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MASTER CIRCULAR

Master Circular No. 55

Emoluments/Average Emolument for Pensionary Benefits.

In continuation of [Master Circular No. 2](#), another Master Circular No. 3 explaining the term 'Emoluments/Average Emoluments' for determining the pensionary benefits is enclosed. Brief details of the orders issued on the subject from time to time are also given in the circular for ready reference.

2. Instructions referred to in the circular are both old and those current on the subject. For dealing with old cases, the instructions in force at the relevant time referred to.

3. If any circular has been omitted the same should not be ignored but treated as valid to the extent operative.

EMOLUMENTS/AVERAGE EMOLUMENTS

With effect from 01.01.1986 the term "Emoluments" means the pay as defined in Rule 2003 (21) (a) (i)-RII which a railway servant was receiving immediately before his retirement or on the date of his death. Similarly the average emoluments shall be determined with reference to emoluments drawn by a railway servant during the last 10 months of his service.

- Letter No. (i) [PC IV/87/Imp/PN/1 dated 15.04.1987](#) (RBE 90/87)
(ii) [F\(E\)III 76 PN 1/3 dated 22.03.1976](#)

2. If a railway servant immediately before his retirement or death while in service had been absent from duty on extraordinary leave or had been under suspension, the period whereof does not count as service, the said period of leave or suspension shall be disregarded in the calculation of average emoluments and an equal period of 3 years /10 months before the period of extraordinary leave or suspension shall be taken into account.

- Letter No. (i) [F\(E\)III 68 PN 1-29 dated 24.12.1969](#)
see para 502 of MRPR
(ii) [F\(E\)III 76 PN 1/3 dated 22.03.1976](#) & [13.9.1976](#)

3. In the case of running staff, emoluments for retirement benefits shall also include 55% of their basic pay.

[Letter No. [E\(P&A\)III 80/RS-10 dated 17.07.1981](#)]

3.1 The increase in pay which is not actually drawn shall not from part of emoluments.

Provided that the benefit of higher officiating or temporary pay is given only if it is certified that the railway servant would have continued to hold the higher officiating or temporary appointment but for his proceeding on leave.

3.2 Pay drawn in tenure appointment will count towards emoluments.

3.3 If a railway servant immediately before his retirement or death while in service was on LAP not exceeding 120 days and earned increment, such increment though not actually drawn shall from part of emoluments. Provided that the increment was earned during the currency of the earned leave not exceeding one hundred and forty days or during the first one hundred and twenty days and where such leave was for more than one hundred and twenty days.

[Letter No. [F\(P\)58 CRS 1/5 dated 03.12.1958](#)]

4. Pay drawn by a railway servant while on deputation to the Armed Forces shall be treated as emoluments.

[No. [F\(P\)58/CSR-1/1 dated 15.03.1958](#)]

5. In the case of deputation of a State Government employee to the Central Government and vice-versa, the question whether any part of deputation special pay received by him will count for pension is to be decided by the State Government in the former case and by the Central Government in the latter case with reference to its own Rules on the subject.

Letter No. (i) [F\(P\)62 PN1/17 dated 07.09.1962](#);
(ii) [F\(E\)III 69 PN 1/2 dated 31.01.1969](#);
(iii) [F\(E\)III 82 PN 1/6 dated 24.06.1983](#).

6. In the case of a railway servant on deputation to the State Government, the position is that prior to 1.1.1986, deputation duty allowance counted for pension since the deputation (duty) allowance is in the nature of special pay and the officiating pay which are covered by the definition of pay under Rule 2003(21)-RII. However this position has undergone change after 1.1.1986 as the definition of pay for pensionary purposes does not include special pay as defined in Rule 2003(21)(a)(i)-RII.

[Letter No. [PC IV/87/Imp/PN/1 dated 15.04.1987](#)(RBE 90/87)]

7. With effect from 1.1.1973, the benefit of notional emoluments not actually drawn, but not the increment falling during LHAP, counts for pensionary benefits subject to the conditions laid down in the orders.

[Letter No. [F\(E\)III/78/PN 1/2 dated 4.4.1978](#)]

8. Determination of average emoluments for reckoning pension when a deputationist from one Central Government Department to another such Department seeks voluntary retirement and also applied for leave co-terminus with the notice period.

The emoluments drawn during the leave period shall be taken as what would have been which the officer was drawing in the borrowing Department before proceeding on leave.

[Letter No. [F\(E\)III/84 PN1/3 dated 21.03.1984](#)]

9. In the case of wrongful reversion caused by administrative errors, where on re-promotion the pay of the railway servant is fixed proforma, the emoluments that the railway servant would have drawn but for his reversion shall be taken into account.

[Para 501(4)(3) of MRPR].

10. Average emoluments are to be calculated on the basis of actual number of days contained in each month. A month for the purpose may be reckoned as consisting of 30 days. Detailed method alongwith illustration is given in Board's letter No. [F\(E\)III/81 PN1/5 Dated 12.02.1982](#).

##{11. Treatment of Charge Allowance as emoluments for pensionary benefits.

The Charge Allowance, which is actually in the nature of pay restricted under FR-35 should be reckoned as pay as defined in Rule [1303-RII](#) [(FR-9)(21)(a)(i)]. As such it will count as pay for the purposes of pension and gratuity. These orders are effective from 1.1.1986.

[Letter No. [F\(E\)III/94/PN 1/26, dated 23.06.1995](#) (RBE 61/1995)
and [30.4.1997](#) (RBE 64/1997)]

12. Emoluments/Average emoluments for determining retirement benefits to those retiring from service from 01.01.1996 onwards.

- i. In respect of a Railway servant who has opted to come over to the Vth CPC scales of pay, the emoluments for the purpose of calculating pension shall mean pay as defined in Rule [1303\(i\)/RII](#) [FR-9(21)(a)(i)] which the Railway servant was receiving immediately before his retirement or on the date of his death.
- ii. For the purpose of calculating DCRG the emoluments as defined above shall also include dearness allowance admissible on the date of retirement/death.
- iii. In the case of a Railway servant who has opted for the Vth CPC revised scale of pay and retires within 10 months from the date of coming over to the revised scale, basic pay for 10 months period preceding retirement shall be calculated by taking into account pay as follows:

- a. For the period during which pay was drawn in the pre-revised pay scales: Basic pay plus dearness allowance upto CPI 1510 plus 1st & 2nd instalments of interim relief plus fitment benefit of 40% of basic pay.
 - b. For the period during which pay was drawn in the revised pay scales: Basic pay in the revised scales of pay.
- iv. Special provision has also been made for calculating retirement benefits to those retiring between 1.1.1996 and 31.12.1997 and opted to retain the pre-revised scales of pay

[Letter No. [F\(E\)III/97/PN 1/22, dated 05.11.1997](#) (RBE 142/1997),
[8.10.1998](#) (RBE 207/1998) and [29.10.1999](#) (RBE 279/99)]

- v. The pay of all the Railway servants who had retired from service prior to 1.1.1986 and are in receipt of pension or family pension (in the case such deceased retirees), as on 1.1.1996 will be refixed on notional basis as on 1.1.1986 by adopting the same formula as was done for fixing pay of the serving employees. The notional pay thus fixed will be treated as average pay for calculating pension/family pension as on 1.1.1986 and for consolidation as on 1.1.1996 in terms of Board's instructions contained in letter No. [F\(E\)III/97/PN 1/23 dated 07.11.1997](#) (RBE 143/1997).

[Letter No. [F\(E\)III/98/PN 1/2, dated 10.03.1998](#) (RBE 55/1998)]

13. Treatment of Non Practising Allowance and Running Allowance for determining pensionary benefits of Railway servants retiring on or after 1.1.1996.

- i. The Non-practising allowance at revised rates contained in letter No. [PC-V/97/I/7/15 dated 13.04.1998](#) (RBE 74/1998) will form part of the emoluments for calculating retirement benefits

[Letter No. [PC-V/97/I/7/15, dated 13.04.1998](#) (RBE 74/1998)]

- ii. For the purpose of retirement benefits of Running staff, an additional quantum of 55% of basic pay under the Railway Services (Revised Pay) Rules, 1997 will be added to the basic pay.
- iii. In the case of Loco Inspectors governed by the scheme contained in Board's letter No. [E\(P&A\)II/83/RS-10\(iv\) dated 25.11.1992](#) (RBE 198/1992), an additional quantum of 30% of basic pay under the Railway Services (Revised Pay) Rules, 1997 will be added to the basic pay.

[Letter No. [E\(P&A\)II-97/RS-2 dated 02.04.1998](#) (RBE 70/1998)]

14. Treatment of Non-Practising Allowance and Running Allowance after revision of pay of pre 1.1.1986 retirees on notional basis as on 1.1.1986 and for determining minimum pay in the revised scales of pay introduced w.e.f 1.1.1996

Non-Practising Allowance of Running Allowance are neither to be taken into consideration after pay revised on notional basis as on 1.1.1986 nor are to be added to the minimum pay in the revised scales of pay introduced w.e.f 1.1.1996 while revising pension/ family pension in terms of Board's letter No. [F\(E\)III/98/PN 1/2, dated 10.03.1998](#) (RBE 55/1998) and [F\(E\)III/98/PN 1/29 dated 15.01.1999](#) (RBE 8/1999).

[Letter No. [F\(E\)III/98/PN 1/29 dated 12.11.1999](#) (RBE 289/1999)
and [29.12.1999](#) (RBE 318/1999)]

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Various orders on emoluments/average emoluments for pensionary purposes issued from time to time are as under :—

- i. Emoluments drawn in the officiating grade during the period of LPR also counts towards emoluments subject to the condition that the competent authority certify that the railway servant could have officiated in the higher grade but for proceeding on LPR.

[Para III of Letter No. [F\(P\)58 PN/1/18 dated 23.05.1958](#)]

- ii. Portion of emoluments received in temporary or officiating capacity immediately before retirement in respect of persons who retired during the period from 1.1.1948 to

1.1.1956 even though sanctioned on or after 2.2.1956 shall be treated as emoluments in accordance with Article 487-B as the said Article came into force on 1.1.1948.

[Letter No. [F\(P\)58/CSR 1/1 dated 14.07.1958](#)]

- iii. If a railway servant is promoted in a substantive or provisionally substantive capacity during the period of leave on average pay not exceeding four months, railway servant is entitled to count the enhanced pay on account of promotion.

[Letter No. [F\(P\)58 CSR 1/5 dated 03.12.1958](#)]

- iv. A railway servant while on deputation or foreign service is entitled to count the emoluments against a vacant post on the basis of a certificate issued under Next Below Rule.

[Letter No. [F\(P\)59 CSR 1/7 dated 29.09.1959](#)]

- v. In respect of railway servants retiring from service on or after 1st November 1959, the term emoluments means the emoluments which the officer was receiving immediately before his retirement and includes :
- a. Substantive pay in respect of a permanent post other than a tenure post held in a substantive capacity;
 - b. Personal allowance which is granted in lieu of loss of substantive pay in respect of a permanent post other than a tenure post;
 - c. Special pay attached to other than tenure post when the special pay has been sanctioned permanently and the post is held in a substantive capacity

[Letter No. [PC 60/RB-3/7 dated 01.11.1960](#)]

- vi. If a railway servant who retires from service on or after 1.9.1962 while holding the permanent post in a substantive capacity —
- a. Officiates in a higher permanent post (other than a tenure post) or holds a higher temporary post (other than a tenure post) borne on a cadre which includes permanent posts on the same time scale as the temporary post continuously for not less than three years and retires or dies while so officiating or holding the higher post, or
 - b. is confirmed in such higher permanent post at any time during the last three years of his service after having officiated in that post continuously for three years or more.

his emoluments for pension in respect of the higher post for any period beyond three years continuous service in that post shall be determined under (a) above as if he held in substantive capacity, a permanent post on a time scale identical with that of the higher post.

Letter No. (i) [F\(P\)62 PN1/19 dated 12.12.1962](#);

(ii) [F\(P\)62 PN1/2 dated 23.8.1963](#)

- vii. In respect of a railway servant quitting service on or after 15th June 1968, emoluments shall mean the pay as defined in Rule 2003 (21) which the Railway servant was receiving immediately before quitting service :

Provided that the benefit of higher officiating pay for (ordinary) gratuity, Death-cum-Retirement gratuity will be given only if such pay was/would have been drawn continuously for a period of not less than 22 days. Average emoluments shall mean the average of the emoluments as defined above calculated upon the last three years of service.

In the case of running staff, emoluments for (ordinary) gratuity/DCRG will also include the monthly average of running allowance drawn during the 365 days of running duty immediately preceding the date of quitting service limited to 75% of the total amount of the running allowance drawn during the month limited to a maximum of 75% of other emoluments as defined above shall also be taken into account.

Note: (1) If a railway servant, immediately before his retirement or death, etc. has been absent from duty or on leave with allowances (including leave preparatory to retirement) or on foreign service or having been suspended

but reinstated without forfeiture of qualifying service, his emoluments should be taken at what they would have been had he not been on such leave or foreign service or suspension.

Provided that the emoluments shall not be increased on account of increase in pay not actually drawn and that the benefit of higher officiating or temporary pay is given only if it is certified that he would have continued to hold the higher officiating or temporary appointment but for his proceeding on leave.

Note : (2) Pay drawn in tenure appointment will count for pension for persons governed by the Railway Pension Rules, 1950.

[Letter No. [F\(E\)III 68 PN1/29 dated 24.02.1969](#)]

- viii. In respect of persons who retired on or after 1.1.1973 the maximum limit of 15 times emoluments for calculating DCRG raised to 16.5 times and the maximum emoluments for the purpose of DCRG raised from Rs. 1,800 to Rs. 2,500.

[Letter No. [PC III/73/PN/3 dated 19.6.1974](#)]

- ix. With effect from 1.1.1976 the term average emoluments for pension means the average calculated upon the last 10 complete months of service instead of last three years of service.

[Letter No. [F\(E\)III 76 PN 1/3 dated 22.03.1976 & 13.9.1976](#)]

- x. In respect of persons retiring on or after 31.3.1979 pension to be worked out on the basis of the following slabs i.e. on the basis of formula known as Liberalised Pension Formula –

(a) Upto First Rs. 1000 of average emoluments reckonable for pension	50% of average emoluments
(b) Next Rs. 500 of average emoluments reckonable for pension	45% of average emoluments
(c) Balance of average emoluments reckonable for pension	40% of average emoluments subject to overall ceiling prescribed in the orders

[Letter No. [F\(E\)III 79 PN1/4 dated 1.6.1979](#)]

- xi. The benefit of above Liberalised Pension formula was extended to all railway pensioners who were in receipt of pension on 1.4.1979 i.e. irrespective of the date of retirement of the pensioner.

[Letter No. [F\(E\)III 83 PN1/8 dated 29.11.1983](#)]

- xii. Method as to how the period of 10 months for the purpose of calculation of average emoluments is to be determined is explained in the following letter.

[Letter No. [F\(E\)III 81 PN1/15 dated 12.02.1982](#)]

- xiii. When an officer who is on foreign service or on deputation to Armed forces or on deputation from the Government Department to another seeks voluntary retirement from service instead of joining the parent department applies for leave co-terminus with the period of notice, his emoluments for pensionary purposes shall be determined on the basis of pay drawn by him during the leave period.

[Letter No. [F\(E\)III/84 PN1/3 dated 21.03.1984](#)]

- xiv. With effect from 01.01.1973, notional pay not actually drawn (but not the increment falling during LHAP) by a railway servant who had held higher appointment whether in an officiating or temporary capacity shall count as emolument if it is certified by the competent authority that the railway servant would have continued to hold the higher appointment but for his proceeding on leave.

Letter No. (i) [F\(E\)III 75 PN 1/3 dated 9.3.1976](#)

(ii) [F\(E\)III 78 PN 1/2 dated 4.4.1978](#)

- xv. In the case of wrongful reversion caused by administrative error when on re-promotion the pay of the railway servant is fixed, the emoluments that the railway servant would have drawn but for his reversion shall count pensionary purposes.

[Para 501 (4)(3) of MRPR]

xvi. Non-practising allowance granted to Doctors counts for pensionary purpose.

Letter No. (i) [PC 60 RB 3/7 dated 7.8.1962](#)

(ii) [PC-IV/87/Imp/17 Dated 06.10.1987](#) (RBE 247/87).

Treatment of running allowance as emoluments for pensionary purposes.

xvii. Various orders indicating the element of running allowance that counted towards emoluments from time to time and the other clarifications in this regard as under: —

1. [F\(P\)58 PN 1/17 dated 15.11.1958.](#)
2. [PC 60/RB-3/7 dated 17.9.1960.](#)
3. [PC 60/RA-2/1 dated 22.5.1961.](#)
4. [F\(P\)58 PN 1/17 dated 14.3.1961.](#)
5. [PC 60/RA-2/1 dated 11.12.1961.](#)
6. [PC 60/RA-2/1 dated 26.9.1962.](#)
7. [PC III/75/RA/1 dated 22.3.1976.](#)
8. [PC III/75/RA/1 dated 23.6.1976.](#)
9. [PC III/75/RA/1 dated 17.8.1979.](#)
10. [E\(P&A\)II-80/RS-10 dated 17.07.1981](#)

Orders pertaining to the counting of emoluments drawn by an officer while on deputation from State Government to the Railways and vice versa issued from time to time are as under:

1. [F\(P\)58 CSR-1/1 dated 15.3.1958](#)
2. [F\(P\)58 PN-1/18 dated 2.5.1958.](#)
3. [F\(P\)62/PN 1/17 dated 07.09.1962](#)
4. [F\(E\)III/69 PN 1/2 dated 31.01.1969](#)
5. [F\(E\)III 82 PN 1/6 dated 24.06.1983](#)
6. [F\(E\)III/71 PN 1/13 dated 9.6.1971.](#)

Inserted by Railway Board's letter No. [F\(E\)III/2000/Master Circulars/Revision dated 10.3.2000](#) (RBE 41/2000).