

Chapter 8

Commutation of Pension

8.1 Departmental or judicial proceedings:

The Government servant against whom departmental or judicial proceedings are instituted before retirement or after retirement shall not be eligible to commute a fraction of his provisional pension.

A Central Government servant has an option to commute a portion of pension, not exceeding 40% of it, into a lump sum payment with effect from 1.1.1996. No medical examination is required if the option is exercised within one year of retirement. If the option is exercised after expiry of one year, he/she will have to under-go medical examination by the specified competent authority.

- **Rule 4, Appx.1**

8.2 Calculation:

Lump sum payable is calculated with reference to the Commutation Table constructed on an actuarial basis. The monthly pension will stand reduced by the portion commuted and the commuted portion will be restored on the expiry of 15 years from the date of receipt of the commuted value of pension/superannuation. Dearness Relief, however, will continue to be calculated on the basis of the original pension (i.e. without reduction of commuted portion).

- **Rule 10- A, Appx.1**

The formula for arriving for commuted value of Pension (CVP) is

$CVP = 40 \% (X) \text{ Commutation factor} * (X)12$

Calculation of Commutation Amount:

Lumpsum payable = Commutation factor x 12 x amount of pension offered for commutation

The product to be rounded off to the next higher rupee.

8.3 Revision of 1/3rd commuted portion of pension i.r.o Government servant who had drawn lumpsum payment on absorption in Central Public Sector Undertakings/Central Autonomous Bodies:

- i) As on 01.01.2006, the full pension of the absorbees shall be notionally revised w.e.f. 01.01.2006 based on full pension as on 31.12.2005.
- ii) The restorable 1/3rd pension shall be the sum of the following:
 - a. 1/3rd of full pension as on 31.12.2005
 - b. Dearness Pension on the full Pension as on 31.12.2005 (50% of pension)
 - c. Dearness Relief 24% of Basic full pension plus dearness pension.
 - d. Fitment weightage @ 40% of full pension as on 31.12.2005.
- iii) The quantum of 1/3rd restorable pension in respect of old pensioners is as below:

Age of Pensioner	Additional Quantum
From 80 years to less than 85 years	20% of revised 1/3 rd restorable pension
From 85 years to less than 90 years	30% of revised 1/3 rd restorable pension
From 90 years to less than 95 years	40% of revised 1/3 rd restorable pension
From 95 years to less than 100 years	50% of revised 1/3 rd restorable pension
100 years or more	100% of revised 1/3 rd restorable pension

- iv) As per OM No.4/30/2010-P&PW (D) dated 11.07.2013 the $1/3^{\text{rd}}$ restored pension of those Government servants who had drawn lump-sum payment on absorption in PSU/AB and whose $1/3^{\text{rd}}$ pension was restored from a date before 01.01.2006, the pre-revised $1/3^{\text{rd}}$ restored pension will be revised w.e.f. 01.01.2006 by multiplying the same by a factor of 2.26, if it is more beneficial.
- v) In the case of those absorbee pensioners in whose case the restoration of $1/3^{\text{rd}}$ pension became due on or after 01.01.2006, the above formulation would apply with reference to notional $1/3^{\text{rd}}$ restorable pension as on 31.12.2005.

8.3.1 Revision of $2/3^{\text{rd}}$ commuted portion of pension i.r.o Government servant who had drawn lumpsum payment on absorption in Central Public Sector Undertakings/Central Autonomous Bodies:

As per DP&PW OM dated 23.06.2017 all the absorbee who had taken 100% lumpsum amount in lieu of pension on absorption in PSUs / Autonomous Bodies in accordance with the then existing Rule 37-A & in whose case $1/3^{\text{rd}}$ pension had been restored after 15 years, may be allowed restoration of full pension after expiry of commutation period of 15 years from the date of payment of 100% lump-sum amount.

8.4 COMMUTATION VALUES FOR A PENSION OF Re.1 PER ANNUM

Age next birth-day	Commutation value expressed as number of year's purchase	Age next birth-day	Commutation value expressed as number of year's purchase	Age next Birth-day	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		

FORM I
FORM OF APPLICATION FOR COMMUTATION OF A
PERCENTAGE OF PENSION WITHOUT MEDICAL EXAMINATION

(To be submitted in duplicate after retirement but within one year
of the date of retirement)

PART I

To

The.....
.....
.....

(Here indicate the designation and full address of the Head of Office)

Subject:- **Commutation of pension without medical examination.**

Sir,

I desire to commute a percentage of my pension as indicated below in accordance with the provisions of the Central Civil Services (Commutation of Pension) Rules, 1981. The necessary particulars are furnished below -

- | | | | |
|---|-----|-----|-----|
| 1. Name (in Block Letters) | ... | ... | ... |
| 2. Father's name (also husband's name in the case of a female Government servant) | ... | ... | ... |
| 3. Designation at the time of retirement | ... | ... | ... |
| 4. Name of Office/Department/Ministry in which employed | ... | ... | ... |
| 5. Date of birth (by Christian era) | ... | ... | ... |
| 6. Date of retirement | ... | ... | ... |
| 7. Class of pension on which retired | ... | ... | ... |
| 8. Amount of pension authorized. [In case final amount of pension has not been authorized, indicate the amount of provisional pension sanction under Rule 64 of the Central Civil Services (Pension) Rules, 1972] | ... | ... | ... |
| 9. * Percentage of pension proposed to be commuted | ... | ... | ... |
| 10. Designation of the Accounts Officer who authorized the pension and the No. and date of the Pension Payment Order, if issued | ... | ... | ... |
| 11. ¹ Disbursing authority for payment of pension - | | | |
| (a) Treasury/Sub-Treasury (Name and complete address of the Treasury/Sub-Treasury to be indicated) | ... | ... | ... |
| (b) (i) Branch of the Nationalized Bank with complete postal address | ... | ... | ... |
| (ii) Bank Account No. to which monthly pension is being credited each month | ... | ... | ... |
| (c) Accounts Office of the Ministry/Department/Office | ... | ... | ... |

Place :

Signature

Date :

Postal Address

* The applicant should indicate the percentage of the amount of the monthly pension subject to maximum of 40% thereof which he desires and not the amount in Rupees.

1 Score out of which is not applicable.

PART II

ACKNOWLEDGEMENT

Received from Shri.....(name).....(former designation) application in Part I of Form 1 for the commutation of a percentage of pension without medical examination.

Place :

Signature

Date :

Head of Office

NOTE. - This acknowledgement is to be signed, stamped and dated and is to be detached from the Form and handed over to the applicant. If the form has been received by the post, it has to be acknowledged on the same day and the acknowledgement sent under registered cover.

PART III

Forwarded to the Accounts Officer.....(here indicate the address and designation) with the remarks that -

- (i) the particulars furnished by the applicant in Part I have been verified and are correct ;
- (ii) the applicant is eligible to get a percentage of his pension commuted without medical examination ;
- (iii) the commuted value of pension determined with reference to the Table applicable at present comes to Rs.....
- (iv) the amount of residuary pension after commutation will be Rs.....

2. It is requested that further action to authorize the payment of the amount of commuted value of pension may be taken as in Rule 15 of the Central Civil Services (Commutation of Pension) Rules, 1981.

3. The receipt of Part I of the Form has been acknowledged in Part II which has been forwarded separately to the applicant on.....

4. The commuted value of pension is debitable to Head of Account -----.

Place :

Signature

Date :

Head of Office

FORM 2
FORM OF APPLICATION FOR COMMUTATION OF
A PERCENTAGE OF PENSION AFTER MEDICAL EXAMINATION BY AN
APPLICANT REFERRED TO IN RULE 18

[see Rules 5(2),9(3),13(2), 14(2),19,20(1),(2) and (3), 21(1) and 25(2)]

(To be submitted in duplicate)

PART-I

SPACE
FOR
PHOTOGRAPH

To

The

.....

.....

(Here indicate the designation and full address of the Head of Office)

Subject:- Commutation of pension after medical examination.

Sir,

I desire to commute a percentage of my pension in accordance with the provisions of the Central Civil Services (Commutation of Pension) Rules, 1981. A self-attested copy of my photograph is pasted on the application and an unattested copy is enclosed. The necessary particulars are furnished below -

1. Name (in Block Letters)
2. Father's/husband's name
3. Designation at the time of retirement
4. Name of Office/Department/Ministry in which employed
5. Date of birth (by Christian era)
6. Date of retirement
7. Class of pension on which retired
8. Percentage of monthly pension proposed to be commuted
(indicate percentage, equal to or less than 40%)
9. Details of Pension Payment Order, if issued
 - (i) Number
 - (ii) Date
 - (iii) Designation of the Accounts Officer who authorised the pension

Contd/--

10. Details of Bank account to which monthly pension is being credited:
(i) Name of Bank and Branch
(ii) Account No.
(iii) BSR Code,
11. Approximate date from which commutation is desired to have effect... ..
12. The amount of pension already commuted, if any
13. Preference for station where medical examination is desired to take place

Signature
Postal Address.....

Place :

Date :

NOTE. - The payment of commuted value of pension shall be made through the disbursing authority from which pension is being drawn.

PART- II

ACKNOWLEDGEMENT

Received from Shri.\ Kum.\ Smt (name)
..... (former designation) application in Part I of Form 2 for commutation of a percentage of pension after medical examination.

Place :
Date :

Signature
Head of Office

PART- III

Forwarded to the Accounts Officer.....(here indicate the address and designation) with the remarks that the particulars furnished by the applicant in Part I have been verified and are correct and the applicant is eligible to get a percentage of his pension commuted after medical examination.

2. It is requested that Part IV of the Form may be completed and returned to this office as early as possible.

Place :
Date :

Signature
Head of Office

PART- IV

(To be completed by the Accounts Officer)

1. Name of the applicant... ..
2. Date of birth (by Christian era)
3. Date of retirement
4. Amount of pension including provisional pension,
if final pension not authorised... ..
5. Class of pension [See Chapter V of the CCS (Pension) Rules, 1972]
6. Amount of pension out of the amount in item 4 above
that may be allowed to be commuted-

On the basis of		
Normal Age	1 added year	2 added years
Rs.....	Rs.....	Rs.....

7. (i) Sum payable if commutation becomes absolute before the applicant's next birthday,
which falls on....., Rs.....
- (ii) Sum payable if commutation becomes absolute after
the applicant's next birthday Rs.....
8. Number of enclosures, if any
[See Note below]

Place :

Date :

Signature and
Designation of the
Accounts Officer

Countersigned

(Head of Office)
Full address

NOTE. - The Accounts Officer should enclose with the Form a copy of the report or statement of the applicant's case if the applicant has been granted invalid pension or has previously commuted a part of his pension or declined to accept commutation on the basis of an addition of years to actual age, or has been refused commutation on medical grounds."

FORM 5
[see Rule 7]

To
Head of Office
(Place).....

I,.....(Name of the pensioner in Capital Letters) hereby
nominate the person named below, under Rule 7 of the Central Civil Services (Commutation of
Pension) Rules, 1981.

		If nominee is minor						
Name and address of the nominee	Rele- tionship with the pensioner	Date of birth	Name and address of person who may receive the said commuted value during the nominee's minority	Name and address of other nominee in case the nominee under column (1) pre- deceases the pensioner	Rele- tionship with pensioner	Date of birth if the other nominee is minor	Name and address of person who may receive the commuted value of pension during the other nominee's minority	Contingency on happening of which nomination shall become invalid
1	2	3	4	5	6	7	8	9

Place :
Date :
Witness : Signature :
Name and Address :

Signature (or thumb-
impression if illiterate)
and name of Pensioner :
Address:
Signature of Head of
Office :

STAMP

Acknowledgement to be sent by the Head of Office

Certified that the nomination has been received
from.....(name of Pensioner) whose address
is.....

Place :
Date :

Signature of Head of
Office
Full Address :

FORM I
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PERCENTAGE OF PENSION WITHOUT MEDICAL EXAMINATION

(To be submitted in duplicate after retirement but within one year
of the date of retirement)

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To

The.....
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(Here indicate the designation and full address of the Head of Office)

Subject:- **Commutation of pension without medical examination.**

Sir,

I desire to commute a percentage of my pension as indicated below in accordance with the provisions of the Central Civil Services (Commutation of Pension) Rules, 1981. The necessary particulars are furnished below -

- | | | | |
|---|-----|-----|-----|
| 1. Name (in Block Letters) | ... | ... | ... |
| 2. Father's name (also husband's name in the case of a female Government servant) | ... | ... | ... |
| 3. Designation at the time of retirement | ... | ... | ... |
| 4. Name of Office/Department/Ministry in which employed | ... | ... | ... |
| 5. Date of birth (by Christian era) | ... | ... | ... |
| 6. Date of retirement | ... | ... | ... |
| 7. Class of pension on which retired | ... | ... | ... |
| 8. Amount of pension authorized. [In case final amount of pension has not been authorized, indicate the amount of provisional pension sanction under Rule 64 of the Central Civil Services (Pension) Rules, 1972] | ... | ... | ... |
| 9. * Percentage of pension proposed to be commuted | ... | ... | ... |
| 10. Designation of the Accounts Officer who authorized the pension and the No. and date of the Pension Payment Order, if issued | ... | ... | ... |
| 11. ¹ Disbursing authority for payment of pension - | | | |
| (a) Treasury/Sub-Treasury (Name and complete address of the Treasury/Sub-Treasury to be indicated) | ... | ... | ... |
| (b) (i) Branch of the Nationalized Bank with complete postal address | ... | ... | ... |
| (ii) Bank Account No. to which monthly pension is being credited each month | ... | ... | ... |
| (c) Accounts Office of the Ministry/Department/Office | ... | ... | ... |

Place :

Signature

Date :

Postal Address

* The applicant should indicate the percentage of the amount of the monthly pension subject to maximum of 40% thereof which he desires and not the amount in Rupees.

1 Score out of which is not applicable.

PART II

ACKNOWLEDGEMENT

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Place :

Signature

Date :

Head of Office

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- (iv) the amount of residuary pension after commutation will be Rs.....

2. It is requested that further action to authorize the payment of the amount of commuted value of pension may be taken as in Rule 15 of the Central Civil Services (Commutation of Pension) Rules, 1981.

3. The receipt of Part I of the Form has been acknowledged in Part II which has been forwarded separately to the applicant on.....

4. The commuted value of pension is debitable to Head of Account -----.

Place :

Signature

Date :

Head of Office

FORM 2
FORM OF APPLICATION FOR COMMUTATION OF
A PERCENTAGE OF PENSION AFTER MEDICAL EXAMINATION BY AN
APPLICANT REFERRED TO IN RULE 18

[see Rules 5(2),9(3),13(2), 14(2),19,20(1),(2) and (3), 21(1) and 25(2)]

(To be submitted in duplicate)

PART-I

SPACE FOR PHOTOGRAPH

To

The

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(Here indicate the designation and full address of the Head of Office)

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3. Designation at the time of retirement
4. Name of Office/Department/Ministry in which employed
5. Date of birth (by Christian era)
6. Date of retirement
7. Class of pension on which retired
8. Percentage of monthly pension proposed to be commuted
(indicate percentage, equal to or less than 40%)
9. Details of Pension Payment Order, if issued
 - (i) Number
 - (ii) Date
 - (iii) Designation of the Accounts Officer who authorised the pension

Contd/--

10. Details of Bank account to which monthly pension is being credited:
(i) Name of Bank and Branch
(ii) Account No.
(iii) BSR Code,
11. Approximate date from which commutation is desired to have effect... ..
12. The amount of pension already commuted, if any
13. Preference for station where medical examination is desired to take place

Signature
Postal Address.....

Place :

Date :

NOTE. - The payment of commuted value of pension shall be made through the disbursing authority from which pension is being drawn.

PART- II

ACKNOWLEDGEMENT

Received from Shri.\ Kum.\ Smt (name)
..... (former designation) application in Part I of Form 2 for commutation of a percentage of pension after medical examination.

Place :
Date :

Signature
Head of Office

PART- III

Forwarded to the Accounts Officer.....(here indicate the address and designation) with the remarks that the particulars furnished by the applicant in Part I have been verified and are correct and the applicant is eligible to get a percentage of his pension commuted after medical examination.

2. It is requested that Part IV of the Form may be completed and returned to this office as early as possible.

Place :
Date :

Signature
Head of Office

PART- IV

(To be completed by the Accounts Officer)

1. Name of the applicant... ..
2. Date of birth (by Christian era)
3. Date of retirement
4. Amount of pension including provisional pension,
if final pension not authorised... ..
5. Class of pension [See Chapter V of the CCS (Pension) Rules, 1972]
6. Amount of pension out of the amount in item 4 above
that may be allowed to be commuted-

On the basis of		
Normal Age	1 added year	2 added years
Rs.....	Rs.....	Rs.....

7. (i) Sum payable if commutation becomes absolute before the applicant's next birthday,
which falls on....., Rs.....
- (ii) Sum payable if commutation becomes absolute after
the applicant's next birthday Rs.....
8. Number of enclosures, if any
[See Note below]

Place :

Date :

Signature and
Designation of the
Accounts Officer

Countersigned

(Head of Office)
Full address

NOTE. - The Accounts Officer should enclose with the Form a copy of the report or statement of the applicant's case if the applicant has been granted invalid pension or has previously commuted a part of his pension or declined to accept commutation on the basis of an addition of years to actual age, or has been refused commutation on medical grounds."

FORM 5
[see Rule 7]

To
Head of Office
(Place).....

I,.....(Name of the pensioner in Capital Letters) hereby
nominate the person named below, under Rule 7 of the Central Civil Services (Commutation of
Pension) Rules, 1981.

		If nominee is minor						
Name and address of the nominee	Rele- tionship with the pensioner	Date of birth	Name and address of person who may receive the said commuted value during the nominee's minority	Name and address of other nominee in case the nominee under column (1) pre- deceases the pensioner	Rele- tionship with pensioner	Date of birth if the other nominee is minor	Name and address of person who may receive the commuted value of pension during the other nominee's minority	Contingency on happening of which nomination shall become invalid
1	2	3	4	5	6	7	8	9

Place :
Date :
Witness : Signature :
Name and Address :

Signature (or thumb-
impression if illiterate)
and name of Pensioner :
Address:
Signature of Head of
Office :

STAMP

Acknowledgement to be sent by the Head of Office

Certified that the nomination has been received
from.....(name of Pensioner) whose address
is.....

Place :
Date :

Signature of Head of
Office
Full Address :

PRO FORMA
[see Decision(2), Rule 10]

.....
.....
.....

Subject :- Restoration of commuted portion of pensions after 15 years -
Implementation of the judgment of the Supreme Court.

Sir,

Kindly restore my commuted portion of pension in terms of Ministry of Personnel, Public Grievances and Pensions, Department of Pension and Pensioners' Welfare, O.M. No. 34/2/86-P. & P.W., dated the 5th March, 1987.

Requisite particulars are given below -

- | | | | |
|---|-----|-----|-----|
| 1. Name in Block letters | ... | ... | ... |
| 2. Date of retirement | ... | ... | ... |
| 3. PC/PPO No. | ... | ... | ... |
| 4. Amount of original pension | ... | ... | ... |
| 5. Amount of pension commuted (if any) | ... | ... | ... |
| 6. Name of the Accounts Officer, viz., the authority who issued PC/PPO | ... | ... | ... |
| 7. Name of the Treasury/Post Office/PPM/other pension disbursing agency | ... | ... | ... |

Signature of Pensioner

Date :

Postal address :

Particulars verified.

Signature

Rubber Stamp of
Pension Disbursing
Authority

PRO FORMA
[see Decision(2), Rule 10]

.....
.....
.....

Subject :- Restoration of commuted portion of pensions after 15 years -
Implementation of the judgment of the Supreme Court.

Sir,

Kindly restore my commuted portion of pension in terms of Ministry of Personnel, Public Grievances and Pensions, Department of Pension and Pensioners' Welfare, O.M. No. 34/2/86-P. & P.W., dated the 5th March, 1987.

Requisite particulars are given below -

- | | | | |
|---|-----|-----|-----|
| 1. Name in Block letters | ... | ... | ... |
| 2. Date of retirement | ... | ... | ... |
| 3. PC/PPO No. | ... | ... | ... |
| 4. Amount of original pension | ... | ... | ... |
| 5. Amount of pension commuted (if any) | ... | ... | ... |
| 6. Name of the Accounts Officer, viz., the authority who issued PC/PPO | ... | ... | ... |
| 7. Name of the Treasury/Post Office/PPM/other pension disbursing agency | ... | ... | ... |

Signature of Pensioner

Date :

Postal address :

Particulars verified.

Signature

Rubber Stamp of
Pension Disbursing
Authority