3-1986

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Copy of Government of India, Ministry of Finance, Bureau of Public Enterprises O.M. No.5(25)/83-BPE(PESB) dated 6 March, 1985.

Subject:- Deputation of Government Officers to Central Public Enterprises - Review of policy.

The undersigned is directed to refer to the originally noted Office Memoranda of this Ministry and to say that the Government have reviewed the policy regarding deputation of Government officers to Central public enterprises in the context of the need for toning up the performance of public enterprises.

- 1. No.2(90)/68-BPE(GM) dated 8.11.68
- 2. No.2(57)/68-BPE(GM) dated 25.2.69
- 3. No.2(57)/68-BPE(GM) dated 13.5.69
- 4. No. 2(57)/68-BPE(GM) dated 18.8.71

2. In supersession of all extant orders on the subject, it has been decided that deputation of all Government officers, including those belonging to Defence Services, to all posts (whether Board-level or below Board-level) in Central public enterprises should, except in the cases mentioned in the following paragraph, not be permitted from the date of issue of this O.M. Hereafter, such officers could join posts in the Central public enterprises only on immediate absorption basis.

3. (i) However, deputation may be permitted for a maximum period of three years in the case of Chief Executives and regional/zonal chiefs of Central public Enterprises who require continuous liaison and coordination with State Governments and where expertise acquired in the State Government is needed for organisational efficiency. Following are the examples of enterprises coming under this category.

- (a) Central Cottage Industries Corporation
- (b) Central Inland Water Transport Corporation
- (c) Central Warehousing Corporation
- (d) Cotton Corporation of India
- (e) Food Corporation of India
- (f) Handicrafts & Handlooms Export Corporation
- (g) National Handloom Development Corporation
- (h) National Seeds Corporation
- (i) Rehabilitation Industries Corporation
- (j) Rural Electrification Corporation
- (k) State Farms Corporation
- (l) Trade Fair Authority of India.

(ii) Deputation may also be permitted in the case of Chief Vigilance Officers in all Central public enterprises; the tenure of officers of Organised Services appointed to posts of Chief Vigilance Officers in public sector undertakings should be the same as the tenure that would be permissible in their cases on their deputation to the Centre.

4. The policy that Government employees joining public sector undertakings can do so only on 'immediate absorption' basis

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120  
37 1/2 %

will also apply to employees of one public sector undertaking joining other public sector undertakings, regardless of the level of the posts involved.

5. In respect of officers who are already on deputation to Central public enterprises, the existing terms and conditions of their deputation will operate. However, no extension of deputation beyond the periods specified in their deputation orders should be allowed.

6. The Administrative Ministries and the various cadre authorities are requested to take necessary steps to implement these decisions.

Sd/-  
(C.P.Mittal)  
Adviser(Personal Management)

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