

GOVERNMENT OF INDIA
MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS
(DEPARTMENT OF PENSION & PENSIONERS' WELFARE)

RAJYA SABHA
UNSTARRED QUESTION NO. 430
(TO BE ANSWERED ON 22.07.2021)

CALCULATION OF COMMUTED PENSION

430 SHRI NEERAJ DANGI:

Will the **PRIME MINISTER** be pleased to state:

- (a) the formula for calculating the commuted pension for employees of Union Government while deciding the recovery period of commuted pension for employees;
- (b) the rate of interest for FD, when 14 year was decided as the recovery period for commuted pension of employees;
- (c) whether this recovery period is justified in the present scenario when the rate of interest for FD is 5-6 per cent only, if so, the details thereof; and
- (d) whether Government is willing to revise this period of recovery of commuted pension, if so, by when and if not, the reasons therefor?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES
AND PENSIONS AND MINISTER OF STATE IN THE PRIME MINISTER'S OFFICE
(DR. JITENDRA SINGH)**

(a) to (d): The lump sum commuted value of pension payable to a pensioner, who applies for such commutation, is calculated in accordance with the Table of the values appended to the Central Civil Services (Commutation of Pension) Rules, 1981. A copy of the Table, presently applicable for calculating the commuted value of pension, is at Annexure. The commuted amount of pension is restored on completion of 15 years from the date the reduction of pension becomes operative.

The existing Table of the values for calculation of lump sum commuted value of pension was incorporated in the Central Civil Services (Commutation of Pension) Rules, 1981 in implementation of the recommendations of the Sixth Central Pay Commission vide Department of Pension & Pensioners' Welfare O.M. No. 38/37/08-P&PW(A) dated 2nd September, 2008. This Table is based on LIC (94-96) Ultimate Tables and rate of interest of 8%. While recommending the aforesaid Table, the Sixth Central Pay Commission did not recommend any change in the period of 15 years for restoration of commuted pension. The Seventh Central Pay Commission also did not recommend any change in the said period for restoration of commuted pension.

Hon'ble High Court of Delhi, vide order dated 17.01.2019, dismissed a Writ Petition No. 1222/2015 seeking reduction in the period for restoration of commuted pension. An SLP(C) No. 8852/2019 filed against the said order of Hon'ble High Court of Delhi was also dismissed by Hon'ble Supreme Court on 15th April, 2019.

At present, in view of the above, there is no proposal to revise the period of restoration of commuted pension.

**ANNEXURE REFERED TO IN PARA 1 OF ANSWER TO
RAJYA SABHA UNSTARRED QUESTION NO 430 DATED 22.07.2021**

COMMUTATION VALUE FOR A PENSION OF Re.1 PER ANNUM

Age next Birthday	Commutation value expressed as number of year's purchase	Age next Birthday	Commutation value expressed as number of year's purchase	Age next Birthday	Commutation value expressed as number of year's purchase
20	9.188	41	9.075	62	8.093
21	9.187	42	9.059	63	7.982
22	9.186	43	9.040	64	7.862
23	9.185	44	9.019	65	7.731
24	9.184	45	8.996	66	7.591
25	9.183	46	8.971	67	7.431
26	9.182	47	8.943	68	7.262
27	9.180	48	8.913	69	7.083
28	9.178	49	8.881	70	6.897
29	9.176	50	8.846	71	6.703
30	9.173	51	8.808	72	6.502
31	9.169	52	8.768	73	6.296
32	9.164	53	8.724	74	6.085
33	9.159	54	8.678	75	5.872
34	9.152	55	8.627	76	5.657
35	9.145	56	8.572	77	5.443
36	9.136	57	8.512	78	5.229
37	9.126	58	8.446	79	5.018
38	9.116	59	8.371	80	4.812
39	9.103	60	8.287	81	4.611
40	9.090	61	8.194		

[Basis: LIC (94-96) Ultimate Tables and 8.00% interest]