

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

S.No. 19

No. E(NG)II/2007/RC-4/CORE/1

New Delhi, dated 24.10.2019

The General Manager (P),
North Eastern Railway,
Gorakhpur.

Sub: Monthly remuneration of a re-engaged retired employee.
Ref: Board's letter No. E(NG)II/2007/RC-4/CORE/1 dated 16.10.2017.

Please refer to North Eastern Railway's letter No. का/227/2/Re-engagement/वर dated 30.07.2019 on the above subject seeking clarifications regarding calculation of monthly remuneration of a re-engaged retired employee with reference to Board's letter dated 16.10.2017. Railway has sought specific clarification on whether along with Last Basic Pay drawn such monthly remuneration should be computed after factoring DA drawn.

2. Attention in this connection is drawn to Ministry of Labour and Employment's OM No. A-12034/11/2018-Admn.I dated 30.11.2018 (nodal Ministry) in terms of which total monthly remuneration and pension drawn by the retired employee re-engaged on contract basis (i.e., Consultant) cannot be more than last pay drawn by him/her at current DA rates.

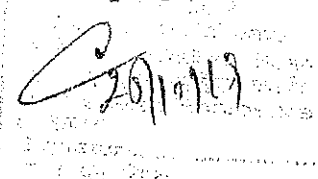
3. Considering the nodal Ministry's guidelines in the matter at para-2 above; the provision made in para 2(vii) of Board's letter No. E(NG)II/2007/RC-4/CORE/1 dated 16.10.2017 requires to be modified appropriately. For ease of comparison, two different scenarios/options for calculating the monthly emoluments, as sought in the Railway's reference dated 30.07.2019, are illustrated in para-5 below as Scenario 'A' and Scenario 'B' for an employee with details as in para-4 below.

4. Both Scenarios ('A' and 'B') are with reference to an employee with the following details-

| EMPLOYEE DETAILS | | |
|---------------------------------------|--|-------|
| Last Basic pay just before retirement | Rs. 1,00,000/- p.m. | (i) |
| DA @ 12% | Rs.12,000 /- p.m. | |
| Total emoluments (Basic+ D.A) | Rs. 1,12,000/- | (ii) |
| Pension | 50% of Last Basic Pay = Rs. 50,000/- p.m. | |
| DR on pension @ 12% | Rs. 6,000/- p.m. | |
| Pension + DR | Rs. 56,000/- p.m. | (iii) |

Note: DA and DR are as per rates prevalent at the time of retirement of the employee.

Contd.../



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5. Total emoluments which this retired employee with above details will be receiving after being re-engaged can be either as illustrated in scenario 'A' or 'B' as given below-

Scenario 'A' [Emoluments to Consultant = (Last Basic + DA) – Pension]

| | | |
|--|--|------|
| Emoluments to Consultant | (ii) of Para 4 above - Pension =Rs. 1,12,000- 50,000 =Rs. 62,000/- p.m. | (iv) |
| Total emoluments to the retired employee | (iii) + (iv) =Rs. 56,000 + 62,000 =Rs. 1,18,000/- | (v) |

Scenario 'B' [Emoluments to Consultant = (Last Basic – Pension)]

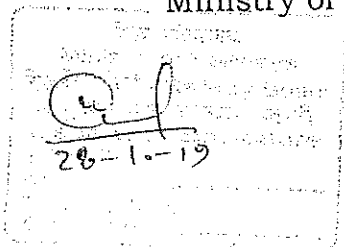
| | | |
|--|--|-------|
| Emoluments to Consultant | (i) of Para 4 above - Pension =Rs.1,00,000 – 50,000 =Rs. 50,000/- | (vi) |
| Total emoluments to the retired employee | (iii) + (vi) =Rs. 56,000 + 50,000 =Rs. 1,06,000/- | (vii) |

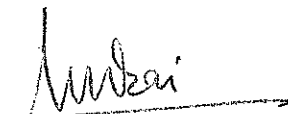
6. It is seen that in Scenario 'A', total emoluments to the retired employee [amount at (v)] is more than his last Basic Pay + DA and is therefore violative of Ministry of Labour and Employment's OM dated 30.11.2018. It is in Scenario 'B' that the total emoluments [amount at (vii)] is less than last Basic Pay + DA and is therefore in conformity with the OM ibid.

7. Method of calculating emoluments to be paid to the re-engaged retired employee as illustrated in Scenario 'B' therefore should prevail. Stipulation made in para 2(vii) of Board's letter No. E(NG)II/2007/RC-4/CORE/1 dated 16.10.2017 is therefore modified to this extent.

8. It is also pointed out that though with the illustration shown in Scenario 'B', the total emoluments to the retired employee are marginally less than his total emoluments prior to retirement; this difference will get progressively reduced with fresh instalments of DR that will accrue on the pension as announced at regular intervals.

9. This issues with the concurrence of the Finance Directorate of the Ministry of Railways.




(M.M.Rai)
Jt. Director/E(N)II
Railway Board o/c

Copy to: The General Manager (P) of All Indian Railways/PUs (as per standard mailing list) for information and guidance.