

Cabinet approves 5% additional DA/DR due July, 2019

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The Union Cabinet Chaired by Prime Minister Narendra Modi today approved to release an additional instalment of Dearness Allowance (DA) to Central Government employees and Dearness Relief (DR) to pensioners w.e.f. 01.07.2019 representing an increase of 5% over the existing rate of 12% of the Basic pay/Pension, to compensate for price rise. This increase is in accordance with the accepted formula, which is based on the recommendations of the 7th Central Pay Commission.

The combined impact on the exchequer on account of both Dearness Allowance and Dearness Relief would be Rs. 15909.35 crore per annum and Rs. 10606.20 crore in the financial year 2019-20 (for a period of 08 months from July, 2019 to February, 2020). This will benefit about 49.93 lakh Central Government employees and 65.26 lakh pensioners.

The additional financial implication on account of this increase in Dearness Allowance is estimated at Rs 8590.20 Crore per year; and Rs 5726.80 Crore in the current Financial Year of 2019-20 (for 8 months from July 2019 to February 2020).

The additional financial implication on account of the Dearness Relief to pensioners is estimated to be Rs 7319.15 Crore per annum and Rs 4870 Crore in the current FY.

Dear Allowance/Dearness Relief is paid to Central Government employees/pensioners to adjust the cost of living and to protect their basic pay/pension from erosion in the real value. Dear Allowance/Dearness Relief is revised twice a year from 1st January and 1st July.

VRRK/SH/PK

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