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PENSIONER**

A Monthly Magazine of Pensioners
for Pensioners by Pensioners
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**BHARAT PENSIONERS
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To

The Honourable Prime Minister

Union of India.

The Honourable Minister for Finance

Government of India

Dr. Jitendra Singh

The Honourable MOS (Independent Charge)

PMO India

Subject: A Call for Change-Pension need to be Income Tax free

Sir/Madam,

It's imperative for policymakers to take cognizant steps toward revising the pension scheme and related financial policies for senior citizens. These changes are not just about numbers and percentages; they are about upholding dignity, ensuring comfort, and recognizing the contributions of a generation that has significantly shaped our society. The time to act is now, to transform the twilight years of many into a period of security and contentment.

In a world where economic uncertainties often overshadow the golden years of retirement, the plight of senior citizens grappling with inadequate pensions is a narrative that demands immediate attention and action. The recommendation by Tata Economic Consultancy Services (TECS) to the Fifth Central Pay Commission (5th CPC), as well as the landmark Supreme Court pronouncement in DS Nakara vs UOI, highlighted a critical shortfall in the pension system that is yet to be adequately addressed.

The Dwindling Value of Pensions

The crux of the issue lies in the diminishing purchasing power of pensions. Over time, inflation, coupled with the escalating costs of essentials like food and medical care, relentlessly erodes the value of pension. This phenomenon traps many retirees in a financial quagmire, making it challenging to maintain the standard of living they were accustomed to while employed.

The Recommendation and Reality

TECS, in its consultation with the 5th CPC, astutely pointed out that a pension amounting to 67% of the last drawn salary is necessary for a retiree to sustain their pre-retirement standard of living. However, the ground reality falls short, with pensions currently pegged at only 50% of the last salary drawn. This gap is not just a statistic—it represents a tangible decline in the quality of life for countless senior citizens.

Taxation: A Double-Edged Sword

Another aspect that exacerbates the situation is the taxation of pensions. While old age relief in income tax exists, it's insufficient to bridge the widening gap caused by inflation. Therefore, there's a pressing need for the Government of India's Ministry of Finance to reconsider the recommendations of the 5th CPC, specifically

Para 167.11. Exempting pensions, along with Dearness Relief (DR) and Fixed Medical Allowance (FMA), from income tax could provide significant relief.

A Call for Higher Interest Rates and Insurance Coverage

Moreover, addressing the interest rates for senior citizens' deposits is crucial. A revision from the current additional 0.25% to 0.50% to a more substantial 2% above the standard rate could effectively counteract the fall in the purchase value of their savings. **Furthermore, extending comprehensive insurance coverage for senior citizens' deposits in banks and post offices would provide an additional safety net, ensuring greater financial security.**

Hoping for the sympathetic consideration in view of above narrative!

With regards

Truly yours,



S.C. Maheshwari

Secy Genl.

Bharat Pensioners Samaj