

**EFFECTS OF GOVERNMENT
ORDERS ON
7TH CPC
FOR ARMED FORCES'
PENSIONERS**

Sequence of Presentation

- **Categories of Pensioners as on Today**
- **Notional Pay Method Vs 2.57 Method**
- **IOR and its Effect on Pay & Pension of Serving Officers and Post – 2016 Pensioners**
- **Disability Element w.e.f Jan 2016**
- **Loss of Pension and Disability Element, War Injury Element to Army Cdrs & their Equivalents**
- **Defence Pay Matrix & Consequent Loss in Pay & Pensions**
- **Q & A**

LATEST C & AG REPORT

- Based on test check for one month, cases of 21,434 Defence pensioners were identified who were underpaid, amounting to Rs 106 crore. Major reasons for underpayments were
- Non-revision/ incorrect revision of pensions
- Non-restoration of commuted portion of pension
- Wrong revision of disability element.
- Non-revision of fixed medical allowance

**CATEGORY
OF
PENSIONERS**

Category of Officer Pensioners

Period	Description
Pre – 2012	All those who got Enhanced Pension due to OROP w.e.f July 2014
2013	Those who Retired in calendar year 2013
2014 – 2015	Those Beyond OROP Period
Post – 2016	Retired on or after Jan 2016

Pensions

Pension of Various Categories of Pensioners

Type of Pensioner	Pension as on Today
Pre – Jan 2013 (OROP Beneficiaries)	$= \text{OROP} \times 2.57;$ Colonel, 30 Years' Service $= 2.57 \times 36,130$ $= \text{Rs } 92,854 + \text{DR @ } 5\%$
Calendar Year 2013	$2.57 \times \text{Pension} + \text{DR @ } 5\%$ $> \text{Rs } 92,854$

Observation on Pension of Later Retiree : Officers

- Pension of Brig with 33 or more years of service retired prior to Jan 2013 - Rs 37,570 in OROP (Circular 555)
- Rs 37,570 is Average of Maximum and Minimum Pension of Brig / Cmde / Air Cmde who Retired in Calendar Year 2013 with Qualifying service of 33 years or more
- **OROP is Average.**
- **Maximum Pension in 2013 Cmde = Rs 38,250**
- **Minimum Pension in 2013 Air Cmde = Rs 36,890**
- **Average for Pre – 2013 Brig, 33 Years' service
= Rs 37,570**

Pension of Various Categories of Pensioners

Type of Pensioner	Pension as on Today
2014 – 2015 Pensioners	2.57 x Pension
Post – 2016 Pensioners	2.57 x Pay to be seen in Def Pay Matrix. Find next Higher figure for the Rank. Add MSP of Rs 15,500 to the Matrix . Half is Pension

Pension of Various Categories of Pensioners

Type of Pensioner	Pension as on Today
Colonel Retired in Jan 2016 with 30 Years of Service with say PIPB of Rs 60,000 (6th CPC)	= 2.57 x (PIPB 60,000 + GP 8,700) = Rs 1,76,559 Next higher figure in DPM i.e. Rs 1,80,800 Add MSP of Rs 15,500. Pension = 0.50 (180800+15500) = Rs 98,150 + DR @ 5%

Pension

Of

Pre – 2016 Pensioners

Pension of Pre – 2016 Pensioners

❖ **2.57 Method**

❖ **Notional Pay Method**

**Illustrations Given in
Min of Def Letter Dt
05 Sep 2017**

Pension Fixation

By

2.57 Method of

Pre – 2016 Pensioners

2.57 Method of Pension Fixation

Description	Lt Col	Brig
Date of Retirement	07 Sep 1999 (5 CPC)	31 May 2014 (6 CPC)
Qualifying Service	22 Yrs 02 Months	34 Yrs 11 Months
Pay Scale at the Time of Retirement	Rs 13,500 – 400 – 17,100 + RP 1,600	Rs 37,400 – 67,000 + GP Rs 8,900 + MSP Rs 6,000

2.57 Method of Pension Fixation

Description	Lt Col	Brig
Pay on Retirement	Rs 15,100 + RP of Rs 1,600 (earned 4 increments of Rs 400 from Rs 13500)	RE = PIPB of Rs 63,150 + GP of 8,900 + MSP 6000
Pension on 31 Dec 2015 Before Revision	Rs 32,428 (OROP) Circular 555	50% of Reckonable Emoluments = 0.50 x(63150 + 8900 +6000) = Rs 39,025 > 37570

2.57 Method of Pension Fixation

Description	Lt Col	Brig
Pension by 2.57 Method	Rs 32428 x 2.57 = Rs 83,340	39025 x 2.57 = Rs 1,00,295 The Officer who retires later will always have higher pension

Notional Pay Method of Pension Fixation of Pre – 2016 Pensioners

- **In Simple Terms it is Enhancing Actual Pay of those Retired in 3rd or 4th or 5th or 6th CPC to the level of Notional Pay in Dec 2015 by Multiplication Factors at each of the CPCs.**

- If Retired in 3rd CPC
- His Notional Pay as in Jan 1986 in 4th CPC.
- His Notional Pay as in Jan 1996 in 5th CPC.
- His Notional Pay as in Jan 2006 in 6th CPC.
- His Notional Pay in 7th CPC = 2.57 x
(Notional Pay in 6th CPC) + MSP of Rs 15,500
- Pension = 50% of Notional Pay + DR + Old
Age Pension for those above 80 years of age

Notional Pay Method

Rank	Lt Col
Date of Retirement & Actual Pay in 3rd CPC	31 May 1976 (3rd CPC) Three Increments at the time of Retirement
Notional Basic Pay in 4th CPC (Min Pay Rs 3900 + 3 x Rs 150 = Rs 4,350)	Rs 4,350 (Integrated Pay Scale of Rs 2300 – 100 – 3900 – 150 – 5100)
Notional Basic Pay in 5th CPC (Jan 1996) – Equal to Rs 4350 in 4th CPC	Rs 13,900 (pay scale of 13500 – 400 – 17100) as per SAI 1/S/1998

Lt Col Retire in Sep 1999 with 22 Years of Service

4 th CPC	5 th CPC	6 th CPC
Basic Pay of Rs 4,350 + Rank Pay of Rs 800 at time of Retirement in 1989	Basic Pay = Rs 4350 Rank Pay = 800 DA @ 111%= 5717 IR – I = 100 IR – II @10%= 510 40% Fitment= 2060 Total = Rs 13,587 New Basic is Rs 13,900 in 5th CPC scale of Rs 13,500 – 400 – 17,100	SAI 2/S/2008 corresponding to 5th CPC Basic pay of Rs 13900 is in 6th CPC as per SAI 2/S/2008: Rs 38,530 (PIBP) Rs 8,000 (GP) Rs 6,000 (MSP)

Notional Pay Method

Rank	Lt Col
Notional Pay in 6th CPC (Jan 2006) for 5th CPC pay of Rs 13,900	Rs 38,530 (given in SAI 2 / S / 2008)
Notional Pay in Jan 2016	$2.57 \times (38530 + 8000)$ = 1,19,582 Next higher figure in Def Pay Matrix is Rs1,21,200

Notional Pay Method

Rank	Lt Col
Notional Pay in 7th CPC (Jan 2016)	Matrix pay of Rs 1,21,200 + MSP of Rs 15,500 = Rs 1,36,700
Pension by Notional Pay Method	= 0.50 x 136700 = Rs 68,350
Pension by 2.57 Method	Rs 83,340

**Illustrations Given in
Min of Def Letter Dt
05 Sep 2017**

Notional Pay Method of Pension Fixation

Description	Lt Col	Brig
Date of Retirement	07 Sep 1999 (5 CPC)	31 May 2014 (6 CPC)
Qualifying Service	22 Yrs 02 Months	34 Yrs 11 Months
Pay Scale at the Time of Retirement	Rs 13,500 – 400 – 17,100 + RP 1,600	Rs 37,400 – 67,000 + GP Rs 8,900 + MSP Rs 6,000

Notional Pay Method of Pension Fixation

Description	Lt Col	Brig
Pay on Retirement	Rs 15,100 + RP 1,600	RE = PIPB of Rs 63,150 + GP of 8,900 + MSP 6000

Notional Pay Method

Description	Lt Col	Brig
<u>SAI 2/S/2008</u>		
<u>5th CPC Scale:</u>	<u>6th CPC Scale</u>	
Rs 13500 – 400 – 17100	Rs 37,400 – 67,000	
Rs 13,500	Rs 38,530	
Rs 13,900	Rs 38,530	
Rs 14,300	Rs 39,690	
Rs 14,700	Rs 39,690	
Rs 15,100	Rs 40,890	

Notional Pay Method

Description	Lt Col	Brig
Pay Fixed on Notional Basis on 1 Jan 2016 (7th CPC)	2.57 x (40890+8000) = Rs 1,25,647; Enhanced to Rs 1,28,500 (3rd Stage in DPM)	2.57 (63150+8900) = Rs 1,85,169; Enhanced to Rs 1,88,200(10th Stg)
Pension by Notional Pay Method	= 0.50 x (128500 + Rs 15500 of MSP) = Rs 72,000	0.50 x (188500+15500) =Rs 101600

2.57 Method Vs Notional Pay Method

Description	Lt Col	Brig
Pension by 2.57 Method	Rs 83,340	Rs 1,00,295
Pension By Notional Pay Method	Rs 72,000	Rs 1,01,600
Pension Fixed w.e.f. Jan 2016	Rs 83,340	Rs 1,01,600
Better Method	2.57 Method	Notional Pay Method (appears better for post – 2014 pensioners)

**Likely Loss to Officers
By Incorrect Method of
Notional Pay Method**

- **Armed Forces Pensioners sanctioned OROP w.e.f. Jul 2014**
- **Civilians were NOT given OROP**
- **Notional Pay Method Adopted for Civilians can NOT be applied to Armed Forces Pensioners**
- **All Armed Forces Personnel Irrespective Date of Retirement are Deemed to have Notionally Retired in Calendar Year 2013**

- **The Notional Pay is to be Taken from Jul 2014 and NOT from Jan 2006**
- **Notional Pay of Brig in Jan 2006 = PIPB + GP = Rs 52,290 + 8,900 = Rs 61,190**
- **Pension = 0.50 x (PIPB +GP + MSP)**
- **PIBP + GP is called **Matrix Pay** and taken for fixing Pension**
- **Notional Pay by OROP = 2 x 96555 – MSP of Rs 6000 = Rs 66,240**

Description	Worked out DAD	To be worked out
PIPB + GP	Rs 52,290 + 8,900 = Rs 61,190	= (2 x 96555) – 6000 = Rs 66,240
Matrix Pay in Dec 2015	= 2.57 x 61190 = Rs 1,57,258	= 2.57 x 66240 = Rs 1,87,110
Closest in Def Pay Matrix	Rs 1,61,800	= Rs 1,87,700
Add MSP to get Notional Pay	161800+15500 = Rs 1,77,300	=187700+15500 =Rs 2,03,200

Description	Worked out DAD	To be correctly worked out
Pension by Notional Pay Method	$= 0.50 \times 177300$ $= \text{Rs } 88,650$	$= 0.50 \times 2,03,200$ $= \text{Rs } 1,01,600$
Pension by 2.57 Method	$= 37570 \times 2.57$ $= \text{Rs } 96,555$	$= 1,01,600$ (gain is $\text{Rs } 5,045 \text{ pm}$)
	2.57 method appears to be better because of wrong method	Notional Pay Method is better

Rank	QS in Years	Pension in Dec 2015	PIPB + GP = (2 x Pension) - MSP	Closest to Def Pay Matrix	DPM +15500	Pension by Notional Method = 0.50 x (DPM+15 500)	Loss per Month
Brig	33	96,555	1,87,110	1,87,700	2,03,200	1,01,600	5,045
	31 to 32.5	95,810	1,85,620	1,87,700	2,03,200	1,01,600	5,790
	30	95,797	1,85,594	1,87,700	2,03,200	1,01,600	5,803
	28.5 to 29.5	93,612	1,81,224	1,82,200	1,97,700	98,850	5,238
	20	82,214	1,58,428	1,61,800	1,77,300	88,650	6,436

Rank	QS in Years	Pension in Dec 2015	PIPB + GP = (2 x Pension) - MSP	Closest to Def Pay Matrix	DPM +15500	Pension by Notional Method = 0.50 x (DPM+15500)	Loss per Month
Maj Gen	33	99,621	1,93,242	1,93,800	2,09,300	1,04,650	5,029
	20	82,214	1,58,428	1,62,300	1,77,800	88,900	6,686
Colonel	33	92,854	1,79,708	1,80,800	1,96,300	98,150	5,296
	20	82,214	1,58,428	1,60,600	1,76,100	88,050	5,836
Lt Col	33	89,346	1,72,692	1,72,700	1,88,200	94,100	4,754
	20	80,454	1,54,908	1,58,100	1,73,600	86,800	6,346
Major	33	61,205	1,16,410	1,18,100	1,33,600	66,800	5,595
	20	55,332	1,04,664	1,05,000	1,20,500	60,250	4,918
Capt	33	43,716	81,432	82,400	97,900	48,950	5,234
	20	38,828	71,655	73,200	88,700	44,350	5,522

**Only AFT can get you
Correct Pension by
Notional Pay Method**

**Transiting
from
3rd CPC to 7th CPC**

Description	Major	Colonel
Date of Retirement	26 May 1976 (3 CPC)	30 Apr 1988 (4 CPC)
Qualifying Service	30 Yrs 06 Months	30 Yrs 2 Months
Scale of Pay at the Time of Retirement Notional or Actual in 4th CPC	<u>Notional Pay Scale</u> Rs 2300 – 100 – 3900 – 150 - 5100 + RP 600	Rs 2300 – 100 – 3900 – 150 - 5100 + RP 1000

Description	Major	Colonel
Pay on Retirement	<u>Notional</u> : Rs 3,400 + RP of Rs 600 (Min Basic Pay is Rs 3,400 in Integrated Pay Scale)	Rs 4,650 + RP of Rs 1,000
OROP Pension as on Jan 2016 Before Revision	Rs 23,815 (Circular 555)	Rs 36,130

Description	Major	Colonel
Revised Pension as on Jan 2016 by 2.57 Method	23185 x 2.57 = Rs 61,205	Rs 36130 x 2.57 = Rs 92,855
<u>Notional Pay Method of Pension Fixation. Pay Fixed on Notional Basis on 1 Jan 1996 (5th CPC)</u>	Rs 11600 + RP of Rs 1200	Rs 15,100 + Rs 2000 (RP)

Description	Major	Colonel
Notional Pay as in Jan 2006 (6th CPC)	Rs 23,810 (PIPB) + Rs 6600 (GP) + Rs 6000 (MSP).	Rs 40890 +8700+6000
Pay fixed on Notional basis as on Jan 2016	Rs 80,400 (in Def Pay Matrix) + 15,500 MSP	Rs 1,30,600 + 15,500

Description	Major	Colonel
Pension Fixed by Notional Pay Method as on Jan 2016 (7th CPC)	0.50 x (80400+15500) = Rs 47,950	0.50 x (130600+15500) = Rs 73,050
Pension by 2.57 Method	Rs 61,205	Rs 92,855
Beneficial Method	2.57 Method	2.57 Method

**MY PENSION HAS
GONE UP
BY
2.67 TIMES**

No Sir

You as Pre - 2016

**Pensioner will continue
to get your pension as
on today at OROP x 2.57
till 30 Jun 2019.**

**Govt of India Enhanced
Index of Rationalisation
from 2.57 to 2.67 to
Brigs first and later to
Lt Cols & Brigs**

- Many have NOT understood the meaning of Index of Rationalisation (IOR).
- 7th CPC Recommended IOR for Lt Cols to Brigs at 2.57.
- IOR of 2.57 Resulted in Starting Pay (first cell) in Defence Pay Matrix as on Jan 2016 of Lt Cols to Brigs less than their Counterparts in CAPFs
- Starting Pay in Jan 2016 = IOR x Entry Pay
- Govt of India on Representation from three Service HQ improved IOR to Lt Cols and Brigs.

- ❖ IOR of 2.67 is Applicable to :-
 - Serving Lt Cols to Brigs.
 - Post – 2016 Pensioner Lt Cols to Brigs

EP	IOR 2.57	IOR 2.67	Gain
Lt Col 45,400	Pay in first cell in Def Pay Matrix as on Jan 2016 is 45400 x 2.57 = 1,16,700	Pay 45400 x 2.67 =1,21,300	Pay Rs 4,600 pm Pension Rs 2,300 pm

EP	IOR 2.57	IOR 2.67	Gain
Col Rs 48,900	48900×2.57 = 1,25,700	45400×2.67 = Rs 1,30,600	Pay Rs 4,900 pm Pension Rs 2,450 pm
Brig Rs 52,290	52290×2.57 = 1,34,400	52290×2.67 = Rs 1,39,700	Pay Rs 5,300 Pension Rs 2,650 pm

**PENSION : LOSS TO
ARMY CDRS
BY
2.57 METHOD**

	2.57 Method (As worked out by CPPCs of Banks)	Correct Method
Pension in Dec 2015	Rs 40,000	Rs 40,000 (50% of Pay of Army Cdr i.e. Rs 80,000)
Pension in Jan 2016 by 2.57 Method	= Rs 40,000 x 2.57 = Rs 1,02,800	= 0.50 x 225000 = Rs 1,12,500
Loss per Month		=112500 – 102800 = Rs 9,700 + DR

**DISABILITY ELEMENT:
LOSS TO ARMY CDRS**

- **Lt Gen YN Sharma, PVSM, AVSM, VSM former Army Cdr, Central Comd is a war injured soldier of 1971 war.**
- **Granted 100% War Injury Element (WIE) and Retained in Service after 1971 War**
- **Army Cdrs enjoyed OROP since the beginning**
- **His Pension in 6th CPC is 50% of Pay of Rs 80,000 in Dec 2015**
 - i.e. Rs 40,000 + WIE being Retained in Service (60% of Reckonable Emoluments of Rs 80,000 i.e. Rs 48,000) + Constant Attendant Allowance of Rs 4,500 + Old Age Pension being 80 years plus**

	2.57 Method (As worked out by CPPCs of Banks)	Correct Method
WIE as on Dec 2015	Rs 40,000 x 2 x 0.6 =Rs 48,000	Rs 48,000
WIE as on Jan 2016	= 48,000 x 2.57 = 1,23,360	=225000 x 0.6 = Rs 1,35,000
Loss		= 135000 – 123360 = Rs 11,640 + DR + 20% of Old Age Pension

Defence Pay Matrix

Salient Features of Defence Pay Matrix

- **Pay in Pay Band and Grade Pay of 6th CPC Merged as Matrix Pay**
- **MSP – Rs 15,500 pm**
- **For Pre – 2016 Pensioners:**
- **Pension in Jan 2016 = OROP Pension x 2.57**
- **Index of Rationalisation: Depends upon Degree of Responsibilities and Accountability. Varies from 2.67 to 2.81**
- **Entry Pay. Same as for Civilians**

Salient Features of Defence Pay Matrix

- **Pay in First Cell = Entry Pay x Index of Rationalization**
- **Number of Stages or Increments 40 upto Majors, get reduced for Higher Ranks**
- **Army Cdrs Fixed Pay of Rs 2,25,000 pm**
- **Service Chief Fixed Pay of Rs 2,50,000 pm**
- **Increment @ 3% - Every January or July**
- **On Promotion gets one increment in present rank & Pay fixed in Higher Rank with Pay higher than previous rank + one increment**

Rank	No of Stages
Upto Majors	40
Lt Col	20
Col	18
Brig	16
Maj Gen	15
Lt Gen	(75,500 – 80000) - 4 (67,000 – 79,000) - 8
Army Cdr / Service Chief	1

Defence Pay Matrix

	Lt	Capt	Major	Lt Col	Col
Entry Pay	21,000	22,960	25,980	45,400	48,900
IOR	2.67	2.67	2.67	2.67	2.67
1 (Jan 16)	56,100	61,300	69,400	1,16,700	1,25,700
2	57,800	63,100	71,500	1,20,200	1,29,500
3	59,500	65,000	73,600	1,23,800	1,33,400
4	61,300	67,000	75,800	1,27,500	1,37,400
5	63,100	69,000	78,100	1,31,300	1,41,500
Last	1,10,700	1,20,900	1,36,900	2,10,700	2,14,400

	Brig	Maj Gen	Lt Gen (HAG)	Lt Gen (HAG+)	Army Cdr
Entry Pay	52,290	53,300	67,000	75,500	
IOR	2.67	2.67	2.67	2.67	2.81
1 (Jan 16)	1,39,600	1,44,200	1,82,200	2,05,400	2,25,000
2	1,43,800	1,48,500	1,87,700	2,11,600	
3	1,48,100	1,53,000	1,93,300	2,17,400	
4	1,52,500	1,57,600	1,99,100	2,24,400	
5	1,57,100	1,62,300	2,05,100		
Last	2,17,600	2,18,200	2,24,100		

Analysis of Defence Pay Matrix

- **Entry Pay for Armed Forces Personnel fixed on similar lines of Civilians**
- **In Civil Cadre, they have two ways of becoming officers**
- **One is Direct Recruits through UPSC Exam like IAS / IPS / IFS / IRS etc**
- **Other is through Departmental Promotions**
- **Entry Pay is Fixed based on the Number of Years taken by Departmental Candidates to become Officers**

Observation of Defence Pay Matrix

- **In Armed Forces JCOs /OR do NOT Get promoted the way it is done in Civil Services**
- **Even SL Officers, SCOs and RCOs have to undergo the same selection procedure i.e. SSB, Training in IMA /OTA/ Unit duties**
- **What is applicable can not be applied to Armed Forces Officers**
- **Capt to Col and Maj Gens will get Less Pay as on Jan 2016 and Less Pension for Post – 2016 Pensioners & OROP beneficiiies w.e.f. Jul 2019**

Observation of Defence Pay Matrix

- **For Lt, Brig and Lt Gen the Entry Pay is Minimum Pay in SAI 2 / S / 2008 (6th CPC)**
- **These Three Ranks do not suffer any Loss of Pay / Pension**
- **Majors are the worst affected in 7th CPC. Their Pay w.e.f.5th CPC has been lowered (Rs 11,950 -> 11,600). Pay in subsequent CPC based on Rs 11,600 pm.**

Loss of Pay to Serving Armed Forces Officers in 7th CPC

Rank	IOR	EP	Min Pay in 6th CPC	Pay by Def Pay Matrix	Pay as Min Pay of Rank
Lt	2.67	21,000	21,000	56,100	56,100
Capt	2.67	22,960	24,700	61,300	66,000
Major	2.67	25,980	30,410	69,400	81,200
Lt Col	2.67	45,400	46,530	1,16,700	1,24,300
Col	2.67	48,900	49,590	1,25,700	1,32,405

Rank	IOR	EP	Min Pay in 6th CPC	Pay in Jan 2016 by Def Pay Matrix	Pay as Min Pay of Rank in Jan 2016
Brig	2.67	52,290	52,290	1,39,600	1,39,600
Maj Gen	2.72	53,300	54,700	1,44,200	1,48,800
Lt Gen (HAG)	2.72	67,000	67,000	1,82,200	1,82,200
Lt Gen (HAG+)	2.72	75,500	75,500	2,05,400	2,05,400

LOSS PER MONTH

Rank	2016	2017	2018	2019	2020	2021	2025
Capt	4,700	4,900	5,100	5,300	5,500	5,700	6,500
Major	11,800	12,200	12,600	13,000	13,400	13,900	15,900
Lt Col	7,600	7,900	8,200	8,500	8,800	9,100	10,300
Col	6,705	7,000	7,300	7,600	7,900	8,200	9,400
Maj Gen	3,784	3,898	4,014	4,135	4,259	4,387	4,518

LOSS PER YEAR

	2016	2017	2018	2019	2020	2021	2025
Maj Gen	45,408	46,770	48,173	49,619	51,107	52,640	24,000
Col	80,460	84,000	87,600	91,200	94,800	98,400	1,12,800
Lt Col	91,200	94,800	98,400	1,02,000	1,05,600	1,09,200	1,23,600
Maj	1,41,600	1,46,400	1,51,200	1,56,000	1,60,800	1,66,800	1,90,800
Capt	56,400	58,800	61,200	63,600	66,000	68,400	78,000

**This is not a One Time
Loss. This loss will be
Compounded in every
future CPCs as Pay &
Pensions are Dependent
upon Previous CPC**

**Only AFT can get you
Correct Pension by
Notional Pay Method**

**Thank you
so much
for**

your patient Hearing