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IMMEDIATE

No.F.49/15(6)/73-D(PS)  
GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE,  
(Department of Defence Production)  
New Delhi, 22nd August 1975.

OFFICE MEMORANDUM

Subject:- POLICY REGARDING DEPUTATION OF OFFICERS OF THE DEFENCE SERVICES TO PUBLIC ENTERPRISES - ADMISSIBILITY OF PRO-RATA PENSION IN ADDITION TO PAY OF THE POST TO THE DEFENCE SERVICE OFFICERS ON THEIR ABSORPTION IN THE PUBLIC SECTOR UNDERTAKINGS

In accordance with the provisions of the Ministry of Finance (BPE) Office Memorandum No. 2(57)/68-BPE(GM), dated 3rd January 1970, read with their office memorandum No. 2(208)/71-BPE(GM) dated 6th April 1972, the Defence Service officers absorbed in the Defence Public Sector Undertakings, are eligible to draw the pay of the post in the Public Sector Enterprises in addition to their pro-rata pension, on permanent absorption in the Public Sector Enterprises, subject to fulfilment of the eligibility conditions for this purpose, as laid down in the connected office memoranda of the B.P.E. regarding the period of option etc. Under the Ministry of Finance(BPE) Office Memo No. 2(208)71-BPE(GM), dated 10th January 1973, the above mentioned decision was given retrospective effect from 8th November 1968, subject to the condition that the Defence Service personnel who had not absorbed in the Defence PSUs after 8th November 1968 but prior to 6th April 1972 would not be entitled to arrears for the period before 6th April 1972.

2. Under the pension Regulations of the Defence Services, as they stand at present, the Defence Service officers with less than 20 years' service are not eligible for pension in the event of their permanent absorption in the Public Sector Undertakings. The question of extending the benefit of pro-rata pension in addition to the pay of the post in the Public Sector Undertakings in the case of Defence Service officers with less than 20 years service on their absorption in the Defence PSUs has been considered by Government and it has been decided that the Defence Service Officers with less than 20 years' service but not less than 10 years' service who get absorbed in the Defence Public Sector Undertakings should be eligible to draw their pro-rata pension in addition to pay of the post in the Public Sector Undertakings on the basis of the following formula, namely:-

$$\frac{\text{Actual No. of years of service}}{20} \times \text{Pension entitlement at the end of 20 years of service}$$

In determining the pension entitlement at the end of 20 years' service, the weightage included in the standard rate of pension should be excluded.

This decision will also have effect from the 8th November 1968 subject to the following conditions, namely:

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(i) The Defence Service Officers with less than 20 years' service but not less than 10 years service who may have been absorbed in the Defence Public Sector Undertakings on or after 8th November 1968 but prior to 6th April 1972 will not be eligible to draw the arrears for the period before 6th April 1972.

(ii) In the case of the Defence Service Officers with 20 years' service or more who may get permanently absorbed in the Defence PSUs after the date of issue of these orders also, the pro-rata pension will be subject to deduction of the weightage element from the standard rate of pension. These instructions will not, however, apply in the case of such officers who may have been absorbed in the Defence Public Sector Undertakings prior to the date of issue of these orders.

3. Illustrative examples as regards the method of calculation of the pro-rata pension entitlement in cases of the above types in accordance with these orders are given in the Annexure to this Office Memorandum.

4. No gratuity will be payable to an officer absorbed in Defence Public Sector Undertaking with less than 10 years' service. In the case of test pilots who seek absorption in HAL before completion of 10 years' service as test pilots, the unrecovered portion of the training cost will be recovered from HAL under the terms of the Ministry of Defence letter No. Air HQ/23949/26/PP&R/330/D(A-II) dated 19.1.63.

5. These orders issue with the concurrence of the Ministry of Finance (Defence) vide their G.O. No 2449/Proj.II/75 dated 21.8.1975.

Sd/- XXX

(MOHINDER SINGH)

DEPUTY SECRETARY TO THE GOVERNMENT OF INDIA

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The Bureau may kindly consider issuing similar Orders in respect of Defence Services Officers getting absorbed in the Civil Public Sector Undertakings.

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