

No.4/18/87-P&PW (D)
Government of India
Ministry of Personnel, Public Grievances & Pensions
(Department of Pension & Pensioners' Welfare)

6th Floor, Nirvachan Sadan
New Delhi, dated the 5th July, 1989

OFFICE MEMORANDUM

Subject:- Settlement of pensionary terms etc., in respect of Government employees transferred en masse to Central Public Sector Undertakings/Central Autonomous bodies.

The undersigned is directed to refer to this Department's Office Memorandum No. 4(8)/85-P&PW dated 13th January 1986 and Office Memorandum of even number dated 30th October, 1986 on the above subject. The question of settlement of pensionary terms on conversion of a Government Department or a segment thereof or a Government office into a Central Public Sector Undertaking/autonomous body has been reviewed in the light of the recommendations of the Committee of the National Council (JCM). The President is now please to decide that, in a partial modification of above mentioned Office Memoranda, the following terms and conditions will be applicable in the case of en masse transfer of employees:

- a) The permanent Government servants shall have an option to retain the pensionary benefits available to them under the Government rules or be governed by the rules of the Public Sector Undertaking/Autonomous Body. This option shall also be available to quasi-permanent and temporary employees after they have been conformed in the Public Sector Undertaking/Autonomous Body.
- b) The Government servants who opt to be governed by the pensionary benefits available under the Government, shall at the time of their retirement, be entitled to pension etc. in accordance with the Central Government rules in force at that time.
- c) The permanent Government servants with less than 10 years service, quasi permanent employees and temporary employees who opt for the rules of the PSU/Autonomous Body shall be entitled to an amount equal to Provident Fund contribution for the period of their service under the Government upto the date of permanent absorption in the PSU/Autonomous Body with simple interest at 6% per annum as opening balance in their CPF account with the Public Sector Undertaking/Autonomous Body.
- d) The permanent Central Government servants who have completed 10 years or more of service and who opt for the retirement benefits of a PSU/Autonomous Body will receive pro-rata retirement benefits for the service rendered under the Government. These will be regulated as follows:-
 - i) Employees who have an option either to draw pro-rata pension monthly or to draw a lump sum amount in lieu of 100% pro-rata pension.
 - ii) Where the employees opt in favor of monthly payment of pro-rata pension, the same shall be allowed to be drawn with effect from the date of permanent absorption in a

PSU/Autonomous Body. No part of pro-rata pension will be allowed to be commuted either at the time of permanent absorption or any time thereafter.

- iii) In the case of employees who opt in favor of a lumpsum amount in lieu of 100% pro-rata pension, the lumpsum value shall be worked out on the basis of table prescribed under the CCS (Commutation of Pension) Rules, 1981.
- iv) In the case of employees covered by clause (ii), the retirement gratuity and for those covered by clause (iii) above, both retirement gratuity as well as lumpsum commuted value shall be paid on the expiry of a period of 7 years from the date of permanent absorption. The amounts, however, can be paid earlier in the event of death/retirement/resignation/discharge from service.
- v) The amounts of retirement gratuity and lump sum value in lieu of pension mentioned in clause (iv) above shall remain with the Government, and earn interest at the rate prescribed for General provident Fund deposits from time to time for the period they remain with the Government.

2. The family pension entitlements will be regulated in accordance with the instructions being issued separately.

3. As soon as a Central Government Department, Office or segment of a Government Department is converted into a PSU/Autonomous Body, the concerned Government servants will be transferred to such new organisation on foreign service terms in the initial period. The Government servants will be permanently absorbed in the PSU/Autonomous Body with effect from prospective date to be fixed by the concerned administrative Ministry/Department and from that date they will cease to be Government servants. Such of the Government servants who are not willing to be absorbed will have an option to revert back to Govt. service. In that event, if no suitable vacancies are available in the Office/Department/Ministry for such employees, their names will be transferred to Surplus Staff Cell.

4. The Public Sector Undertaking/Autonomous Body will formulate the terms and conditions of service in the new body at the earliest possible date. The employees will however have an option to retain Government pay scales till their promotion or retirement (whichever is earlier) or to come over to the service conditions of the PSU/Autonomous Body. However, until the exercise of this option, they will continue to be governed by the pay scales, leave entitlements and terminal benefits under the Government.

5. Dismissal/removal from the service of a PSU/Autonomous Body after absorption for any subsequent misconduct shall not amount to forfeiture of his retirement benefits for the service rendered in the Central Government. Also in the event of dismissal/removal of a transferred employees from the PSU/autonomous body, the employee concerned will be allowed protection to the extent that the administrative Ministry/Department will review order before taking a final decision.

6. The other terms and conditions stipulated in Department's Office Memoranda dated 13th January 1986 and 30th October, 1986 referred above, which have not been specifically modified, will continue to remain operative.

7. These orders will also be applicable to those Government servants who would be absorbed in the Mahanagar Telephone Nigam Ltd./ Videsh Sanchar Nigam Ltd/. National Airports Authority of India etc.

8. In their application to the employees serving in the Indian Audit & Accounts Department, these orders issue in consultation with the Comptroller & Auditor General of India.

9. Hindi version will follow.

Sd/-
(Ashish Kumar)
Dy. Secretary to the Government of India

To

All Ministries/Departments of the Government of India