

No. 5(1)/95/D(Pen/Sers)
Government of India
Ministry of Defence
New Delhi, the 8th Aug 95

To

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

Subject:- Treatment of dearness allowance as dearness pay for the purpose of death gratuity and retirement gratuity and raising the maximum limit of gratuity from Rs. 1.00 lakh to Rs. 2.50 lakhs.

Sir,

I am directed to refer to this Ministry's letter No. 5(1)/93/D(Pen/Sers) dt. 31.12.93 and to say that on the recommendations of the Fifth Central Pay Commission, in its interim report, it has been decided that dearness allowance linked to AICPI 1201.66 as indicated below shall be treated as dearness pay for reckoning emoluments for the purpose of retirement gratuity/death gratuity under the Central Civil Services (Pension) Rules, 1972 in the case of Central Government employees who retire or die on or after 1st April, 1995 :-

Pay Range	Dearness allowance to be added to pay for calculating gratuity
1. Basic pay upto Rs. 3,500/- p.m.	97% of pay
2. Basic pay above Rs. 3,500/- p.m. and upto Rs. 6,000/- p.m.	73% of pay subject to a minimum of Rs. 3,395/-
3. Basic pay above Rs. 6,000/- p.m.	63% of pay subject to a minimum of Rs. 4,300/-

The above rates are inclusive of the dearness allowance equivalent to 20% of basic pay already treated as dearness pay for the purpose of retirement gratuity/death gratuity wef 16th September, 1993 in terms of this Ministry's letter No. 5(1)/93/D(Pen/Sers) dt. 31.12.93.

2. It has also been decided that the ceiling on the maximum amount of retirement gratuity/death gratuity may be

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raised from Rs. 1.00 lakh to Rs. 2.50 lakhs wef 1st April, 1995.

3. In the case of persons who have already retired/died on or after 1st April 1995, the retirement gratuity/death gratuity are to be recomputed suo motu on the basis of these orders by the Pension Sanctioning Authorities and arrears, if any, paid.

4. The President is pleased to decide that aforesaid orders shall apply to Armed Forces Personnel who are governed by rules/regulations concerning pensionary benefits of the Commissioned Officers (including MNS and TA Officers) and personnel below officer's rank (including NCS(E)) of the three Services, Defence Security Corps and Territorial Army and Non-regular Officers granted commission from the Rank.

5. This issues with the concurrence of Finance Division of this Ministry vide their U.O. No. 1357/Pen/95 dt. 31.7.95.

Yours faithfully,

Ak Madan
(A.K. MADAN)
Desk Officer

Copy to:-

1. The Controller General of Defence Accounts, New Delhi
2. The Director General of Audit, Defence Services, New Delhi.
3. The Controller of Defence Accounts (Pension), Allahabad.
4. The Dy. Director General of Audit, Def Services, Allahabad
5. Army Hqrs/AG/PS-4
6. NHQ/PP&A.
7. Air Hqrs/PP&R/PA-III
8. Director General (Res).
9. Dte. of Public Grievances, Patel Bhavan, New Delhi.
10. Indian Ex-servicemen League, 9, Nyay Marg, Chankyapuri, New Delhi.
11. National Ex-Servicemen Co-Ordination Committee, B-30, Manak Vihar, Tilak Nagar, New Delhi-18.
12. All India Ex-Services Welfare Association, M-34-35, Palika Bhavan, R.K.Puram, Sector-XIII, New Delhi.
13. DFA(GS/Pen) 14. AFA(Pen). 15. D(Pen-C) 16. D(Pen-A &A/C)
17. D(Res) 18. D(PG Cell) 19. Editor-in-Charge, Sainik Samachar.
20. Air Force Association, Air Force Station, Race Course Camp, New Delhi-110 003.

Copy signed in ink to:-

The Controller of Defence Accounts (Pension), Allahabad.
The Controller of Defence Accounts (PD), New Delhi.
CDA(O), Pune.