

No.27(1)/79/2905/C/D(Pension/Services)
Government of India/Bharat Sarkar
Ministry of Defence/Raksha Mantralaya

New Delhi, the 8th August, 1986

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

Subject:- Payment of interest on delayed payment of Death-cum-retirement Gratuity on normal retirement cases to Armed Forces Officers and personnel below Officers rank.

Sir,

I am directed to say that the President is pleased to decide that interest at the following rate may be allowed on delayed payments of Death-cum-Retirement Gratuity in normal retirement cases (i.e retirement on attaining the age of retirement or on completion of terms of engagement) to Commissioned Officers and personnel below officers rank, for the period beyond 3 months after the gratuity becomes due:-

- i) Beyond three months and upto one year - 7% per annum
- ii) Beyond one year - 10% per annum

The interest would be payable till the end of the month preceding the month in which the payment of DCR Gratuity is actually made. The interest will be allowed only where it is clearly established that the payment of DCRG was delayed on account of administrative lapse or for reasons beyond the control of the individual concerned. Each case of payment of interest shall be considered by the Ministry of Defence in consultation with the services Headquarters and the audit authorities concerned and the payment of interest will be authorised through a Government sanction. In all cases where interest has to be paid, action should be taken to fix responsibility for the delay and disciplinary action should be taken against the official(s) responsible for it.

2. A detailed procedure for finalising pension cases has been laid down in Ministry of Defence letter No.A/42977/13/PS4(b)/44/S/D(Pension Services) dated 18th January, 1978. Under the rules, DCR Gratuity becomes due immediately on retirement.

3. Where disciplinary or judicial proceedings are pending on the date of retirement of a servicemen, the provisional pension is authorised under Regulation 3B (inserted vide CS No.152/VII/76) Pension Regulation for the Army Part I (1961) and corresponding regulations on the Navy and Air Force side. No gratuity is paid in such cases until the conclusion of the proceedings and the issue of final orders thereon. The DCR Gratuity is allowed to be drawn by the competent authority

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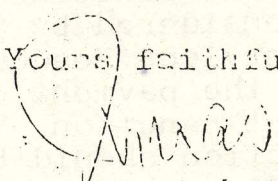
on the conclusion of the proceedings will be deemed to have fallen due on the date following the date of retirement. In other words, in such cases the gratuity will be deemed to have fallen due on the date following the date of retirement for the purpose of payment of interest on delayed payment of gratuity. Interest will be paid only to those servicemen who are fully exonerated on conclusion of the disciplinary proceedings. The benefit of these instructions will, however, not be available to such of the servicemen who die during the pendency of judicial/disciplinary proceedings against them and against whom such proceedings are consequently dropped.

4. The provisions of this letter will not apply to the payment of arrears of DCR Gratuity which may become due as a result of enhancement of the emoluments after retirement or liberalisation of the pensionary awards from a date prior to the date of retirement of the individual. The case of those servicemen who die while in service, invalidment and premature retirement would also not be covered under these orders.

5. These orders shall apply to defence service officers and personnel who retire after the date of issue of this letter. The cases of those servicemen who retired before this date, would also be covered if DCR Gratuity has not been paid as on the date of issue of this letter and there has been delay in its payment beyond 3 months of the date of their retirement but the interest would be payable only from the date of issue of this letter or 3 months from the date of retirement whichever ever date is later.

6. This letter issues with the concurrence of the Ministry of Defence (Finance) vide their UO No. 3483-Pen of 1986.

Yours faithfully,


(M. K. AGGARWAL)
DESK OFFICER

Copy to:-

The Controller General of Defence Accounts, New Delhi - 10 copies
The Director of Audit, Defence Services, New Delhi
The Deputy Director of Audit, Defence Services, Allahabad
The Controller of Defence Accounts (Pensions), Allahabad - 10
The Controller of Defence Accounts (Officers), Pune
The Controller of Defence Accounts (Other Ranks), South India
The Controller of Defence Accounts (Other Ranks), North India
The Controller of Defence Accounts (Army), Bombay
The Controller of Defence Accounts (Air Force), Dehradun - 2

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