

**PENSION AS PER
7TH CENTRAL PAY
COMMISSION'S
RECOMMENDATIONS**

RANK	LEVELS
SEPOY OR CFN	3
NAIK	4
HAVILDAR	5
NB SUB	6
SUB	7
SUB MAJ	8
HONY LT	10
HONY CAPT	10 B

DEFENCE PAY MATRIX

PAY	HAV	NB SUB	SUB	SUB MAJ	HONY LT	HONY CAPT
LEVEL	5	6	7	8	10	10 B
1 (JAN 16)	29,200	35,400	44,900	47,600	56,100	61,300
2	30,100	36,500	46,200	49,000	57,800	63,100
3	31,000	37,600	47,600	50,500	59,500	65,000
4	31,900	38,700	49,000	52,000	61,300	67,000
5	32,900	39,900	50,500	53,600	63,100	69,000
6	33,900	41,000	52,000	55,200	65,000	71,100
7	34,900	42,300	53,600	56,900	67,000	73,200
8	35,900	43,600	55,200	58,600	69,000	75,400
9	37,000	44,900	56,900	60,400	71,100	77,700
10	38100	46,200	58,600	62,200	73,200	80,000

X GROUP PAY

RANK	TYPE OF DIPLOMA & AMOUNT (RS PER MONTH)
JCOs & OR	FOR DIPLOMA RECOGNISED BY AICTE – RS 6,200 PM
JCOs & OR	FOR TECHNICAL QUALIFICATION NOT RECOGNISED BY AICTE – RS 3,600 PM

DISABILITY ELEMENT FOR 100% DISABILITY
ELEMENT

RANK	DISABILITY ELEMENT
OFFICERS	RS 27,000 PM
JCOs & OR	RS 17,000 PM
NCOs & OR	RS 12,000 PM

**PENSION OF
PRE – 2016 ARMED
FORCES PENSIONERS**

Method of Pension Fixation

- **2.57 Method**
- **Notional Pay Method**

Pension in Jan 2016 = OROP Pension x 2.57

RANK	PENSION IN OROP (In Rs)	PENSION IN JAN 2016 (in Rs)
Havildar Gp Y, QS : 24 Years	7,808	7808 x 2.57 = 20,067
Nb Sub, Y Gp, QS : 28 Yrs	10,742	28,435
Subedar, Y Gp, QS : 30 Yrs	12,690	32,613
Sub Maj, Y Gp QS : 29 Yrs & Above	13,045	33,526

Notional Pay Method of Pension Fixation

- Take Pay with increments at the time of retirement (3rd CPC in 1976)
- Take it to next CPC (4th CPC) corresponding to previous CPC (3rd CPC)
- Repeat it till you arrive at 6th CPC.
- Multiply Notional Pay of 6th CPC with factor of 2.57
- See figure closest to this in Def Pay Matrix
- Add to this MSP of Rs 5200. Arrive at Total Reckonable Emoluments
- Pension in Jan 2016 = $0.50 \times (\text{Total Reckonable Emoluments})$

Illustrations in Min of Def Letter

No 17(

01)/2017/D(Pension/Policy)

dated 05 Sep 2017

Description	Naik, Gp – C, QS - 20 Yrs DOR: 31 Dec 1984	Hav, Gp – D QS – 18.5 Yrs DOR:31 Jan 89
Scale of Pay	Rs 980 – 20 – 1140 (3rd CPC)	1050 – 25 – 1300 – 30 - 1450
Notional Pay in Jan 1986	Rs 1140 + 40(CA)	1175 + 30 (CA)
Notional Pay in Jan 1996	Rs 3500 + 80(CA) (3150 – 70 – 4200) <u>5 Increments</u> <u>Earned</u>	3680 + 80(CA) (3600 – 85 – 4875) 1 Increment
Notional Pay Fixed on 10 Oct 1997	Rs 3510 + 100(CA) (3425 – 85 – 4700)	3700 + 100(CA) (3600 – 100 - 5100)

Description	Naik, Gp – Y, QS - 20 Yrs DOR: 31 Dec 1984	Hav, Gp – Y QS – 18.5 Yrs DOR:31 Jan 89
Notional Pay in Jan 2006	Rs 6,840 (Basic)=>3510 of 5th CPC Rs 2,400 (Grade Pay) Rs 2,000 (MSP) + 200 (CA)	7050 (Basic) 2800 (Grade Pay) 2000 (MSP) +200(CA)
	Benefit of 5 Increments earned in 3rd CPC taken into Consideration	Benefit of 1 Increment in 4th CPC taken into consideration
Notional Pay in Jan 2016	2.57 x (6840+2400+200) =24,775	2.57 x (7050+2800+200) = 25829

Description	Naik, Gp – Y, QS - 20 Yrs DOR: 31 Dec 1984	Hav, Gp – Y QS – 18.5 Yrs DOR:31 Jan 89
Notional Pay in Def Pay Matrix + MSP	$25,500 + 5200 = \text{Rs } 30700$	$29200 + 5200 = 34400$
Pension in Jan 2016 by Notional Pay Method	$0.50 \times 30700 = \text{Rs } 15,350$	$0.50 \times 34400 = 17200$
Pension by 2.57 Method	$7170 \times 2.57 = 18,427$	$7693 \times 2.57 = 19772$

Illustrations for JCOs

Description	Nb Sub, Gp – Y, QS - 26 Yrs DOR: 31 Jun 1999 5th CPC	Sub, Gp – Y QS – 30Yrs DOR:31 Sep 2013 6th CPC
Scale of at the time of Retirement	5,620 – 140 – 8,140	9300 – 34,800 GP – 4,600 MSP – 2,000
Pay on Retirement	6,320 (5,620 + 5 x 140) : 5 Increments at the time of Retirement	15,030 (PIPB) 4,600 (GP) 2,000 (MSP)

Description	Naik, Gp – Y, QS - 20 Yrs DOR: 31 Dec 1984	Hav, Gp – Y QS – 18.5 Yrs DOR:31 Jan 89
Notional Pay in Jan 2006	11760 (BP) => 6320 of 5th CPC; 4200(GP)	NA
Notional Pay in Jan 2016	2.57 x (11760+4200) = 41017	=2.57 x(15030+4600) = 50449
Notional Pay in Def Pay Matrix + MSP	41100 + 5200 = Rs 46300	50500 + 5200 = Rs 55700
Pension By Notional Pay Method	0.50 x 46300 = Rs 23,150	0.50 x 55700 = Rs 27,850
Pension by 2.57 Method	10405 x 2.57 = Rs 26,741	12690 x 2.57 = Rs 32,613

COMPARISON OF

2.57 METHOD

WITH

NOTIONAL PAY METHOD

Notional Pay Method of Pension Fixation

- **Applicable to Civilians**
- **Not applicable to Armed Forces Pensioners as they are granted OROP in calendar year 2014 with new pension w.ef. Jul 2014.**
- **Notional Pay from Jul 2014 to Jan 2016 (and not from Jan 2006 to Jan 2016)**
- **Beneficial to Pre – 2016 Pensioners too.**
- **Notional Pay Method applied to JCOs /OR retired in Calendar Year 2013 is equally applicable to Pre – 2013 Pensioners**

Description	Hav, Y Group, 24 Yrs Service	Nb Sub, 28 Yrs, Gp - Y	Sub, 30 Yrs, Gp - Y	Sub Maj, Gp- Y, 29 Yrs & Above
OROP	7,808	10,742	12,690	13,045
Notional Pay = (2 x OROP)-2000	13,616	19,484	23,380	24,090
Notional Pay in Jan 2016 = (2 x OROP - MSP) * 2.57	40,133	55,214	65,227	67,051
Notional Pay in DPM	40,400	56,900	66,000	68,000
MSP in 7th CPC	5,200	5,200	5,200	5,200

Description	Hav, Y Group, 24 Yrs Service	Nb Sub, 28 Yrs, Gp - Y	Sub, 30 Yrs, Gp - Y	Sub Maj, Gp- Y, 29 Yrs & Above
Reckonable Emoluments in Jan 2016 by NPM	45,600	62,100	71,200	73,200
Pension by NPM	20,553	27,850	32,800	33,700
Pension by 2.57 Method	20,067	27,607	32,613	33,526
Gain by NPM	473 + 5% DR	243 + 5% DR	187 + 5% DR	174 + 5% DR

Rank	2.57 Method	Notional Pay Method	Gain per Month (in Rs)
Havildar, Y Gp, QS : 24 Yrs	20,067	20,550	473+ 5% DR
Nb Sub, Y Gp, QS : 28 Yrs	27,607	27,850	243 + 5%DR
Subedar, Y Gp, QS : 30 Yrs	32,613	32,800	187 + 5% DR
Sub Maj, Y Gp, QS : 29 Yrs & Above	33,526	33,700	174 + 5% DR

Pension for Post – 2016 Pensioners

Pension – Post 2016 Retirees

Description	Result
Havildar, Y Gp, QS : 24 Yrs DOR : Jul 2016	PIPB = Rs 18,000 Grade Pay = Rs 2,800
Pay in Jan 2016	$= (18000 + 2800) \times 2.57 = \text{Rs } 53,546$
Pay in Defence Pay Matrix	Rs 54,200
MSP	Rs 5,200
Pension = $0.5 \times (\text{Pay} + \text{MSP})$	$0.50 \times (54200 + 5200) = \text{Rs } 29,700$

**Presentation to Officers
And
Wives of Deceased
Officers**

**PENSION OF
PRE – 2016 ARMED
FORCES PENSIONERS**

RANK	LEVELS	RANK	LEVELS
Lt or Hony Lt	10	Colonel	13
Capt or Hony Capt	10 B	Brigadier	13 A
Major	11	Maj Gen	14
Lt Col	12 A	Lt Gen	HAG 15 HAG + 16 Army Cdr 17

PAY	Lt	Capt	Major	Lt Col
LEVEL	10	10B	11	12A
1 (JAN 16)	56100	61300	69400	121200
2	57800	63100	71500	124800
3	59500	65000	73600	128500
4	61300	67000	75800	132400
5	63100	69000	78100	136400
6	65000	71100	80400	140500

	Colonel	Brig	Maj Gen
LEVEL	13	13 A	14
1 (JAN 16)	1,30,600	1,39,600	1,44,200
2	1,34,500	1,43,800	1,48,500
3	1,38,500	1,48,100	1,53,000
4	1,42,700	1,52,500	1,57,600
5	1,47,000	1,57,100	1,62,300
6	1,51,400	1,61,800	1,67,200

**CONSTRUCTION
OF
DEFENCE PAY MATRIX**

- **First cell in Def Pay Matrix is based on**
 - **Index of Rationalisation (IOR)**
 - **Entry Pay (EP)**
 - **First cell = IOR x EP**
- **IOR Depends upon Degree of Responsibility & Accountability**
- **Entry Pay is based on Residential Period to get the Rank for Capt to Col and Maj Gen**
- **Entry Pay for Lt, Brig and Lt Gen is based on Minimum Pay of the rank in 6th CPC**

PENSION

OF

PRE- 2016 PENSIONERS

- **Notional Pay Method**
- **Same as Explained for JCOs /OR**
- **Take your Pay at the time of retirement with increments and stagnation increments**
- **Fix Notional Pay in next CPC corresponding to your pay at the time of retirement**

- **Repeat it till for each CPC till you reach Jan 2006**
- **Multiply it with 2.57 to get Notional Pay in Jan 2016**
- **See where this figure fits in Def Pay Matrix**
- **Take that figure and add MSP of Rs 15500**
- **Pension is Half of Notional Pay + MSP**

Illustrations in Min of Def Letter

No 17(

01)/2017/D(Pension/Policy)

dated 05 Sep 2017

Description	Major QS : 30.50 Yrs DOR: 26 May 1976 3 rd CPC	Colonel QS : 30 Yrs DOR: 30 Apr 1988 4 th CPC
Scale of Pay	2300 – 100 – 3900 – 150 – 5100 Min : Rs 3,400	2300 – 100 – 3900 – 150 – 5100 Min : Rs 4,500
Notional Pay in Jan 1986	Rs 3,400 Basic Rs 1,000 RP (Wrong) (No Increemnts taken)	Rs 4,650 (Wrong) Rs 1,000 (Col with 30 Yrs cannot have just one increment)

Description	Major QS : 30.50 Yrs DOR: 26 May 1976 3rd CPC	Colonel QS : 30 Yrs DOR: 30 Apr 1988 4th CPC
Notional Pay in Jan 1996	Rs 11,600 (Basic) Rs 1,200 (RP)	15,100 (Basic) Rs 2000 (RP) (Wrong Basic)
Notional Pay Fixed on 01 Jan 2006	Rs 23,810(Basic) Rs 6,600 (GP)	Rs 40,890 (Basic) Rs 8,700 (GP)
Notional Pay in Jan 2016	2.57 x (23,810+6600) = Rs 78,154	2.57 x (40,890+8700) = Rs 1,27,446

Description	Major QS : 30.50 Yrs DOR: 26 May 1976 3rd CPC	Colonel QS : 30 Yrs DOR: 30 Apr 1988 4th CPC
Notional Pay in Defence Pay Matrix	Rs 80,400 + MSP 15,500	Rs 1,30,600 + Rs 15,500
Pension = 0.50 x (Pay + MSP) by Notional Pay Method	0.50 x (80400+15500) = Rs 47,950	0.50 x(130600+15500) = Rs 70,050

Description	Major QS : 30.50 Yrs DOR: 26 May 1976 3rd CPC	Colonel QS : 30 Yrs DOR: 30 Apr 1988 4th CPC
Pension = 0.50 x (Pay + MSP) by Notional Pay Method	0.50 x (80400+15500) = Rs 47,950	0.50 x(130600+15500) = Rs 70,050
Pension by 2.57 Method	61,205	92,855

Notional Pay Method of Pension Fixation

- **Applicable to Civilians**
- **Not applicable to Armed Forces Pensioners as they are granted OROP in calendar year 2014 with new pension w.ef. Jul 2014.**
- **Notional Pay from Jul 2014 to Jan 2016 (and not from Jan 2006 to Jan 2016)**
- **Beneficial to Pre – 2016 Pensioners too.**
- **Notional Pay Method applied to Officers retired in Calendar Year 2013 is equally applicable to Pre – 2013 Officers too!!**

Description	Amount
<p>Lt Col Retired in Jan 2006 (6th CPC) with QS of 32 yrs</p> <p>(i) Pension in Jan 2006</p> <p>(ii) Pension w.e.f. Jul 2014</p>	<p>(i) Rs 26,265</p> <p>(ii) Rs 34,765</p>
<p>Pension = 0.5 x (Pay in Pay Band + Grade Pay + MSP)</p> <p>PIPB + GP = (2 x Pension) – 6000</p>	<p>(2 x 26265) -6000</p> <p>(2 x 34765)-6000</p>
<p>PIPB+GP</p>	<p>(i) Rs 46,530</p> <p>(ii)Rs 63,530</p>

Description	Amount
Notional Pay in Jan 2016 (2.57 x 6th CPC)	(i) Rs 1,19,582 (ii) Rs 1,63,272
Notional Pay in Def Pay Matrix	(i) Rs 1,21,200 (ii) Rs 1,67,700
Pension = 0.50 x (Notional Pay + MSP of Rs 15,500)	(i) Rs 68,350 (ii) Rs 91,600

Description	Amount
Pension by 2.57 Method	= 34,765 x 2.57 = Rs 89,346
Pension by Notional Pay Method	Rs 91,600
Gain By Notional Pay Method	Rs 2,254 + 5% DR per month

Description	Amount
<p>Maj Gen Retired in Jan 2006 (6th CPC) with QS : 36 Yrs</p> <p>(i) Pension in Jan 2006</p> <p>(ii) Pension w.e.f. Jul 2014</p>	<p>(i) Rs 30,350</p> <p>(ii) Rs 38,763</p>
<p>Pension = 0.5 x (Pay in Pay Band + Grade Pay)</p> <p>PIPB + GP = (2 x Pension)</p>	<p>(2 x 30350)</p> <p>(2 x 38763)</p>
<p>PIPB + GP</p>	<p>(i) Rs 60,700</p> <p>(ii)Rs 77,526</p>

Description	Amount
Notional Pay in Jan 2016 (2.57 x 6th CPC)	(i) Rs 1,55,999 (ii) Rs 1,99,242
Notional Pay in Def Pay Matrix	(i) Rs 1,62,300 (ii) Rs 1,99,600
Pension = 0.50 x (Notional Pay + MSP of Rs 15,500)	(i) Rs 88,900 (ii) Rs 1,07,550

Description	Amount
Pension by 2.57 Method	= 38,763 x 2.57 = Rs 99,621
Pension by Notional Pay Method	Rs 1,07,550
Gain By Notional Pay Method	Rs 7,929 + 5% DR per month

Pension for Post – 2016 Pensioners

- **Two Anomalies for Officers in Def Pay Matrix**
- **Notional Pay Method is more beneficial even for pre – 2016 Officers. AFT – 29 case is likely to be filed by end of Nov 2017 in AFT Delhi**
 - **Entry Pay for officers of Capt, Major, Lt Col, Colonel and Maj Gen is not same as for Lt, Brig and Lt Gen. The Basic pay in Def Pay Matrix is less.**
 - **The Serving Officers of Capt to Col & Maj Gen will draw less pay & pensions w.e.f. Jan 2016**
 - **All pre – 2016 Officers will get less pension in OROP - 2018**

Pension – Post 2016 Retirees

Description	Result
Colonel, QS : 32 Yrs DOR : Jul 2016	PIPB = Rs 60,000 (say) Grade Pay = Rs 8,700
Pay in Jan 2016	$=(60,000+8700) \times 2.57 = \text{Rs } 1,76,559$
Pay in Defence Pay Matrix + MSP	$\text{Rs } 1,80,800 + 15500$
Pension = $0.5 \times (\text{Pay} + \text{MSP})$	$0.50 \times (180800+15500) = \text{Rs } 98,150$

THANK YOU

