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GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

RBA 19/2004

No. 2004/AC II/21/1 **New Delhi** **Date 22/6/2004**

General Managers
Zonal Railways, PUs etc. as per standard list.

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ORE/ALD
SC/Vadodara
Mo Rly/Kolkata
78.

Sub: New Pension System.

The field offices while implementing the New Pension System (NPS) have raised a number of queries and sought clarifications on various issues. In this regard, the following clarifications are issued in consultation with Controller General of Accounts, Ministry of Finance for information and needful action:-

Sl No.	Queries	Replies / Comments
1	Whether an employee covered under NPS is entitled for leave encashment after retirement?	The benefit of encashment of leave salary is not a part of the retirement benefits admissible under Railway Services (Pension) Rules – 1993. It is payable in terms Railway 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 government / to their families on account of retirement / death will be admissible.
2	Whether retirement gratuity is available to the employee covered under NPS?	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 System. The 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 Finance, 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 taken into account for working out the contributions. Subsequently, w.e.f., 50% 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 Ministry of Finance, Department of Economic Affairs. The reply is awaited.
8	Whether (both Government and employee's) contributions towards Tier-I are taken as income for the purpose of calculation of Income Tax or it will be exempted?	The matter has been referred to Ministry of Finance, Department of Economic Affairs.
9	Whether contribution towards Tier-I from arrears of DA is to be deducted?	Yes, Since the contribution is to be worked out at 10% of Pay + DP + DA, it needs to be revised whenever there is any change in these elements.
10	Can any individual continue to contribute under Tier-I even after the age of 60 years?	The matter has been referred to Ministry of Finance, Department of Economic Affairs for clarification.
11	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.
12	It is presumed that the bill pertaining to the matching contribution would be '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 functional head of account for credit to the head "8342- Other Deposits" No amount will be paid on this bill.
13	For the purpose of simplification basic pay plus D.A. may be taken as fixed for the etire 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 Controller General of Accounts, Ministry of Finance 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.
14	Who will calculate the interest-Associate Accounts office (AAO) or Central Pension Accounting Office?	The Associate Accounts office (AAO) should calculate the interest.
15	Whether the New Pension System is applicable for the officials initially appointed on daily wages and later on	The matter has been referred to Department of Personnel and Training.

	conferred 'temporary status' and contributing towards GPF and whose services are regularized on or after 1-1.2004?	
16	What happens if any 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 that will draw salary for maximum period of the month.
17	Whether the non-practicing 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. A45012/11/97-CHS.V dated 7.4.98 that the Non-practicing 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 System.
18	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/ Railway Services (Pension) Rules – 1993. or New Pension System?	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 / Railway Servies (Pension) Rules – 1993.. Since the government servant had originally joined government servie prior to 1-1-2004, he should be covered under the CCS (Pension) Rules, 1972 / Railway Servies (Pension) Rules – 1993.
19	Whether Charge Allowance payable to staff will count towards 'pay' for the purpose of working out contributions to New Pension System?	Charge allowance shall count along with pay for the purpose of working out contributions to New Pension System.
20	Whether pay element in Running Allowance will count towards 'pay' for the purpose of working out contributions by Running staff to New Pension System?	Contribution payable by Running Staff shall be 10% of Basic Pay + Pay Element (30% of Basic Pay at present) + DA thereon.
21	Whether New Pension System is applicable to Railway protection Force?	The matter has been referred to Ministry of Finance, Department of Economic Affairs for clarification.
22	Whether New Pension System is applicable to substitutes / monthly rated casual labours (MRCLs) unless absorbed as regular employees?	The matter has been referred to Controller General of Accounts, Ministry of Finance for clarification.

23	As per scheme, the accumulation to fund are payable to spouse / dependent / parents in the event of death during interim period. It would imply that no investment would be made in Pension Fund in such cases. How pension of family will be regulated in such cases?	The matter has been referred to Controller General of Accounts, Ministry of Finance for clarification.
24	Whether dependent parents can be nominated to receive pension wealth when spouse and children of employee are alive?	The matter has been referred to Controller General of Accounts, Ministry of Finance for clarification.
25	In which month the contribution recovered from the employees on deputation / or whose wage period does not coincide with calendar month will be shown as interest is also payable on such contributions?	The matter has been referred to Controller General of Accounts, Ministry of Finance for clarification.
26	How the payments shall be regulated in the event of dismissal / removal / resignation of the employee from service during interim period?	The matter has been referred to Controller General of Accounts, Ministry of Finance for clarification.
27	What happens if the employee dies while in service with in one month from date of appointment i.e., before recovery towards pension contribution starts?	The matter has been referred to Controller General of Accounts, Ministry of Finance for clarification.
28	Whether the option for investment is to exercises by employee at the time of exit or on joining the service?	The matter has been referred to Controller General of Accounts, Ministry of Finance for clarification.
29	As per the scheme, during interim period the accumulation under tier I shall be payable to spouse / dependent parents in the event of death of employee. What will be the percentage of share in which payment will be made to them in absence of nomination.?	The matter has been referred to Controller General of Accounts, Ministry of Finance for clarification.

30	Whether interest will be allowed on both employee and government contribution in Tier-I?	The matter has been referred to Controller General of Accounts, Ministry of Finance for clarification.
31	What are conditions under which the nomination does not subsist?	The matter has been referred to Controller General of Accounts, Ministry of Finance for clarification.

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Railway Board

Copy to:

CPOs / FA&CAOs for information and necessary action.
(as on page 1).

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