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MASTER CIRCULAR

Master Circular No. 60

Master Circular on Pension and Retirement/Death Gratuity

[Part I](#)

[Part III](#)

In continuation of [Master Circular No. 3](#), Master Circular No. 4 is enclosed with this letter, which brings out instructions issued from time to time relating to Pension and Retirement/Death Gratuity.

2. The circular consists of three parts. [Part I](#) deals with the extant provisions regarding eligibility of pension, amount of pension and various classes of pension etc. [Part II](#) relates to provisions pertaining to the payment of Death/Retirement gratuity persons to whom gratuity becomes payable and the provision for nomination in favour of a person for receiving the amount of gratuity in case of a death of a railway servant while in service or death after retirement without receiving the gratuity. [Part III](#) gives brief details of orders issued from time to time on the subjects of pension and gratuity.

3. 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 be referred to.

If any circular current on the subject has been omitted, the same should nevertheless be treated as valid to the extent operative.

PART I

PENSION

1. Eligibility to Pension and amount of pension:

1.1 Pension is admissible to a permanent railway servant with a minimum of 10 years qualifying service on his quitting service because of either abolition of post or medical invalidation or retirement on completion of 30 years service or superannuation. However, with effect from 1.1.1986, temporary railway servants retiring on superannuation or on being declared permanently incapacitated for further railway service by the appropriate medical authority with 10 years qualifying service shall be eligible for superannuation/invalid pension, retirement gratuity and family pension at the same scale as admissible to permanent employee. Temporary employees on seeking voluntary retirement after completion of 20 years service shall continue to be eligible for pension, retirement gratuity and family pension as per the Scheme of Voluntary retirement.

1.2 Railway servants retiring before completing 33 years qualifying service but after completing 10 years qualifying service, the amount of pension shall be calculated at 50% of the average emoluments and proportionate to the amount of pension for 33 years qualifying service.

[Letter No. [PC-IV/Imp/PN/1 dated 15.04.1987](#) (RBE 90/1987)]

1.3 In the case of a railway servant retiring before completion of 10 years qualifying service, he shall be eligible for service gratuity at the rate of half a month's emoluments for every completed six monthly period of service. Those retiring with 10 years qualifying service or more, pension shall be calculated on the basis of the actual qualifying service and 50% of average emoluments Subject to a minimum of Rs. 375/- and a maximum of Rs. 4500/- per month. **##{W.e.f 1.1.1996, pension shall be subject to a minimum of Rs. 1275/- and a maximum up to 50% of the highest pay in the Government i.e. Rs. 30,000/- p.m.}**

[Letter No. [F\(E\)III/97/PN1/22 dated 5.11.1997](#) (RBE 142/1997) and [23.10.1998](#) (RBE 242/1998)]

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

[Letter No. [F\(E\)50/RT 1/6 dated 16.11.1957](#) & [PC-IV/Imp/PN/1 dated 15.04.1987](#) (RBE 90/1987)]

1.4 In calculating the length of qualifying service, fraction of a year equal to three months and above shall be treated as completed one half year and reckoned as qualifying service.

(Letter No. [F\(E\)III 79 PN1/10 dated 25.08.1963](#))

1.5 The amount of pension finally determined shall be expressed in whole rupee and where the Pension contains a fraction of a rupee, it shall be rounded off to the next higher rupee.

(Letter No. [F\(P\)66 PN1/33 dated 07.04.1966](#))

2. Classes of Pension:

The various classes of pension are as under :-

2.1 Superannuation pension

Superannuation pension shall be granted to a railway servant who has retired on his attaining the age of compulsory retirement (**##{Superannuation i.e. 60 years at present.}**)(Superannuation i.e. 58 years at present.)

[Letter No. [E\(P&A\)I-98/RT-6 dated 14.5.1998](#) (RBE 103/1998)]

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

2.2 Retirement on the last day of the month in which Superannuation falls

With effect from 1.11.1973 Railway servants in Group B, C & D services or posts and from 1.5.1974, Railway servants in Group A services or posts shall retire from service with effect from the afternoon of the last day of the month in which their date of retirement accordance to Rule 2046-RII falls without prejudice to clauses (h) (i) (k) and (l) of that Rule. (Corresponding Rules in 1987 edition of R-II Rules [1802](#) and [1804](#)).

(Letter No. [PC-III/73/RT/4 dates 18.12.1973, 20.5.1974 and 2.8.1974](#))

2.3 Retiring Pension

Retiring Pension is granted to a railway servant who retires or is retired in advance of the age of compulsory retirement (on Superannuation) on completion of 30 years qualifying service as provided in Para 620 of MRPR and Rule [1803](#) of the Indian Railway Establishment Code Vol. II or on completion of 20 years qualifying service as per the scheme of voluntary retirement

issued under Board's letter no. [E\(P&A\)I 77/RT-46 dated 9.11.1977](#) or under Rule [1802](#) of the Indian Railway Establishment Code Vol. II.

2.4 Pension on absorption in or under a Corporate Company or Body

Railway servant who has been permitted to be absorbed under service or post in or under a Corporate or Company wholly or substantially owned or controlled by Government or in or under a body controlled or financed by the Government. (For details and authority, see Chapter I of Master Circular on Pension)

2.5 Invalid Pension

Invalid pension may be granted if a railway servant retires from service on account of any bodily or mental infirmity, which permanently incapacitates him for service.

2.6 Compensation Pension

If a railway servant is selected for discharge owing to the abolition of his permanent post, he shall, unless he is appointed to another post the conditions of which are deemed by the authority competent to discharge him to be atleast equal to those of his own have the option

- a. of taking compensation pension to which he may be entitled for the service he had rendered; or
- b. of accepting another appointment on such pay as may be offered and continue to count his previous service for pension.

(Letter No. [F\(E\)50/RT 1/6 dated 16.11.1957](#) and Paras 601 to 607 of MRPR)

2.7 Compulsory Retirement pension

A railway servant compulsorily retired from service as a penalty may be granted by the authority competent to impose such penalty, pension or gratuity or both at a rate not less than $\frac{2}{3}$ rd and not more than full compensation pension or gratuity both admissible to him on the date of retirement. Pension granted in such cases shall not be less than Rs. 375/-.

(Para 312 of MRPR
and Letter No. [PC-IV/Imp/PN/1 dated 15.04.1987](#) (RBE 90/1987))

2.8 Compassionate Allowance

Railway servant who is dismissed or removed from service shall forfeit his pension and gratuity.

Provided that the authority competent to dismiss or remove him from service may if the case is deserving of special consideration sanction a Compassionate allowance not exceeding $\frac{2}{3}$ rd of pension or gratuity or both which would have been admissible to him if he had retired on compensation pension. The Compassionate allowance sanctioned as such shall not be less than Rs. 375/- per month.

(Para 309 of MRPR
and Letter No. [PC-IV/Imp/PN/1 dated 15.04.1987](#) (RBE 90/1987))

3. Retirement on completion of 30 years qualifying service:

At any time after the railway servant has completed 30 years qualifying service.

- a. He may retire from service by giving three months notice; or

b. He may be required by the appointing authority by giving him three months notice to retire in public interest and in the case of such retirement, the railway servant shall be entitled to retiring pension provided that this benefit shall not be admissible to a scientific or technical expert who is

- i. On assignment under the Indian Technical and Economic Co-operation (ITEC) Programme of the Ministry of External Affairs and other Aid Programmes;
- ii. Posted abroad under foreign based offices of the Ministries/ Departments; and
- iii. On a specific contract assignment of a foreign government

Unless after having been transferred to India he has resumed charge of the post in India and served for a period of not less than one year.

(Para 620 of MRPR and Letter No. [F\(E\)III 85 PN 1/21 dated 19.09.1985](#))

4. Retirement on completion of 20 years qualifying service:

At any time after the railway servant has completed 20 years qualifying service, he may, by giving notice of less than 3 months in writing to the appointing authority retire from service.

[Letters No. [E\(P&A\)I 77/RT-46 dated 09.11.1977](#), [29.05.1904](#) and [02.08.1985](#) (RBE 219/1985)

Letter No. [E\(P&A\)I 85/FE 4-7 dated 07.11.1986](#) (RBE 216/1986)]

PART-II

RETIREMENT/DEATH GRATUITY

1. With effect from 1.1.1986, in the case of a railway servant who has completed five years qualifying service, retirement gratuity on retirement shall be paid equal to $\frac{1}{4}$ th of his emoluments for each completed six monthly period of qualifying service subject to a maximum of $16\frac{1}{2}$ times the emoluments provided that the amount of retirement gratuity payable shall in no case exceed one lakh of rupees. There will also be no ceiling on reckonable emoluments for calculating the gratuity.

- 1.2 In the event of death in harness, the death gratuity shall be admissible at the following rates.

	Length of service	Rate of gratuity
(i)	Less than one year	2 Times of emolument.
(ii)	One year or more but less than 5 years.	6 Times of emolument.
(iii)	5 years or more but less than 20 years	12 Times of emoluments
(iv)	20 years or more	Half of the emoluments for every completed six Monthly period of qualifying service subject to a maximum of 33 times/emoluments provided that the amount of death gratuity shall in no case

[Letter No. [PC-IV/Imp/PN/1 dated 15.4.1987](#) (RBE 90/1987)]

2. Persons to whom gratuity is payable

- a. Gratuity shall be paid to the person or persons on whom right to receive the gratuity is conferred by means of nomination.
- b. If there is no nomination or if nomination does not subsist the gratuity shall be paid in the manner indicated below.
 - i. If there are one or more surviving members of the family as given under items (i) to (iv) of the term "family" given under Para 2-3 past, to all such members in equal shares.
 - ii. If there are no such surviving members of the family as in item (i) above but if there are one or more members as given in items (v), (vi), (vii), (viii), (ix), (x) and (x) to all such members in equal shares.

2.1 If a railway servant dies after retirement without receiving the gratuity, the same shall be disbursed to the family as indicated above.

2.2 The right of the female member of the family or that of the brother of a railway servant who dies while in service or after retirement to receive the gratuity shall not be effected if the family member marries or remarries or the brother attains the age of 18 years, after the death of the railway servant before receiving her or his share of the gratuity.

Where gratuity is granted to a minor member of the family of the deceased railway servant, it shall be payable to the guardian on behalf of the minor.

(Letters No. [F\(E\)50/RT 1/6 dated 16.11.1957](#),
[F\(P\)64 PN1/42 dated 22.6.1966](#),
[F\(P\)58 PN1/5 dated 2.2.1960](#) and para 702 of MRPR)

2.3 The term 'family' in relation to DCRG is as under: -

- i. Wife or wives (including judicially separated wife or wives)
- ii. Husband (including judicially separated husband in the case of a female railway servant)
- iii. Sons including step sons and adopted sons
- iv. Unmarried daughters including step daughter and adopted daughters
- v. Widowed daughters including stepdaughter and adopted daughters
- vi. Father (Including adoptive parents in the case of individuals whose personal law permits adoption)
- vii. Mother (Including adoptive parents in the case of individuals whose personal law permits adoption)
- viii. Brother below the age of 18 years including stepbrothers
- ix. Unmarried sisters and widowed sisters
- x. Married daughters and
- xi. Children of pre deceased son

[Letters No. [F\(E\)50/RT 1/6 dated 16.11.1957](#),
[F\(P\)59 PN 1/11 dated 30.8.1960](#),
[F\(P\)PN 1/11 dated 21.3.1961](#),
[F\(P\)64 PN1/42 dated 22.6.1966](#)]

3. The position as to whom the share of a minor in the capacity of minor natural/legal guardian would be payable is as under.

i. Where no valid nomination subsists:

- a. When share is payable to a minor son or minor unmarried daughter, it should be paid to the surviving parents except in the case where the surviving parent happens to be a Muslim lady. When there is no surviving parent or surviving parent is a Muslim lady, payment will have to be made to a person producing the guardianship certificate.
- b. When the share is payable to widowed minor daughter or daughters, production of guardianship certificate would be necessary.
- c. If in a rare case the wife herself happens to be minor death/retirement gratuity payable to her shall be paid to the person producing the guardianship certificate.
- d. When the death/retirement gratuity becomes payable to a minor brother or minor unmarried sister, the payment should be made to the father or in his absence to mother of the beneficiary except in a case where the mother happens to be a Muslim lady. In this case, too, if there is no surviving parent or surviving parent happens to be Muslim lady, the payment will have to be made to the person producing the guardianship certificate. If any share is payable to a widow minor sister, the production of guardianship certificate would be necessary.

ii. Where valid nomination subsists:

- a. Where the nomination is in respect of one or more of the members of the family, the position stated at (i) would apply.
- b. Where there is no family, the nomination in favour of an illegitimate child or married sister would also be valid. The position would therefore be as follows.
 - i. If the nominee is an illegitimate child, the share will be payable to the mother and in her absence production of guardianship certificate would be necessary.
 - ii. If the share is payable to married minor girl the share will be payable to the husband.

(Letter No. [F\(P\)58 PN1/5 dated 2.2.1960](#))

4. Nomination:

4.1 A railway servant, shall, on his initial confirmation in a service or post, make a nomination conferring on one or more persons the right to receive the retirement gratuity/ death gratuity.

Provided that if at the time of making the nomination,

- a. has a family, the nomination shall not be in favour of any person or persons other than the members of his family; or
- b. has no family, the nomination may be made in favour of a person or persons or a body of individuals whether incorporated or not.

4.2 If a railway servant nominates more than one person he shall specify in the nomination the amount of share payable to each of the nominee in such manner as to cover the entire amount of gratuity.

4.3 A railway servant may provide in the nomination

- i. That in respect of any specified nominee who predeceases the railway

servant or who dies after the death of the railway servant but before receiving the payment of the gratuity, the right conferred on that nominee shall pass to such other persons as may be specified in the nomination.

Provided that if at the time of making the nomination the railway servant has a family consisting of more than one member, the person so specified shall not be a person other than a member of his family.

Provided further that where a railway servant has only one member in his family and a nomination has been made in his favour, it is open to the railway servant to nominate alternate nominee or nominees in favour of any person or a body of individuals whether incorporated or not

- ii. That the nomination shall become invalid in the event of the happening of the contingency provided therein.

4.4 The nomination made by a railway servant who has no family at the time of making it or the nomination made by a railway servant where he has only one member in his family shall become invalid in the event of the railway servant subsequently acquiring a family or an additional member in his family as the case may be.

4.5 A railway servant may cancel a nomination at any time by sending a notice in writing to the Head of Office and send a fresh nomination in accordance with the rules,

4.6 Immediately on the death of a nominee in respect of whom no special provision has been made or on the occurrence of any event by reason of which the nomination becomes invalid, the railway servant shall send a notice in writing cancelling the nomination together with a fresh nomination

4.7 Every nomination made including notice of cancellation shall be sent to the Head of Office, who immediately on receipt of such nomination countersign it indicating the date of receipt and keep under his custody. Head of Office may authorise his subordinate Gazetted railway officer to countersign nomination forms of non gazette railway servant. Suitable entry regarding receipt of nomination shall also be made in the service book of the railway servant concerned.

4.8 Every nomination made and every notice of cancellation given by railway servant shall, to the extent that it is valid take effect from the date on which it is received.

Nominations for death/retirement gratuity are important documents on the basis of which the claims of the beneficiaries have to be established and settled. To obviate the possibility of such losses in future, nomination papers should, after countersignature, be kept in a separate confidential file which should be lodged for safe keeping with the Head of the Office or other responsible officer nominated by him for this purpose and a clear note made in the service book of the officer as to that nomination and related notices have been received so that there should be no difficulty in locating the documents when the occasion for making a reference to the arises.

[Letters No. [F\(E\)50/RT 1/6 dated 16.11.1957](#),
[F\(E\)64 PN 1/23 dated 12.5.1964](#),
and [F\(E\)III 75 PN 1/2 dated 30.7.1975](#)]

5. Payment of death/ retirement gratuity to the extent of Rs. 5000/- later raised to Rs. 10,000) Rs. 10,000/- (or first Rs. 10,000/- where the amount payable exceeds Rs. 10,000/-) in favour of a minor may be made to his/her guardian in the absence of a natural guardian, without production of formal

guardianship certificate subject to the production of indemnity bond with suitable sureties to the satisfaction of the sanctioning authority.

For details and the format of Indemnity Bond, see the following orders.

[Letter No. [F\(P\)65 PN 1/1 dated 21.4.1965](#),
[F\(P\)66 PN 1/27 dated 3.11.1966](#)
and [F\(E\)III/88/PN 1/42 dated 20.10.1989](#) (RBE 262/1989)]

6. Payment of Death/Retirement Gratuity on succession certificate:

Where a railway servant dies while in service or after retirement without receiving the amount of gratuity and leaves behind no family and has also not made any Nomination or the nomination made by him/her does not subsists, the amount of death/ retirement gratuity payable in respect of such a railway servant shall not lapse to the Government but shall be payable to the person in whose favour succession certificate has been granted by the Court of Law.

[Letter No. [F\(E\)III/90 PN 1/36 dated 20.12.1991](#)(RBE 215/1991)]

PART III (A)

PENSION

1. Various orders on matters concerning pension issued from time to time.
2. On introduction of pension scheme on the Railways vide Board's letter No. [F\(E\)50/RT 1/6 dated 16.11.1957](#), Pension Rules as in force at that time were also circulated to the Railways. As per Pension Rules, pension and/or gratuity was admissible in the following cases.
 - a. Retirement on superannuation
 - b. Retirement on Medical invalidation
 - c. Retirement on completion of 30 years qualifying service
 - d. Abolition of post
- 2.1 Pension was admissible at the scale of 30/80 of average emoluments subject to a maximum of Rs. 8100/- per annum. Those who had completed 5 years service and were not eligible for pension were entitled to service gratuity at the rates prescribed in the orders. Other important features of the Pension Rules were detailed in the said orders.

(Letter No. [F\(E\)50/RT 1/6 dated 16.11.1957](#))
- 2.2 Over payment of arrears of pension, DCRG and family pension could be recovered from the pensioner or his family. Declaration shall be signed by the Pensioner/ family agreeing to refund the excess payment.

(Letter No. [F\(P\)58 CSR 1/6 dated 23.11.1958](#))
3. Consequent upon further liberalisation in the Pension scheme as recommended by the Second Pay Commission, the amount of superannuation, Invalid and Compensation Pension and Gratuity in respect of railway servants who retired on or after 1.1.1959 was fixed as under: -

Gratuity	Ranging from $\frac{1}{2}$ month's emoluments for each six monthly period of qualifying service to $8\frac{1}{8}$ months emoluments for 19 completed six monthly periods of qualifying service.
Pension	At the rate of $\frac{10}{80}$ th of average emoluments for 10 years qualifying service to $\frac{30}{80}$ th of average emoluments for 30

years and above qualifying service subject to a maximum of Rs. 8100/- per annum

(Letter No. [PC 60/RB-3/7 dated 1.11.1960](#))

4. A pensioner who desires to commute a portion of his pension is required to furnish two copies of passport six photographs alongwith his application for commutation.

(Letter No. [F\(P\)59 PN 1/14 dated 28.1.1961](#))

5. The requirement for obtaining declaration for refund of the excess payment of pension/ gratuity and family pension was dispensed with. Instead, the pensioner is required to be served with a notice to refund the excess payment failing which the excess payment is recovered from the pension, DCRG or the family pension in one or more instalments.

(Letter No. [F\(P\)62 CSR 1/1 dated 1.6.1962](#))

6. Based on the accepted recommendations of the Second Pay Commission Draft Chapter I of the Manual of Railway Pension Rules was circulated to the Railways, indicating inter alia that pension is admissible to a permanent railway servant with 10 years qualifying service. Those with less than 10 years qualifying service are entitled to ordinary gratuity at the scale prescribed in the circular. Temporary railway servants are entitled to terminal gratuity.

- 6.1 A permanent railway servant who died while in service or had completed 5 years qualifying service was entitled to DCRG in addition to ordinary gratuity. The quantum of ordinary gratuity, pension/DCRG and the terminal gratuity admissible is given in the following orders. While the pension admissible shall be a maximum of Rs. 675/- per month, the amount of DCRG payable shall not exceed Rs. 24000/-. Minimum pension fixed at Rs. 25/- per month.

[Letter No. [F\(E\)62 PN 1/19 dated 12.12.1962](#),
[F\(P\)64 PN 1/1 dated 02.1.1964](#)
and [F\(P\)69 PN 1/10 dated 26.6.1969](#)]

7. The amount of pension finally determined should be expressed in whole rupees and where the pension contains a fraction of rupee it shall be rounded off to the next higher rupee.

Clarification issued that orders for rounding off the pension to the next higher rupee are applicable to all classes of pension including Extraordinary Pension, and the Compassionate Allowance, which is in the nature of pension.

[Letter No. [F\(P\)66 PN 1/33 dated 7.4.1966](#),
[14.04.1967](#)
& [21.12.1967](#)]

8. With effect from 1.3.1970, the minimum superannuation, retirement, Invalid and Compensation pension including adhoc increase was fixed at Rs. 40/- per month. However these orders are not applicable in respect of pension payable to a railway servant on absorption in Public Sector Undertaking or Autonomous Bodies etc.

[Nos. [F\(E\)III/70 PN 1/9 dated 02.05.1970](#)
and