

To,

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

Subject:- Payment of compensation in lumpsum (in lieu of the disability element of pension) - procedure regarding.

Sir,

In terms of para 14.4 of Min of Defence letter No. 1(5)87/D(Pensions/Services) dated the 30th October, 1987 in case a person belonging to the Armed Forces is found to have a disability which is (i) accepted by the competent authority as attributable to/aggravated by service factors, and (ii) assessed at 20% or more for life but the individual is retained in service despite such disability, he shall be paid a compensation in lump sum (in lieu of the disability element equal to the capitalised value of disability element.

2. The procedure for grant of such compensation has been examined in the Ministry in consultation with the office of CGDA and Finance(Pensions) and it has been decided that as and when a person belonging to the Armed Forces is found to have a disability which is (i) accepted by the competent authority as attributable to/aggravated by service factors, and (ii) assessed at 20% or more for life but the individual is retained in service, despite such disability, the concerned Service HQrs will initiate a claim for payment of compensation in lump sum (in lieu of disability element). Service HQrs will forward the compensation medical board proceedings in AFMSF-15B in respect of Officers, duly approved by the disability compensation Medical Board to the Ministry, and in respect of JCOs/ORs and their equivalents to the CDA(P), for initial adjudication of the compensation claim. The Ministry after adjudication of the claims of the individual officers will endorse copies of the Government sanction to the concerned CDAs for making lumpsum payment to the individual officer in terms of para 14.4 of this Ministry's letter referred to in para 1 above. The claims in respect of JCOs/ORs and their equivalents will be adjudicated and settled by CDA(P). The payment of lump sum compensation will be made by the Pay Controllers, viz., CDA(O) Pune for Army Officers, CDA(Navy) for Naval Officers and CDA(AF) for Air Force Officers after getting authority letters from Pension Sanctioning authorities.

3. In the case of Officers, however, before authorising payment on account of compensation in lump sum (in lieu of disability element) the concerned CDA will obtain an undertaking

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from the individual Officer to the effect that if he seeks pre-mature/voluntary retirement on his own request at a subsequent date before completion of the terms of the engagement of his service, he shall refund the amount of compensation paid to him in lump sum together with interest at the then prevailing rate of interest to the Government. This restriction will, however, not be applicable in those cases where an officer seeks pre-mature voluntary retirement within one month of the actual date of retirement on superannuation for obtaining higher commutation value of their commuted pension.

4. With a view to avoid double payment on this account the concerned CDA will keep a record of such payments in the service record/IRL&s/Sheet Rolls of the Officer/JCOs/ORs and their equivalents.

5. The benefit of compensation in lump sum (in lieu of the disability element) will be admissible only in those cases where the disability had taken place on or after 1.1.1986 and the same has been accepted by the competent authority as attributable to/aggravated by service factors and assessed at 20% or more for life but the individual is retained in service despite such disability.

6. This issues with the concurrence of Finance Division of this Ministry vide their u.o. No. 1301/Pen/1991.

Yours faithfully,

Sd/-x x x

(P.L.KAIN)

Under Secretary to the Government of India.

Copy to:-

As usual.