



ALL INDIA BHARAT SANCHAR NIGAM LIMITED RETIRED EXECUTIVES' ASSOCIATION

Central Headquarters

111, New Ashiana Apartments, Plot-10, Sector-6, Dwarka
New Delhi-110 075

E-mail : gensecaibsnlrea@yahoo.com

President : V. Chinnappaiah

Ph.: 044-22603300

(M) : 09444003300

General Secretary : S. Basu

Ph.: 011-25073969

(M) 09868092995

Financial Secretary : Hari Ram

Ph.: 011-25075541

(M) 09868538189

No. AIBSNLREA/CHQ/2020/104

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To
Shri Kshatrapati Shivaji,
Secretary (Pension),
Department of Pension & Pensioners' Welfare,
New Delhi 110003.

Sub: Restoration of Commutation Value of Pension- Request for reduction in the period for restoration in view of falling rate of interest.

Sir,

At present commuted portion of Pension is being restored only on attaining the age of 75 years by the pensioners i.e. after 15 years of retirement. But, in view of sharp drop in interest rates for deposits, the present length of years for restoration needs an urgent review.

2. The Sixth Central Pay Commission, which examined the issue about more than 13 years back, had stated in its Report that the commutation factor arrived at by it was based on market interest of 8 % p.a. and also the mortality rate. The Hon'ble Supreme Court, on the other hand, in its judgment delivered in December, 1986 in Writ Petitions No. 3958-61 of 1983 had directed restoration of the commuted value of pension once the commutation amount along with the interest thereon was recovered fully. The Sixth Central Pay Commission had also mentioned about this judgment by Hon'ble Supreme Court in its Report.

3. But now over the years, the market interest has come down sharply and it is less than 5% as at present. If an analysis and methodology for application of interest is undertaken now, it can be seen that the principal amount of commuted portion of Pension with 5 % interest gets fully recovered in about 8 years.

4. In view of the above, it is requested that the commuted value of pension may be restored in 8 years instead of 15 years as at present.

With kind regards,

Yours sincerely,


(S Basu)

General Secretary

Copy to:

Dr T V Somanathan,
Secretary (Expenditure), MoF.