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No. 7/20/89-P&PW(F)
Government of India
Ministry of Personnel, P.G. and Pensions
Department of Pension & Pensioners' Welfare

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New Delhi, the 22nd January, 1991

OFFICE MEMORANDUM

Subject: Payment of interest on account of delayed payment of retirement/death gratuity - Regarding

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The undersigned is directed to state that payment of interest on delayed payment of gratuity is, at present, regulated under Rule 68 of the CCS(Pension) Rules, 1972.

2. Certain administrative authorities have drawn attention to the fact that in cases of retirement on superannuation the work of assessment of the demands outstanding against them commences two years in advance whereas in other cases of retirement assessment of Govt. dues etc. can begin only after the retirement has been approved by Govt. and have raised a doubt whether the provisions of Rule 68 are also applicable to those who retired otherwise on superannuation and if so whether the time limit of 3 months is to be observed in such cases. The position has been reviewed in consultation with the Ministry of Finance. It has been decided that if the payment of gratuity has been delayed due to administrative lapses for no fault of the retiring employee in cases of retirement other than superannuation, the payment of interest may be regulated in the following manner :-

(i) In case of Govt. servants against whom disciplinary/judicial proceedings are pending on the date of retirement and in which gratuity is withheld till the conclusion of the proceedings:-

(a) In such cases if the government servant is exonerated of all charges and where the gratuity is paid on the conclusion of such proceedings, the payment of gratuity will be deemed to have fallen due on the date following the date of retirement vide DPAR's OM No.1(4)/Pen.Unit/82 dated 10.1.83. If the payment of gratuity has been authorised after 3 months from the date of his retirement interest may be allowed beyond the period of 3 months from the date of retirement.

(b) In cases where the disciplinary/judicial proceedings are dropped on account of the death of the government servant during the pendency of disciplinary/judicial proceedings, the payment of gratuity will be deemed to have fallen due on the date following the date of death and if the payment of gratuity has been delayed interest may be allowed for the period of delay beyond 3 months from the date of death.

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(c) In cases where the government servant is not fully exonerated on the conclusion of disciplinary/judicial proceedings and where the competent authority decides to allow payment of gratuity, in such cases, the payment of gratuity will be deemed to have fallen due on the date of issue of orders by the competent authority for payment of gratuity vide DPAR's OM No. 7(1) PU/79 dated 11.7.1979. If the payment of gratuity is delayed in such cases interest will be payable for the period of delay beyond 3 months from the date of issue of the above mentioned orders by the competent authority.

(ii) On retirement other than on superannuation:-

Such cases of retirement will be either under clause (j) or clause (k) of FR 56 or Rules 38, 39, 40, 48 or 48-A of the CCS(Pension) Rules, 1972. In such cases the pension sanctioning authority does not get adequate time for processing pension papers, as is available to it in the case of retirement on superannuation. Instructions have already been issued from time to time that the work relating to verification of service should be done on year to year basis and should not be kept in arrears. Provisions also exist that on completion of 25 years qualifying service or on one being left with 5 years service before the date of retirement, whichever is earlier, the Head of Office should verify the service rendered by such government servant and communicate to him the period of qualifying service as determined vide Rule 32 of the CCS(Pension) Rules, 1972. It is, therefore, expected that even in cases of retirement other than on superannuation it should not take unduly long time for all Heads of Offices to prepare pension papers of retiring employees. It has therefore been decided that where the payment of gratuity in such cases is delayed beyond 6 months from the date of retirement, interest should be paid for the period of delay beyond 6 months from the date of retirement.

(iii) On death of the government servant while in service

Such cases may be considered on the same lines as mentioned in clause (ii) above. Detailed procedure for processing the payment of death gratuity is explained in Rule 77 to 80 of the CCS(Pension) Rules, 1972. It is felt that in these cases also it should be possible for the respective offices to process the payment of death gratuity within a reasonable time. It has, therefore, been decided that where the payment of death gratuity is delayed beyond 6 months from the date of death, interest should be paid for the period of delay beyond 6 months from the date of death. If in any case the payment of death gratuity is held up on account of more than one claimant staking his/her claim to the same, such cases will not automatically qualify for payment of interest in terms of these orders. These will be

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examined separately in consultation with this Department on the merits of each.

- (iv) Cases where the amount of gratuity already paid is enhanced on account of revision of emoluments or liberalisation in the provisions relating to gratuity from a date prior to the date of retirement of the government servant concerned:-

At present, no interest is paid in such cases. Representations have been received that the payment of difference in gratuity in such cases is unduly delayed. It is expected that once the orders relating to revision of emoluments reckoning for gratuity or liberalisation of rules relating to entitlement of gratuity is issued, the difference in gratuity should be paid within a reasonable time. Taking into account all aspects, it has now been decided that if the payment on account of arrears of gratuity is delayed beyond a period of 3 months from the date of issue of the orders revising the emoluments/liberalisation in the rules, interest may be allowed for the delay beyond the period of 3 months of the date of issue of the said orders.

- (v) In cases of permanent absorption in PSU/autonomous bodies otherwise than on enmass transfer on conversion of government department or a part thereof into PSU/autonomous body :-

Payment of interest on delayed payment of gratuity in these cases may also be decided in the same manner as prescribed in clause (ii) above. If the payment of gratuity has been delayed beyond 6 months from the date of permanent absorption the interest may be allowed for the period of delay beyond 6 months.

3. As far as retirement on superannuation is concerned, the existing procedure for grant of interest if the payment of gratuity is delayed due to administrative reasons/lapses for no fault of the retiring employee will continue to be applicable. In other words, interest will be allowed for the period of delay beyond 3 months from the date of retirement.

4. It has also been observed that there is a general impression among the administrative authorities that interest is to be paid only after disciplinary action being taken against the defaulting staff found responsible for the delay in payment of gratuity is concluded. It is hereby clarified that this impression is not correct. In all cases in which it is established that the delay in payment of gratuity was attributable to administrative lapses and for no fault of the retiring employee concerned, the interest should be paid without waiting for the outcome of the disciplinary proceedings against the defaulting staff. The disciplinary cases should be proceeded with separately. This may kindly be borne in mind while regulating cases under paragraphs 2 and 3 above. Wherever interest becomes payable in terms of these orders, the same shall be allowed upto the end of the months preceding the month in which gratuity/arrears of gratuity is paid.

5. These orders shall take effect from the date of issue of this O.M. The cases of those government servants who retired/died while in service before this date would also be covered if gratuity has not been paid as on the date of issue of this Office Memorandum and there has been delay in its payment beyond three months/six months, as the case may be, of the date of their retirement/death but the interest would be payable in such cases only from the date of the issue of this OM or three months/six months, as the case may be, from the date of retirement/death, whichever date is later. Past cases of retirement otherwise than on superannuation and on death already settled before the issue of this OM, however, need not be reopened.

6. In so far as persons serving in the Indian Audit and Accounts Department are concerned, these orders have been issued after consultation with the Comptroller and Auditor General of India.

7. Hindi version is enclosed.

M.R. Vaidya

(M.R. Vaidya)
Deputy Secretary to the Govt. of India.

To

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