

KARNATAKA POSTS AND TELECOMMUNICATIONS
PENSIONERS' ASSOCIATION (R.)

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8th CPC – MEMORANDUM

**Memorandum to the 8th Central Pay Commission submitted by
KPTPA on 28-04-2026**

Pay Matters

Q 1. What concerns views do you have related to pay matters?

Basic Pay

Minimum Pay

Increment Annual Increment

Level in Pay Matrix

Maximum of Pay Level

Any Other

Answer :-

Central Government Employees are the backbone of Government of India and play a very important role in implementing its policies and programs and ensure that the same reaches the citizens throughout the country. The major workforce is in the Group C and B category who are Industrial Employees in the Railways and Ministry of Defence. **Central Government Employees Workforce consists 88 percent of Central Government employees, industrial or operational workers. And 86.17 percent belong to Group C.**

Pay is the foundation of Dignity, Motivation and Efficiency in Public Service. 8th CPC must ensure that real wages are protected and reasonably enhanced.

The concept of a **Need-Based Minimum Wage** must remain the foundation for fixation of minimum pay.

Accordingly, the Government must ensure wages that guarantee:

- Decent living standards
- Economic security
- Human dignity

Rather than mere subsistence.

Minimum Pay must be based on a scientific living wage formula covering Food, Housing, Education, Health Care, Transport and the Technological Digital Needs. The Present system of treating a family as 3 Units should be dispensed with and the Family should be treated as 5 Units (employee 1 Unit, Spouse 1 Unit (No Gender Discrimination), 2 Children, 0.8 Units each of the parents 0.8 Units. This works out to a total of 5.2 Units (Rounded off to 5 Units).

Revision of Family Consumption Units

The existing **three-unit family formula is inadequate**. Families today support dependent parents and children for longer durations. This is in conformity with the legal obligations under the Maintenance and Welfare of Parents and Senior Citizens Act which mandates Children to support dependent parents. It is pertinent to mention here that in the Social Security Code 2020 in the definition of family dependent parents are included. And female employees can include their parent-in-laws as part of their family.

The current Minimum Pay is inadequate and must ensure a decent standard of living and not mere subsistence.

There is Need to Update the Aykroyd Formula

The expenditure pattern has drastically changed over the last 65 years. In digital era today, additional essential expenses such as **communication, digital devices and internet access** have become unavoidable. Therefore, the Aykroyd formula requires updating to reflect modern living requirements. Certain unavoidable expenditures must be incorporated in the formula, including:

- **Stitching charges for clothing**
- **Other food and essential non food items other than those prescribed in the Dr Aykroyd formula.**
- Food components like spices, beverages, ghee, etc., currently unrepresented in the formula.
- Purchase and maintenance of **technology devices**
- Retail market prices must be considered instead of controlled or subsidized rates to reflect actual living costs.
- Weightage for rising retail prices beyond Labour Bureau indices.
- Historically, minimum pay has aligned with growth in per capita income.

Therefore, considering the average retail prices of the Food items, Clothing expenditure, Housing **and Retail Price Considerations, the Aykroyd formula needs updating.**

The minimum pay computed by the Staff Side National Council (JCM) **is Rs. 69,000-** for 5 Unit Family- after considering **7.5percentage weightage for housing expenditure,**20 percent for Fuel, Electricity, Water Charges, 25 percent for Skill Development, 25 percent for Additional Expenditure towards marriage, recreation, festival etc., 5 percent for Technology Charges. **Accordingly, the Fitment Formula for the existing employees and pensioners will be 3.833.** The existing Pay/ pension as at 01-01-2026 must be multiplied by the factor **3.833**

to arrive at the revised Pay/ Pension under 8th CPC from 01-01-2026

ANNUAL INCREMENT

The current increment rate of 3 percent appears to be insufficient to serve as an incentive for better **performance, skill enhancement, and maintaining motivation levels** among employees. A higher increment rate would serve as a meaningful reward for continuous professional development and commitment to public service. Therefore, we propose the rate of annual increment should be increased from the existing **3 percent to 6 percent**.

MERGER OF PAY SCALE

We propose the following Merger of Pay Scales and the Revised Pay Scales of 8th CPC.

- 1) Level 2 and Level 3 should be merged in to one pay scale at level 3.
- 2) Level 4 and Level 5 should be merged in to one pay scale at level 5.
- 3) Level 7 and Level 8 should be merged in to one pay scale at level 8.
- 4) Level 9 and Level 10 should be merged in to one pay scale at level 10.
- 5) Existing employees in Level 5 should be upgraded and merged with Level 6 as a onetime measure.

Standardized Pay Scales / Number of Pay Scales after Merger of Pay Scales

<u>Sl.NO</u>	<u>Proposed Level</u>	<u>Existing Pay Matrix</u>	<u>Proposed Minimum of the proposed 8th CPC Pay Scale by applying</u>

			<u>3.833</u> <u>fitment</u> <u>factor</u>
1	Pay Scale -1 (existing Level - 1)	Existing 18,000 - 56,900	Rs. 69,000
2	Pay Scale-2 (after Merger of existing Level 2 and 3)	Existing 21,700 - 69,100	Rs.83,200
3	Pay Scale-3 (after merger of existing Level 4 and 5)	Existing 29,200 - 92,300	Rs. 1,12,000
4	Pay Scale-4(existing Level 6)	Existing 35,400 - 1,12,400	Rs. 1,35,700
5	Pay Scale- 5 (after merger of existing Level 7 and 8)	Existing 47,600 - 1,51,100	Rs. 1,82,500
6	Pay Scale - 6 (after merger of existing Level 9 and 10)	Existing 56,100 - 1,77,500	Rs. 2,15,100
7	Existing Level 11 to Level 17 may be renumbered as Pay Scale - 7, Pay Scale - 8, Pay Scale - 9, Pay Scale - 10, Pay Scale - 11 Pay Scale -12, Pay Scale -13	Can be retained by using Fitment Factor 3.833	

Annual Increment as already mentioned will be 6 percent of the Basic Pay in the proposed Pay Scale.

The gap between Minimum and Maximum Pay should be balanced to avoid excess disparity. The ratio should not be more than 1:12. This will help in reducing income inequality. Moreover the Pay Scales also should not have a wide gap between

one pay scale and the other pay scale and a structural balance may be maintained.

Earlier Pay Commissions

The **Fourth Central Pay Commission (Para 7.58)**

emphasized the need to:

Reduce the number of pay scales and minimize the disparity between minimum and maximum pay.

However, subsequent Pay Commissions have deviated from this principle:

- **5th CPC:** Ratio increased to **1:10.7**
- **6th CPC:** Increased to **1:11.42**
- **7th CPC:** Increased to **1:12.5**

This trend has led to a **steady rise in income inequality within government service**, contrary to the constitutional ideals of **social and economic justice**.

Conclusion

In view of the above submissions, it is strongly urged that:

- The **number of pay levels be reduced from 18 to 13**
- **Closely placed levels be merged**, especially at lower and middle tiers
- A **uniform and rational progression structure** be introduced
- The **minimum–maximum pay ratio be moderated** to reduce inequality

Such reforms will promote **equity, motivation, and administrative efficiency**, while aligning the pay structure with the principles of **social justice and fair compensation**.

Government Expenditure on Salaries

At present, the Central Government spends approximately **13 percentage of its revenue expenditure** on salaries, allowances, and pensions. With the implementation of the **8th Central Pay Commission (CPC)**, this expenditure is expected to rise during 2026–27.

However, such expenditure should be viewed as an **investment rather than a burden** because:

- Higher salaries increase purchasing power
- Increased consumption boosts demand
- Higher demand leads to greater tax collections

Thus, pay revisions contribute positively to **economic growth and fiscal sustainability**.

Need for a Sound Pay Structure

A fair and rational pay structure is essential to:

- Attract talented individuals to government service
- Retain skilled and experienced personnel
- Ensure efficiency in governance

In view of:

- Rising cost of living
- Changing economic conditions

There is a strong need for **periodic pay revision**, ideally every **five years**, to maintain adequacy and relevance.

Principle of Fair Treatment

The **7th Central Pay Commission (Para 1.29)** emphasized that government service is not merely contractual but carries a status with expectations of fairness and dignity.

Contribution of Central Government Employees

Central Government employees contribute significantly across sectors:

- **Revenue Departments** – Enhance tax collection
- **Defence and Paramilitary Forces including** Defence Civilian Employees – Protect national security
- **Railways** – Ensure transportation

- **Scientific Community** – Drive innovation
- **Administrative Services** – Implement policies

Their role is fundamental to national development.

The functioning of government departments cannot be judged on **profit and loss principles**, as the State has a **social obligation** to provide essential services such as defence, infrastructure, health, food security, postal services, and public utilities. Moreover, India is one of the lowest ratios of Government employees to population globally. Only about 1.6 percent of the population is employed in Government service.

India Economic Strength and Capacity

In the Union Budget 2025-26 the Central Government has allotted Rs. 2.85 Lakh Crore for salaries and Rs.2.65 Lakh Crore for pensions, together making up nearly Rs.5.5 Lakh Crore of Expenditure. Expenditure on pay and allowances and pension is approximately accounting for about 12 to 15 percentage of the total union budget expenditure including pension for the Armed Forces, Pay and Allowances. Excluding Defence it is 7.1 percent on salary + 4 percent on pension.

India is currently ranked **4th in global GDP (2025)**, with an economy valued at approximately **Dollars 4.3 trillion** and growing at around **6.5 percentage**.

According to IMF projections:

- India is expected to become the **3rd largest economy by 2027**
- GDP likely to cross **5 trillion Dollars**
- Growth projected at **6.2 percent (2025)** and **6.3percent (2026)**

This demonstrates that economic position of the country is **strong and expanding**, providing adequate fiscal space to ensure fair compensation for government employees.

At this juncture, it is considered appropriate to briefly advert to the growth trends of two additional macroeconomic parameters over the same period. The first pertains to GDP of the country at current prices. As reported in the Economic Survey 2025-26, GDP at current prices has increased from Rs. 1,24,67,959 crore in FY

2014-15 to Rs. 3,30,68,145 crore, reflecting a growth of 165.23 percent.

The second parameter relates to the revenue collection of the Government. As per figures reported in the respective Union Finance Bills of India, the combined direct and indirect tax revenue has risen from Rs. 12,41,681 Crore in FY 2014-15 to Rs. 37,92,250 crore, registering a growth of 205.41 percent.

Both these parameters assume considerable significance, as they represent the aggregate outcome of policy implementation in which Government employees play a pivotal role. More importantly, the substantial and sustained growth, particularly in revenue collection, clearly evidences the enhanced fiscal capacity of the Government.

This, in turn, establishes that the Government is well-positioned to comfortably absorb the financial implications arising from a meaningful revision of minimum wages and the broader expenditure associated with the implementation of revised pay structures pursuant to the recommendations of the 8th Central Pay Commission.

Economic Indicators (2016–17 to 2026–27)

1. Revenue Receipts

Revenue receipts have increased substantially from **Rs.14.23 lakh crore in 2016–17** to **Rs.40.77 lakh crore in 2025–26**, with a budget estimate of **Rs.44.04 lakh crore in 2026–27**. This nearly **threefold increase** reflects:

- Expansion of the tax base
- Improved compliance under GST
- Growth in direct tax collections

2. Revenue Expenditure

Revenue expenditure has grown from **Rs.20.14 lakh crore** to **Rs.49.64 lakh crore**, and is projected at **Rs.53.47 lakh crore**. The **2.5 times increase** indicates:

- Greater investment in welfare schemes
- Expansion of infrastructure

- Higher administrative and defense commitments

3. Fiscal Deficit

The fiscal deficit stood at **3.5 percent of GDP in 2016–17**, rising moderately to **4.4 percent in 2025–26**, and is estimated at **4.3 percent in 2026–27**.

Despite increased spending, the deficit remains **within manageable and globally acceptable limits**, reflecting fiscal prudence.

4. GDP Growth and Inflation

India has maintained **stable GDP growth combined with moderate inflation**, averaging around **7–7.4 percent**.

This demonstrates:

- Economic resilience
- Stability despite global disruptions, including the COVID-19 pandemic

5. Tax Collections

- **Income Tax**: Increased from Rs.3.83 lakh crore to Rs.14.66 lakh crore (nearly fourfold growth)
- **Corporate Tax**: Rose from Rs.4.93 lakh crore to Rs.12.31 lakh crore

This significant rise indicates:

- Improved tax administration
- Higher incomes and corporate profitability

6. Gross Domestic Product (GDP)

India GDP expanded from **Rs.121.90 lakh crore** to **Rs.357.14 lakh crore**, nearly **tripling in size**.

This reflects sustained economic expansion and structural growth.

7. GST Collections

GST collections increased from **Rs.16.25 lakh crore** to **Rs.23.36 lakh crore**, indicating:

- Strengthened indirect tax system
- Better compliance and consumption trends

8. External Sector Performance

- **Exports:** Increased from **US dollars 274.65 billion** to **US dollars 634.26 billion**, more than doubling
- **FDI Inflows:** Rose dramatically from **US dollars 55.6 billion** to **US dollars 748.78 billion**, reflecting strong investor confidence
- **Foreign Exchange Reserves:** Increased from **US dollars 372 billion** to **US dollars 709.41 billion**, enhancing external stability

Analysis

Economic trajectory of the country over the last decade reflects robust and broad-based growth. The Government is well-positioned to comfortably absorb the financial implications arising from revision of minimum wages and the expenditure associated with the implementation of revised pay structures pursuant to the recommendations of the 8th Central Pay Commission.

Revision of Pay structure to following shall also be recommended with effect from first Jan 2026

- Extension of revised pay structures to Central Government Pensioners who are retired before **first Jan 2026**
- Extension of revised pay structures to **autonomous bodies** approved by Parliament and other Autonomous Institutions of Government of India and Union Territories (effective **1 January 2026**)
- Revision of pay scales of **Gramin Dak Sevaks (GDS) of Department of Posts** to strengthen rural services.
- BSNL and DoT Pensioners

Profession Tax

We also propose that all Central Government employees may be exempted from Profession Tax being recovered by the State Governments from the salary of the employees. Already the

employees are subjected to payment of Income Tax and GST etc. Over and above this the Central Government employees are burdened with the recovery of Profession Tax. 8th CPC may kindly recommend for exemption of payment of Profession by the employees.

Allowances

Q 2. What concerns views do you face related to Allowances ?

Dearness Allowance

Allowance Related to Housing including HRA

Any Other

Answer :-

Dearness Allowance :-

Allowances are essential components of compensation and must be protected and periodically revised. DA must remain fully indexed to inflation. The actual price is not taken in to account while calculating the Consumer Price Index (AICPI) as there are about 463 items which are used for arriving the Consumer Price Index, if the few items price rise take place and other items shows negative Price Rise as a whole its effects get neutralized. The present calculation of Average 12 months should be replaced by 6 months average as the DA is paid once in 6 months. The consumption pattern of Central Government employees differs from that of industrial workers. Therefore, a separate consumption basket representing government employees should be constructed, with appropriate weights for essential expenditure heads such as food, housing, education, healthcare, and transportation.

Price data should be collected from open retail markets and cooperative outlets to ensure that the index reflects the actual prices paid by consumers rather than administratively determined prices.

Point to Point DA should be provided, now DA is rounded off to lowest value. If the employees are eligible for payment of 55.95 percent DA, the DA being sanctioned now is only 55 percent ignoring 0.95 percent. The prices should be calculated based on Market Rates and not on Government Rates which varies up to 25 percent. We propose that 8th CPC may recommend merging DA with Basic Pay if the admissible DA crosses 25 percent.

It is further suggested that whenever Dearness Relief crosses **25 percent**, the same should be merged with the **basic pension** of pensioners. A similar principle already exists for serving employees, where additional allowances become admissible once DA crosses certain thresholds.

Allowance Related to Housing including HRA:-

It is observed that the present allowance structure has resulted in **inverted equity**, wherein employees in the lower Pay Levels receive the lowest quantum of allowances despite incurring relatively higher expenditure on housing, commuting, and other essential costs. Employees in lower pay levels spend a significantly larger proportion of their income on rent and basic living expenses, placing them under considerable financial strain. Therefore, the 8th Central Pay Commission may consider recommending granting **proportionately higher allowances to employees in lower pay levels**.

In view of the sharp rise in Housing costs and the mismatch between HRA and the actual prevailing Market Rent the following revision are proposed.

<u>Population of Cities</u>	<u>Class of City</u>	<u>Proposed of HRA (percentage of Basic Pay)</u>
50 Lakhs and above	X	40 percent
5-50 Lakhs	Y	35 percent
Below 5 Lakhs	Z	30 percent

Further, HRA should be indexed to Dearness Allowance so that it automatically adjusts with inflation. The Classification of cities should also be reviewed every Five Years to reflect changing population and housing conditions.

CPWD Market Rent Assessment

The Central Public Works Department (CPWD) determines market rent for government quarters and fixes overstay charges at **40 to 120 times the license fee**, depending on the city. In Bengaluru, the license fee for Type-I quarters ranges between **Rs.210 and Rs.440**, implying a market rent roughly between **Rs.8,000 and Rs.25,000**.

We further request that the 8th CPC may consider for recommending Payment of HRA to the Pensioners since they are facing hardship to lead a decent life after the retirement since a major portion of the pension is utilized for paying House Rent.

HRA for Pensioners

At present, House Rent Allowance is paid only to serving employees, while **pensioners are deprived of this benefit**. Due

to rising inflation and housing costs, many pensioners face significant financial difficulty in maintaining a decent standard of living after retirement.

During service, many government employees reside in **staff quarters or general pool accommodation** and therefore may not construct a house of their own. After retirement, they are often compelled to live in rented accommodation.

In view of these circumstances, it is **justified that pensioners may also be granted HRA**, at rates applicable to serving employees, in order to help them meet rising housing expenses and maintain a reasonable standard of living

Caretaker Allowance and Welfare Measures for Pensioners

With increasing age, many pensioners suffer from chronic and debilitating conditions such as:

- Alzheimers disease
- Dementia
- Paralysis
- Severe post-surgical disabilities

Such conditions require continuous care giving support, often imposing heavy financial burdens on pensioners and their families. Therefore, we propose that a Caretaker Allowance based on certified medical necessity may be introduced

Additional Welfare Measures

- Restore railway fare concessions for senior citizens
- Establish elder-friendly holiday homes and hostels across the country

Justification

These measures promote:

- Active and healthy ageing
- Mobility and social participation
- Dignity and improved quality of life

Advances

Q3. What Concerns Views do you face related to Advances?

Any other

Answer :-

Any other:

FUNERAL ADVANCE - For Pensioners

The Government of Telangana has sanctioned a funeral advance of Rs.30,000 to its employees and pensioners. It is proposed that a similar provision be extended to Central Government employees and pensioners, ensuring timely financial assistance to the bereaved family to meet immediate funeral expenses with dignity.

It is requested that the 8th Central Pay Commission may please consider introducing a uniform provision for **Funeral Advance of at least Rs.30,000** for all Central Government employees and pensioners. The amount may be periodically revised in line with inflation. The advance should be released immediately to the next of kin or nominee with a simple and time-bound procedure.

Facilities

Q 4 What concerns views do you face related to Facilities?

Medical Facility

Leave Travel Concession

Any other

What concerns views do you face related to Facilities ?

Facilities are the back bone of the social security and must be strengthened. Facilities ensure dignity, reduce stress and improve productivity. Strengthening them supports a human and efficient work force.

Leave Travel Concession (LTC) :-

Extension of LTC to Pensioners

At present, pensioners are excluded from LTC benefits.

It is proposed that:

- **LTC be extended to pensioners**, enabling them to travel with their families

This will:

- Improve the **quality of life and social well-being of pensioners**
- Provide them an opportunity for **post-retirement recreation and mobility**
- Contribute to the **tourism industry**, especially in domestic sectors

Medical Facilities:-

Right to Health is an essential component of the right to life with dignity. Accessed to adequate Medical Care ensures not only meaningful existence but also the physical and mental wellbeing of employees and pensioners. Therefore, all the Central Government Employees and Pensioners should receive equitable health care facilities without discrimination and they should be ensured Cashless Treatment Facilities. As recommended by the Parliamentary Standing Committee every district Headquarters should have a CGHS Wellness Center. More and More Multispecialty Hospitals in all the Cities and Towns should be empanelled by the CGHS. Required number of Doctors and other Para Medical Staff may be posted in all the Wellness Centers. The Treatment and Diagnostic charges should be revised periodically and no hospital should charge over and above the prescribed

rates from the employees and pensioners. To address these challenges 8th CPC may recommend for immediate expansion of CGHS Wellness Centers from 81 cities to at least 150 cities, in consultation with the Staff Side of National Council (JCM). However, as recommended by the Parliamentary Standing Committee in every district CGHS wellness Centre may be established. Action to immediately recruit minimum 2000 Doctors and filling up of all the vacancies in Para Medical Categories must be taken by the Government.

The Cashless Treatment Facilities should be extended to employees covered under CGHS and CSMA Rules and also Pensioners. Cashless system will ensure timely access to treatment, financial security and reduction in administrative burden etc. parents parents-in-laws, irrespective of the income limit should be dependents of the Government employees for medical treatment. Under CS (MA) Rules Government employees are to be given free medical treatment to the employees and their family. However the employees under CGHS are forced to pay contribution every month depending upon the Pay Level.

Pensioners have to pay 120 months contribution for getting a pensioner CGHS Card with life time validity.

Central Government employees and pensioners may be exempted from this contribution and government may contribute the same on behalf of the employees and pensioners

The Pensioners governed by Railway Health Scheme (Retired Employees Liberalized Health Scheme) also face the same problem. We propose modernization of all Railway Hospitals with advanced facilities, integrate RELHS and Ex-Servicemen Contributory Health Scheme (ECHS) with CGHS and empanelled hospitals for specialized care. Employees who are at present entitled for semi Private Ward may be made entitled for Private Ward and employees who are eligible for General Ward may be made entitled for Semi Private Ward.

We also propose that employees and Pensioners of Autonomous Bodies established by Acts of Parliament also should be governed under CGHS facilities.

Parliamentary Panel recommended for increasing the FMA to Rupees Three Thousand per month which the Government has not implemented. We propose to 8th CPC that due to continued inflation the allowance should now be revised to Rs.5000- per month. The FMA should be linked with consumer price index and whenever DR is revised FMA should be automatically increased to maintain its real value.

Retirement Benefits

Q 9 What concerns views do you face related to Retirement Benefits?

Death cum Retirement Gratuity (DCRG) under OPS NPS UPS
OROP
Leave Salary Encashment
Pension Commutation
pension
Any other.

Death Cum Retirement Gratuity (DCRG) under OPS NPS UPS :-

DCRG is currently calculated at $\frac{1}{4}$ of the Basic Pay + DA for each completed 6-month period of qualifying service, subject to a maximum of 16.5 times the emoluments and a monetary ceiling of Rupees 25 Lakhs. This benefit is admissible to Government Employees who retired after completing 5 years of qualifying service. In cases where a Government Employee dies while in service, the Family is granted Gratuity at prescribed rates. We propose that Gratuity should be calculated on the basis of 25 effective working days instead of 30 days in a month, so that Government Employees are not placed at a disadvantage position compared to employees covered under the Payment of Gratuity

Act. Further, the existing ceiling of 16.5 times the emoluments should be removed. This effectively reduces Gratuity for employees who have served beyond 33 years. We further propose that the 8th CPC may recommend calculating Gratuity at half a month Basic Pay + DA for each completed 6 months period of qualifying service. Considering rising salaries and inflation the maximum gratuity ceiling should be **enhanced from Rupees 25 Lakhs to Rs.75 Lakhs**. All these revised benefits should be extended to employees covered under NPS and UPS schemes ensuring equitable retirement benefits across all categories of Central Government Employees.

OROP :- Extension of OROP principles to civil pensioners.

The Government of India has implemented the One Rank One Pension (OROP) scheme for Armed Forces personnel to remove disparities whereby individuals of the same rank and length of service were receiving different pensions due to retirement at different points in time. This principle ensures that persons of equivalent rank and status receive comparable pensions, irrespective of their date of retirement.

Similarly, there already exists complete parity in pension among constitutional authorities such as Judges of the Supreme Court, High Courts, and the Comptroller and Auditor General of India, regardless of their retirement date.

For Civilian Employees, the V Central Pay Commission had recommended parity between past and future pensioners. However, disparities have re-emerged.

We therefore request the 8th Central Pay Commission to disregard the restrictive provisions introduced through the Validation of the Central Civil Services (Pension) Rules 2025 and reaffirm the principle that all pensioners constitute a single homogeneous class. Accordingly, the OROP principle should be extended to Central Civil Pensioners, ensuring parity in Pension without artificial cut off dates based on retirement. The fitment factor for revision of Pension should be at par with the same recommended for employees.

PARITY BETWEEN PAST AND PRESENT PENSIONERS

The 7th Central Pay Commission (CPC) had recommended ensuring parity between past and present pensioners as a matter of equity and social justice. This principle recognizes that pensioners, irrespective of their date of retirement, should not be subjected to disparities in pension solely due to the dates of their retirement.

Historically, the Government had implemented the recommendations of the 5th CPC by adopting a fair and rational methodology—**notional fixation of pay** of past pensioners in the revised pay scales by applying the same fitment formula as was granted to serving employees. Based on such notional pay fixation, pension was revised, thereby ensuring a reasonable degree of parity.

However, subsequent implementations have diluted this principle by linking pension revision to the **pay scale or pay matrix level from which the employee retired**, rather than the **post actually held**. This has resulted in anomalies and disparities, particularly in cases where pay structures have undergone restructuring, merger of scales, or upgradation of posts over time.

Justification

1. Equity and Fairness

Pensioners who held the same post but retired at different points of time should receive comparable pension.

Discrimination based solely on date of retirement is arbitrary and contrary to the principles of equality.

2. Judicial Principles

The Honourable Supreme Court, in various judgments (including the landmark *D.S. Nakara* case), has upheld that pensioners form a homogeneous class and should not be treated unequally without reasonable justification.

3. **Anomalies Due to Pay Structure Changes**

On the recommendations of successive Pay Commissions, pay scales have been merged, upgraded, or replaced by pay matrix levels. Linking revision of pension to old pay scales rather than the post held on retirement, leads to distortions and lower pension for earlier retirees.

4. **Consistency with Earlier CPC Approach**

The methodology adopted after the 5th CPC—granting notional pay fixation with the same fitment benefit as for serving employees—ensured transparency, uniformity, and fairness. A return to this approach would remove existing disparities.

5. **Dignity and Social Security**

Pension is a deferred wage and a measure of social security. Ensuring parity reinforces the dignity of pensioners who have rendered long years of service to the nation.

Recommendation Requested

8th Central Pay Commission is earnestly requested to recommend to:

- **Ensure full parity between past and present pensioners** by adopting a uniform and equitable method of pension revision.
- **Restore the principle of notional pay fixation**, applying the same fitment formula as applicable to serving employees.
- **Link pension revision to the post held at the time of retirement**, rather than to the pay scale or pay matrix level from which the pensioner retired.
- **Address anomalies arising out of scale mergers, upgradations, and restructuring**, ensuring that no pensioner is placed at a disadvantage due to systemic changes.

Commutation of Pension

Restoration of Commutation of Pension after 11 years – Request for Review of Rule 10 A of CCS (Commutation of Pension) Rules, 1981.

In accordance with Rule 10 A of the CCS (Commutation of Pension) Rules 1981 Restoration of Commutation Pension is after 15 years. These Rules were framed nearly 39 years ago based on the Financial and Actuarial Parameters prevailing at that time. However, lot of changes have taken place during these 39 years which include interest rates, life expectancy, mortality rates, and actuarial risk factors necessitating a fresh look at the restoration period.

Item	Year 1986	Year 2008	Year 2023
Commutation factor	10.46 (Retirement age 58 years)	8.194 (Retirement age 60 years)	8.194 (Retirement age 60 years)
Interest rate IRDA	12 percent	8 percent	7.1 percent
Life expectancy	57.7 years	66.1 years	70.42 percent
Death rate	11.3 percent	7.3 percent	7.3 percent
Mortality rate at age 61 years	0.2014 (1973)	0.01439	0.00695
Risk factor		0.046 percent	0.014 percent
Principal recovery period	10.46 years	8.194 years	8.194 years
Interest recovery period	3.75 years	2.66 years	2.66 years
Risk factor	0.8 years	0.6 years	0.4 years
Total recovery period	15 years	11.454 years	11.254 years

The following illustration will be more explicit.

Recovery of Commuted Value-

Illustratively for a pensioner aged 61 years (Next Birthday)

#	Commutation Factor	:	8.194
#	Amount Commuted	:	Rs. 100
#	Committed Value Received	:	Rs. 9,833
#	Amount Recovered in 10 years:		Rs.12,000
#	Amount recovered in 15 years :		Rs.18,000

Thus, the entire commuted value is recovered within about 10 years and recovery beyond this period results in excess recovery from pensioners. Therefore, restoration of commuted

pension after 11 years would be reasonable. Although Commutation is optional, Government as a Model Employer must consider this matter from a welfare perspective of the senior citizen who have served the nation rather than on a revenue perspective. Many experts body have also recommended for restoration of commuted pension in a shorter period. Many State Governments have also reduced the period varying from 12 to 13 years. Kerala State Government Service Rules part III provide for restoration of commutation after 12 years. The Gujarat Government order dated 12-10-2022 provides for restoration of commutation after 13 years. 5th CPC recommend restoration after 12 years. 2nd National Judicial Commission recommended restoration after 12 years. Therefore, we propose to the 8th CPC to recommend for restoration of Pension after 11 years. It is also to be mentioned here that this issue is pending in the Standing Committee of National Council – JCM, where in the official side has agreed to consider this issue but unfortunately not yet resolved.

Revision of Pension Family Pension –

Pension to be fixed at 67 percent and family Pension at 50 percent of the Last pay drawn

For a decent and dignified life after retirement to support a minimum two member family units full pension should be fixed at **67 percent of the Last Pay Drawn (LPD)** or the Average of the last 10 months emoluments which is more beneficial instead of the present 50 percent of the last pay drawn. Accordingly, the Family Pension should be **50 percent instead of the existing 30 percent**. Period of payment of enhanced family pension may be extended up to 70 years.

Age related Additional Pension/ Additional Family Pension

The Additional Pension/Family Pension is being paid at present to Pensioners/ Family Pensioners after they complete the

prescribed age limits of 80, 85, 90, 95 and 100 years at 20 percent, 30 percent, 40 percent, 50 percent and at 100 percent of the pension/family pension respectively.

Life Expectancy in the country is 72 years (2025). Therefore, the benefits of age-based additional pension/family pension are not reaching a majority of the Pensioners/Family Pensioners. Therefore, the prescribed age limits and the quantum of additional pension admissible need a review and revision

The 110th report of the Parliamentary Standing Committee on Personnel, Public Grievances presented on 10-12-2021, has recommended Additional Pension of 5% every five years after superannuation. We propose the following for the consideration of the 8th CPC.

Proposed Age-Based Additional Pension Structure:

Age	Proposed Additional Pension
65 Years	70 percent of Last Pay Drawn (LPD)
70 Years	75 percent of LPD
75 Years	80 percent of LPD
80 Years	85 percent of LPD
85 Years	90 percent of LPD
90 Years	100 percent of LPD

Family Pension to a Divorced Daughter

Relaxation of the Dependency criterion for grant of family pension to a Divorced Daughter

As per Rule 50 (9) (a) (ii) of CCS (Pension Rule) 2021, a Divorced Daughter is eligible for family pension if she is NOT earning her livelihood. Sub Rule (b) ibid states that a daughter shall be deemed to be earning her livelihood if her income from other sources is equal to or more than the minimum family pension and the Dearness Relief admissible thereon.

This condition has rendered a Divorced Daughter **ineligible** for family pension if she has been granted alimony by a court of law and if the Court-ordered spousal maintenance amount is

either equal to or exceeds the sum of the minimum family pension and the DR admissible thereon.

It is appropriate to mention here that if the divorcee has children to be looked after by her and if no child support is extended to her after the divorce, it would be extremely difficult for her to manage the domestic expenses with the amount of alimony granted to her by the court.

Therefore, 8th CPC is earnestly requested to recommend to the Government that the amount of alimony received monthly by a divorced daughter **must not be considered as "earning her livelihood or earning an income"** which is likely to make her ineligible for family pension. Recommendation for making suitable amendments to Pension Rules may also please be made.

Other Important Aspects

Various Supreme Court Judgments especially that of the historical Nakara Judgment dated 17-12-1982 has ruled that pension is not a bounty or Ex-Gratia but a right and deferred wage and the order prohibited discrimination amongst pensioners. Excluding the existing pensioners entirely from the Terms of reference of 8th CPC will be in sharp contrast to the previous CPCs and Supreme Court Judgment. Recently the Honourable Supreme Court has ruled that pensioners cannot be discriminated when compared to serving employees on benefits like DA DR etc and such discrimination will amount to violation of Article 14 of the Constitution of India. Therefore, the recommendations of the 8th CPC with regard to all pensionary benefits and matters connected with Pensioners should be made equally applicable to the pensioners who retired prior to 01-01-2026, irrespective of the date of their retirement, and also to the existing family pensioners.

Simultaneous revision of pension and family pension of pensioners and family pensioners of Autonomous and Statutory Bodies established by an Act of Parliament must be ensured along with other Central Government pensioners.

Justification:

1. Pensioners of these Autonomous and Statutory Bodies are covered under the CCS (Pension) Rules, 1972, as amended from time to time.
2. Recommendations of earlier Pay Commissions, as approved by the Government, have been extended to employees and family pensioners of such Autonomous and Statutory Bodies, though typically implemented with a delay of one or two years.

In view of the above, it is requested that this issue may kindly be considered to ensure equitable and timely benefits to such pensioners.

Additional facilities as a welfare measure to be provided to the Pensioners.

- 1) Considering the escalating House Rent in all the cities and towns and even in rural areas, Pensioners may be given House Rent Allowance in view of the fact that the monthly income of the pensioner gets reduced to 50 percent of the income that was being received immediately before his retirement
- 2) Pensioners may also be extended the benefit of LTC.
- 3) With increasing age many Pensioners suffer from chronic and debilitating conditions such as Alzheimer disease, Dementia, Paralysis, Severe post-surgical disabilities etc. which requires a home nursing care taker. We propose that the 8th CPC may recommend for **Care Taker Allowance** based on medical necessity.
- 4) Pension and Family Pension should be exempted from Income Tax.
- 5) Railway Concessions for Senior Citizens may be restored.
- 6) Government may establish elder friendly holiday homes hostels across the country.
- 7) Physically Disabled Pensioners Family Pensioners may be provided physical Assistance and to meet the inevitable mobility cost, a special allowance to visit hospitals, diagnostic centers may be recommended

- 8) Funeral Advance at Rs. 30000- for pensioners as provided in Telangana state government.

Restoration of Defined and Non-Contributory Pension Scheme.

The Government decision to replace the Defined and Non-Contributory Pension Scheme by New Pension System - NPS- to those employees who joined Central Government service on or after 01.01.2004 is in contravention of the Supreme Court ruling that the Pension is as good as a right to property and is enforceable. The NPS has already made social security in old age uncertain and dependent on Market rates. The scheme has been compulsorily imposed on a section of the Central Government Employees and it is discriminatory. The subsequent Unified Pensions Scheme – UPS- introduced by the Government wef.01.04.2025 has also not been welcomed by the Central Government Employees. Out of more than 26 Lakhs NPS employees only 1.22 Lakhs (around 4.5percent) migrated to UPS. Therefore, all those covered under NPS UPS may be reverted back to Defined and Non –Contributory Statutory Pension Scheme (OPS) under the CCS Pension Rules 2021.

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