

READ **BHARAT
PENSIONER**

A Monthly Magazine of Pensioners
for Pensioners by Pensioners
RNI registration NO-DELBIL/2006/17678
2/13-A - LGF Backside, Jangpura - 'A',
New Delhi - 110 014
Telephone : 011-24376642,49027335
E-mail : bharatpensioner@gmail.com



A SYMBOL OF
PENSIONERS'

ESTABLISHED IN : 1955

**BHARAT PENSIONERS
SAMAJ**

(All India Federation of Pensioners' Associations)
(Registered No. 2023 of 1962-63), Recognised by GOI-DOP&PW
Associate NGO International Federation on Ageing,
Toronto (Canada)
CSR NO-CSR00053673
Niti Ayog: unique id-DL/2016/0102111
2/13-A - LGF Backside, Jangpura - 'A', New Delhi-110014

No BPS/SG/commutation/024/03

Dated: 21.04.2024

To:

1. The Secretary (Pension)
Government of India
Department of Pension & Pensioners' Welfare
2. The Finance Secretary & Secretary (Expenditure)
GOI.MOF- Department of Expenditure 1

Subject: Request for Rectification of Commutation Factor Fixation
and Restoration of Commuted Portion of Pension

Respected Sirs,

Bharat Pensioners Samaj is writing to highlight significant flaws in the fixation of Commutation Factors (CF) for Central Government Pensioners and to urge for the restoration of the commuted portion of pension after 12 years instead of the current 15 years.

The current Commutation Factor determination, as per the Central Civil Services (Commutation of Pension) Rules, 1981, lacks adequacy and fairness due to several outdated parameters and methodologies. Despite changes in interest rates, mortality rates, and life expectancy over the past decade, the existing rules have not been revised accordingly.

BPS emphasizes the following key concerns:

1. **Outdated Parameters:** The Commutation Tables are based on outdated data, specifically the LIC table 94-96, with an interest rate of 8% effective from 2/9/2008. This approach fails to reflect current economic realities and demographic trends.
2. **Improper Recovery Period:** The current recovery period of 15 years is unjustified, as the actual recovery period is less than 11 years. This results in excessive recovery from pensioners, causing financial strain.
3. **Need for Periodic Revision:** Commutation tables should be reconstructed every 5 years to align with changes in RBI repo rates, market interest rates, life expectancy, and mortality rates.
4. **Discrepancies in CF Calculation:** Discrepancies in CF calculation result in a reduction of the commuted amount by 16.5% for pensioners retiring after 2/8/2008, compared to those retired before.
5. **Restoration of Commuted Portion:** The current policy of restoring the commuted portion of pension after 15 years is inequitable. Recommendations for restoration after 12 years have been made by expert bodies like the Department of Pension and Pension Welfare, but have not been accepted by the Finance Ministry.

In light of these concerns, we urge for the following actions:

1. Reconstruction of Commutation tables effective from 2008 onwards, considering factors such as a recovery period of 12 years, mortality rates by the Institute of Actuaries of India, life expectancy by the Census department, and interest rates based on GPF rates or RBI repo rate.
2. Restoration of the commuted portion of pension after 12 years instead of the current 15 years, in line with recommendations made by expert bodies.

BPS believes that these reforms are essential to ensure fairness and adequacy in pension provisions for retired government employees, who have dedicated their lives to public service.

Your attention to this matter is earnestly requested, and we hope for a favorable resolution.

Thank you for your consideration.

Yours faithfully,



[S.C.Maheshwari]

Secy.Genl

Bharat Pensioners Samaj