

**F.No.105/1/2004-IC
Government of India
Ministry of Finance
Department of Expenditure
(Implementation Cell)**

...

New Delhi, dated the 7th June, 2004

OFFICE MEMORANDUM

Subject : Merger of 50% of Dearness Allowance/Dearness Relief with basic pay/pension to Central Government employees – clarification regarding.

The undersigned is directed to refer to this Department's OM of even number dated the 1st March, 2004 on the abovementioned subject and to say that subsequent to issue of these orders references have been received from ministries/departments with regard to (i) rectification of anomalous situation which has cropped up in respect of doctors on account of the ceiling of Rs.29500 imposed by the Government on basic pay plus NPA and (ii) the manner in which pay has to be regulated with effect from 1.4.2004.

2. The issues have been considered by the Government and it is clarified that Dearness Pay shall be excluded for purposes of determining the limit that Basic Pay + NPA can not exceed Rs.29500. Further, as in the case of all other Central Government employees, Dearness Pay will be computed @ 50% of the basic pay (excluding NPA) for Doctors also. Non Practicing Allowance shall, however, be paid on basic pay plus dearness pay. The computation shall be made in the manner illustrated below:-

Basic Pay	18000
DP @ 50% of basic pay	9000

	27000
NPA @ 25% of 27000	6750

	33750
DA @ 11% of 27000	3713

Total	37463


(Manoj Joshi)
Officer on Special Duty(IC)

To All Ministries/Departments as per standard distribution list.

F.No.105/1/2004-IC
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, dated the 1 March, 2004.

OFFICE MEMORANDUM

Subject: Merger of 50% of Dearness Allowance/Dearness Relief with basic pay/pension to Central Government employees/pensioners w.e.f. 1.4.2004.

The Fifth CPC in para 105.11 of their Report had recommended that 'DA should be converted into Dearness Pay each time the CPI increases by 50% over the base index used by the last Pay Commission.'

2. This recommendation of Fifth CPC has been considered and the President is pleased to decide that, with effect from 1.4.2004, DA equal to 50% of the existing basic pay shall be merged with the basic pay and shown distinctly as Dearness Pay (DP) which would be counted for purposes like payment of allowances, transfer grant, retirement benefits, contribution to GPF, Licence Fee, monthly contribution for CGHS, various advances, etc. The entitlements for LTC, TA/DA while on tour and transfer and government accommodation shall, however, continue to be governed on the basis of the basic pay alone without taking into account Dearness Pay. In case of existing pensioners, Dearness Relief equal to 50% of the present pension will, w.e.f. 1.4.2004, be merged with pension and shown distinctly as Dearness Pension. Dearness Allowance/Dearness Relief converted into Dearness Pay/Dearness Pension respectively would be deducted from the existing rate of Dearness Allowance/Dearness Relief.

3. To ensure that pensioners retiring between 1.4.2004 to 31.1.2005 do not face any loss in fixation of pension, as a special dispensation in their case, DA equal to 50% of the basic pay would be treated as basic pay for purposes of computation of pension in respect of basic pay received by them prior to 1.4.2004. Consequently, element of dearness pension will exist only for pensioners retired/retiring from Government of India up to 31.3.2004.

4. Insofar as the persons serving in the Indian Audit & Accounts Department are concerned, these orders issue after consultation with the Comptroller & Auditor General of India.

S. NATH

(SUSHAMA NATH)

Joint Secretary to the Government of India

To:

All Ministries/Departments of the Government of India as per standard distribution list.

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