

F.No 1(7)(2)/2003/TA/ 2-15
Government of India
Ministry of Finance
Department of Expenditure
Controller General of Accounts
Lok Nayak Bhawan, Khan Market
New Delhi.

Dated 20.4.2004

OFFICE MEMORANDUM

The field offices while implementing the New Pension Scheme have raised a number of queries and sought clarifications on various issues. These queries have been examined and the comments of this office are given below:-

Sl No	Queries	Replies/comments
1.	Whether individual is entitled for leave encashment after retirement.	The benefit of encashment of leave salary is not a part of the retirement benefits admissible under Central Civil Services (Pension) Rules, 1972. It is payable in terms of CCS (Leave) Rules which will continue to be applicable to the government servants who join the government service on after 1-1-2004. Therefore, the benefit of encashment of leave salary payable to the governments / to their families on account of retirement / death will be admissible.
2.	Whether retirement gratuity is available to the new entrants.	The matter has been taken up with the Ministry of Finance, Department of Economic Affairs. Reply is awaited.
3.	At exit i.e. after age 60 years why 40% of pension wealth to purchase the annuity is mandatory.	This provision is a part of the New Pension Scheme. This provision has been made with an intention that the retired government servant should get regular monthly income during their retired life.
4.	What benefits will he/she get in the event of death in service.	The matter has been referred to Min of Fin DEA. Their clarification is still awaited.
5.	Whether any minimum age or minimum service is required to quit from Tier-I.	Exit from Tier-I can only take place when an individual leaves government service.
6.	Whether Dearness Pay is counted as basic pay for recovery of 10% for Tier-I.	As per the scheme the total Dearness Allowance is to be taken into account for working out the contributions. Subsequently, a part of the "Dearness Allowance" has been treated as Dearness Pay. Therefore, this should also be reckoned for the purpose of contributions.
7.	When individual is on long leave/HPL/EOL, how the contributions are to be recovered.	This has already been referred to Min of Finance Department of Economic Affairs. Their reply is awaited.
8.	Whether contribution towards	The matter has been referred to Ministry of

	Tier -I is taken as income for the purpose of calculation of income Tax or it will be exempted.	Finance Department and Government of India
9	Whether contribution towards Tier-I from arrears of DA is to be deducted.	Yes, since the contribution is to be worked out as 10% of Pay+ DP+ DA it stands to be reduced whenever there is any change in these elements.
10	Whether any budget provision is to be made for booking the Government contribution under the Functional Major head.	At present the Govt matching contributions are booked under the minor head "501-CT" which is a transitory head. No budget provision is required. Before the accounts are closed, the balance under this head should be transferred to the final head. No balance should remain under this head. After the accounting heads are finalized the amount of government contribution should be debited to a functional major head for which there should be provision of funds.
11	Can any individual continue to contribute under tier -I even after the age of 60 years.	The matter has been referred to DEA for clarification.
12	What will be the formula for rounding off when 10% of (basic+ DA) will be recovered from the salary of the Government servant.	The contributions payable by the government servants and those paid by the government should be rounded off to the nearest rupee in terms of the instructions contained in Appendix II of Central Government Accounts (Receipt & Payment) Rules, 1983.
13	It is presumed that the bill pertaining to the matching contribution would be a 'NIL' bill.	It is confirmed that the bill for drawal of matching contribution by government will be a "NIL" bill. The amount of government's contributions will be transferred by debit to "502-Expenditure Awaiting Transfer to Other Heads / Department" for credit to the head "8542-Other Deposits". No amount will be paid on this bill.
14	For the purpose of simplification basic pay plus D.A. may be taken as fixed for the entire year. This would obviate the need for calculation of D.A. arrears twice in a year and increment once and consequent preparation of supplementary bills.	The issue was examined by this office and it was not agreed to. It has been decided that whenever there is any increase or decrease in emoluments of a government servant during the middle of a month, the change in the rate of contribution (both government servant and government) will be given effect only from the first of the following month.
15	Who will calculate the interest-PAO or Central Pension Accounting Office?	The PAO should calculate the interest.
16	Since Cheque drawing DDOs are having the budget with them how the PAO will pass the bill and give payment without budget?	The PAOs should be aware of the progressive expenditure in respect of CDDOs. Moreover, they may obtain a certificate with regard to availability of funds on each bill itself.
17	Instead of preparing a separate bill for the matching contribution the feasibility of incorporating a separate column regarding	Since the contributions payable by the government servants and the matching contributions paid by the government are debitable to different heads, there is no provision for a separate column in the accounts.

	Government's contribution in the same bill may be explored.	
	Whether the New Pension Scheme is applicable for the officials initially appointed on daily wages and later on conferred 'temporary status' and contributing towards GPF and whose services are regularized on or after 1-1-2004.	The matter is being referred to DOPF.
19	What happens if an employee gets transferred during the month? Which office will make deduction of contributions?	As in the case of other recoveries, the recovery of contributions towards NPS for the full month (both individual and government) will be made by the office who will draw salary for the maximum period.
20	Whether the non-practising allowance (NPA) payable to medical officers will count towards 'pay' for the purpose of working out contributions to NPS?	Yes. Ministry of Health & Family Welfare has clarified vide their O.M no. A45012/1/97-CHS.V dated 7-4-98 that the Non-practising Allowance shall count as 'pay' for all service benefits. Therefore, this will be taken into account for working out the contributions towards the New Pension Scheme.
21	Whether a government servant who was already in service prior to 1-1-2004, if appointed in a different post under the government of India will be governed by the CCS (P) Rules or New Pension Scheme.	In cases where government servants apply for posts in the same or other departments and on selection they are asked to render technical resignation the past services are counted towards pension under CCS (Pension) Rules, 1972. Since the government servant had originally joined government service prior to 1-1-2004, he should be covered under the CCS (Pension) Rules, 1972.

The Pr.CCAs/CCAs/CAs/DCAs are requested to circulate the above clarifications to the PAOs/DDOs/CDDOs under their Ministry/Department/Offices



(Rajesh Kumar)

Dy Controller General of Accounts

Pr.CCAs/CCAs/CAs/DCAs