

PENSION SCHEME IN INDIA

The Pension system in India was introduced by the British Government after the India Independence struggle in 1857. This is a reflection of the Pension system the prevailing in Britain. The pay scales in the government service in India were planned to enable the “native employees” of the British Government to meet their normal substance, leaving very negligible margin for them to make provision for their post – retirement life. The service conditions did not allow the Govt. employees to earn any extra income by doing business or by carrying any other profession. So the provision pension of Pension system providing some sure income for the employees after their retirement was aimed at, to discourage them from resorting to malpractices for creating money cover for their post – retirement life. The Pension System thus started in India was finalized by the Indian Pension Act of 1871.

It appears that the British Government had the conception of providing its pensioners increase in their pensions to neutralize the effect of inflation. Accordingly the British govt. granted temporary increases in pension in 1921 to compensate the rise in prices after the First World War. Similarly increases were also given in 1943, 1944 & 1945 after Second World War.

Thereafter for a long time no rise in pensions was sanctioned even though the prices were rising. But serving employees were given some dearness allowance from time to time and part of that was treated as pay for calculation of pension. No real benefit could be got by pensioners up to 1945.

The first pay commission was appointed in 1946. The P & T Pensioners Association tried its best to bring the problems of pensioners into the orbit of the pay commission but in vain. The commission clarified that the pensioner’s problems could not be examined as the same were not ‘referred to’.

Even though the retirement benefits were being given by the Govt. from time to time, they were not incorporated in Fundamental Rules made effective from 1-1-1922. It was later decided by the govt. to make revised pension rules governing the cases of post-1938 entrants. These rules were actually out only in 1945 giving rise to many problems. Later, Liberalized pension rules were formed in 1950 and made effective from 17-04-1950, providing for DCRG and commutation of pension. Family pension scheme came into existence with effect from 1-1-1964. In 1968 on a writ filed, Supreme Court rules that Pension is binding obligation of government (and not a gift / reward or bounty). (Writ No. 217 / 1968) It was only in 1972 that the Govt. brought out a consolidated publication of all scattered pension rules under the title “New Pension Rules 1972”, after the issue of fundamental rules in 1922, which is after half a century.

In 1985 CGH Scheme was made applicable to pensioners including their dependant.

A non statutory committee called standing committee of voluntary Association (SCOVA) was constituted in 1986 in the Ministry of Pension and Pensioners’ Welfare to discuss problems of pensioners and make recommendations to the Government. Many pensioners’ organization is nominated to the committee by the Ministry and Quarterly meeting are held under the chairmanship of the Minister.

The period of 7 years for grant of Family Pension in the case of absconded pensioners was brought down to one year in 1977.

Widows of retirees covered by CPF scheme were granted ex-gratia with effect from 1986.

Chronological events in pension scheme are dotted below .

1. India Pension Act introduced in 1871.
2. First increase in pension made in (1914-18) when First war was over.
3. Second temporary increase was sanctioned in 1943-1945 (2nd World War is over) due to high inflation.
4. Due to increase in high rate's etc. some portion of pay (D.P.) was ordered to add while fixing pension w.e.f. 1.1.46 (Retired between 2.3.39 to 31.12.47). This was effected w.e.f. 23.3.1947. This concession was extended up to 31.12.52.
5. F.R made effective from 1.1.1922. But pension rules were not consolidated up to 1.10.38. Liberalized Pension Rules 1950 were formed and made effective from 17-4-1950. Pension rules 1972 were framed on the basis of Liberalized Pension Rules 1950.
6. As per Supreme Court decision dated 17-12-82 in Writ petition NO. 5939/80 that pension is binding / obligation on Govt. it is not a gift / reward/bounty. (Nakra Judgment)
7. Liberalised Pension Rules 1950 had provided DCRG/family pension for restricted period. ½ rd commutation of pension amount was allowed and provision of nomination.
8. Supply of calculation sheet to pensioners started by order dated. 26-12-1970.
9. D.A. Committee granted following temporary increase w.e.f. 1-4-1958.
10. Ex-Pakistan Pension cases since 1948 to 1965.
11. Late P.M. Shri Lal Bahadur Shastri granted relief w.e.f. 1-10-1963.
12. Family pension scheme introduced w.e.f. 1-1-1964 (reducing 2 months DCRG) Reduction of 2 months D.C.R.G w.e.f. 22-9-1977. Spouses alive on 22-9-1977 were granted Family Pension w.e.f. 22-9-1977 in pursuance of the Supreme Court decision. If record is not available Affidavit was accepted as proof due to efforts of Shri B. S. Vaze.
13. Recommendation of Committee (Loksabha) submitted dated. 19-12-1968 to the Government.
14. Minimum Pension Rs. 100/- fixed w.e.f. 1-1-1973, Rs. 375/- W.e.f. 1-1-1986 and Rs. 1,275/- w.e.f. 1-1-1996. (Equal to minimum living standard).
15. Provision of Medical Aid introduced through CGHS in 1985.
16. Formation of SCOVA in 1986.
17. Formation of CAT in 1985 for Central Govt. Pensioners to get their grievances solved through it.
18. Restoration of full pension is expected after 15 years of retirement. This is because pension commutation is for the period of 15 years. However in many cases disbursing authorities did not take appropriate action and wanted specific orders from pension fixing authority. Association files writ petition in Supreme Court and decision obtained in favour of pensioners. Government of India has issued appropriate orders based on NAKARA case.
19. Physically and mentally handicapped children and widowed daughter of pensioners are now eligible for family pension. Government accepted this and the decision is in force since 1974. Further family pension is now admissible for unmarried and divorced daughters. There is no age limit for daughters but income limit is applicable.
20. Association took up a case for granting of family pension to the spouse where pensioner absconds for 1 year. Earlier this limit had been 7 years. This decision is implemented since 1997. (54.10.12).
21. Now parents of deceased pensioner are eligible for family pension provided the parents have no other children and their income is less than Rs. 2250. This is based on recommendation in memorandum submitted by the Association to Fifth CPC. CPC accepted this and included in their recommendation [54(20)] to the Government of India. The Government accepted this and is in effect since 1-1-96.
22. Grant of ex-gratia payment to widows of CPF Retirees in 1986 (Rs. 150 + D/r and Rs. 605 + DR w.e.f. a.a. 1996).
23. Pensioners retired prior to 1986 were given relief by re-fixing pension and payment of pension was revised w.e.f. 1-1-1986. Dearness Relief also has been made applicable to

- this category of pensioners. (Fifth CPC).
24. This is not an achievement of the association. Noted here for information only. All State Governments have accepted and implemented recommendations of Fourth and Fifth CPC for their employees and pensioners.
 25. Fixed Medical Allowance now admissible to Pensioners who are not residing in Medical Scheme like CGHS etc. w.e.f. 1-12-1997 vide orders dated 27-12-1997.
 26. Dearness Relief allowed to Family Pensioners / Pension (2nd & 3rd) w.e.f. 18-7-1997 dated. 25-6-1997 (Gazette dated. 19-7-1997- 55A.)
 27. 50% Dearness Relief merged with basic Pension w.e.f. 1-4-2004, named as Dearness Pension.
 28. Military Pensioners up to JCOs rank granted revised pension w.e.f. 1-1-2006. Tables published by CDA (P) Alahabad.

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