



## RAILWAY SENIOR CITIZENS WELFARE SOCIETY

(Estd. 1991, Regd. No. 1881 – Under Registration of Societies Act)

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DEDICATED TO THE  
CAUSE OF  
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1991

IDENTIFIED BY DOP&PW GOI- UNDER PENSIONERS' PORTAL  
MEMBER, SCOVA (STANDING COMMITTEE FOR VOLUNTARY AGENCIES)

No. RSCWS/CHD/Memo Commuted  
Pension/2023-5

Dated: 28-3-2023

Secretary (Pension),  
Government of India,  
Ministry of AR, PG & Pension,  
5<sup>th</sup> Floor, Patel Bhawan, Parliament Street, New Delhi – 110001.  
[secy-arpq@nic.in](mailto:secy-arpq@nic.in),

Sub: - Restoration of Commuted pension after 12 years instead of 15 years (Anomalies)  
Ref: -i) Govt. of Gujrat Resolution No.-NVT/102010/D/66/P (PENSION CELL) Dated 12.10.2022  
ii) RSCWS Memorandum No. RSCWS/HO/CHD/Memo MOS P&PW/2022-25 Dated: 12-12-2022 to Dr. Jatindra Singh, Hon'ble Minister of State, GOI, Department of Personnel, PG & Pension.

Respected Sir,

We draw your kind attention to the submissions made by us in our Memorandum cited above and humbly request for early consideration thereof especially in view of the following facts: regarding anomalies in respect of excessive recovery of commuted pension, as last revision of commutation table was done in the year 2008 with an interest rate of 8% compounded annually. Since then the interest rates in various Govt. Schemes have fallen by 33% in the last five years.

More than 14 years have passed, generally a pay commission is formed after every 10 years, the commutation table has not been revised which is the need for the realistic approach to recover commuted portion of the pension in view of decreased rates of interest and increased life expectancy to 70 years as per latest data.

Following facts will support the subject: -

### Comparative Rate of Interest on Various Govt. Schemes

Name of the Scheme	Year	Interest Rate	Year	Interest Rate	year	Interest Rate
P.P. F.	01.01.2006	8.0%	01.01.2016	8.1%	01.01.2022	7.1%
Sr.C.S.S.	01.01.2006	9.2%	01.01.2016	8.6%	01.01.2022	7.4%
N.S.C.	01.01.2006	11.3%	01.01.2016	8.1%	01.01.2022	6.8%

Rate of interest on PPF from 01.04.1986 to 31.03.2006 was around 12%.

From the above table it is evident that there is a decline in the interest rates and RBI's repo-rates at present is 5.4% as compared to 6.5% in year 2006.

After 6<sup>th</sup> CPC i.e. from 01.01.2006 the retirement age is 60 years but Commutation Factor (CF) was downgraded to 8.194 from 9.81 for 61 years (Next Birthday). The reduction in CF has led to reduction in commuted pension by 16.5% which is an added monetary loss. In addition to this Rate of Interest on commuted value increased from 4.75% to 8% i.e., an

increase of 68% in the low interest rate regime which is 30% low in the last five years. In view of above there is an immediate need of revised commutation table.

## **1. Restoration of Commuted Pension after 12 years**


5<sup>th</sup> CPC already recommended to recover the commuted pension in 12 years which was unjustifiably not accepted with exception to certain states like Kerala, M.P., Odissa, Punjab and Gujarat is the latest addition vide above referred letter. The commutation factor decreased by 16.8%, therefore, there is no justification to recover anything more than what is advanced to the retirees.

**The decreased commutation factor if equated in terms of years it is 10.85 years which means an extra recovery of  $15-10.85=4.15$  years**

## **2. Mortality Rate**

Life expectancy as per the current data is 70 years and mortality rate has gone low. The WHO statistics has shown life expectancy of 77 years in case of Govt. Employees.

In view of above it is again requested that commuted pension may please be restored in 12 years instead of 15 years to rationalize the system in view of low rates of interest and increased life expectancy.



**(Harchandan Singh)**  
**General Secretary/RSCWS**

**Copy for information & necessary action to:**

**Director (PP), Department of Pension & pensioner's Welfare, Janpath Bhawan, B-Wing, 8<sup>th</sup> Floor, Janpath, New-Delhi-110001.**