

**Retirement Benefits
Absorption in PSU & Pension**

No.4/14/2000-P&PW(D)
Government of India
Ministry of Personnel, Public Grievances & Pensions
(Department of Pension & Pensioners Welfare)
Third Floor, Lok Nayak Bhavan, New Delhi,

Dated: 1st June, 2000

OFFICE MEMORANDUM

Settlement of pensionary terms in respect of Government employees transferred to autonomous Organisations/public undertakings consequent on the conversion of Government Department/Office into an Autonomous Body or Public Undertaking.

The undersigned is directed to refer to para 1(i) of this Department's O.M. No.4/8/85-P&PW dated 30th October, 1986 on the subject cited above and to say that instructions contained in this O.M. are not being scrupulously followed by the Ministries/Departments in the matter of discharge of pensionary liability to the concerned PSU/Autonomous Body resulting in non-creation of a Pension Fund by the PSU/Autonomous Body and ultimate responsibility for payment of pension to the transferred employee on retirement from the PSU/Autonomous Body falls upon the Central Government.

portion of pension shall not be less than 1/3rd of the 50% of the

2. As the Ministry of Agriculture etc. are aware, wherever a transferred employee, on his absorption in a PSU/Autonomous Body (on conversion of a Govt. Office/Department as such) has opted for retention of Central Government pensionary benefits, the concerned Ministry/Departments are required to discharge the pensionary liability of the transferred employee to the PSU/Autonomous body immediately so that Pension Fund could be created by the PSU/Autonomous Body with this amount and pension could be paid by them in terms of the Central Government rules, after superannuation of such a transferred employee from the service of the PSU/Autonomous Body. For the purpose of payment of pension, the concerned PSU/Autonomous body are expected to take appropriate steps to create Pension Fund and invest the deposits in the Fund prudently and/or take such other action that they may consider necessary so that the Pension Fund could become viable to meet the demand on account of pension, gratuity, commutation, DR on pension etc.

3. Instances have come to the notice of this Department where the procedure laid down in para 1(i) of this Department's O.M. dated 30th October, 1986 *ibid.* are not being scrupulously followed by the respective Ministries/Departments resulting in non-creation of a Pension Fund by the PSU and the Government is being pressed to undertake ultimate responsibility for payment of pension to the transferred employee instead of the concerned PSU/autonomous body.

4. In order to ensure that the instructions on the subject are followed by the concerned PSU/Autonomous body in letter and spirit, the concerned Joint Secretary (Admn.) in the

Ministry/Department are requested to bring the contents of this O.M. to the notice of all concerned including the PSU/Autonomous Body which have been created as a result of conversion of a Government Department as such and impress upon them to create Pension Fund, as envisaged in para 2 above, and/or take such other steps necessary, as to ensure payment of pension to absorbees, as and when they retire from PSU/Autonomous body. Henceforth, this Department will not entertain any request for relaxation of the provision of para 1(i) of the O.M. dated 30.10.1986.

5. Cases where the provisions of para 1(i) of the O.M. dated 30.10.1986 has been relaxed by this Departments, as a special case, need not be reopened.

(SUJIT DATTA)
Director (PW)

To
All Ministries/Departments of the Government of India.

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