

IN THE CENTRAL ADMINISTRATIVE TRIBUNAL
ERNAKULAM

O. A. No.
~~XXXXXX~~

42/

199 0

DATE OF DECISION 22.11.1990

P.M. Varghese

Applicant (s)

Mr. K.R.B. Kaimal

Advocate for the Applicant (s)

Versus

The Government of India, represented by the
Secretary to Government of India,
Ministry of Personnel, PG & Pension, New Delhi and 5 others

Mr. P. Santhosh Kumar, ACGSC

Advocate for the Respondent (s)

CORAM:

The Hon'ble Mr. S.P. MUKERJI, VICE CHAIRMAN

&

The Hon'ble Mr. A.V. HARIDASAN, JUDICIAL MEMBER

1. Whether Reporters of local papers may be allowed to see the Judgement? Y
2. To be referred to the Reporter or not? Y
3. Whether their Lordships wish to see the fair copy of the Judgement? N
4. To be circulated to all Benches of the Tribunal? N

JUDGEMENT

(Hon'ble Shri S.P Mukerji, Vice-Chairman)

In this application dated 30th November 1989 filed under Section 19 of the Administrative Tribunals Act, the applicant who is an ex-serviceman re-employed in the Income-tax Department, has prayed that the impugned order at Annexure A1 dated 24.8.1989 directing refixing his re-employment pay with effect from 1.1.86 by deducting the increase in military pension from his re-employment pay should be set aside. He has also prayed that the general orders issued at Annexure A2 dated 5th April 1989 and at Annex A3 dated 11th September 1987 directing adjustment of increase in pension from the re-employment revised pay fixed from 1.1.86 should also be set aside. The brief facts of the case are as follows.

2. The applicant retired from the Army on 2.1.1968 with

pension of Rs.48/- per month and re-employed as U.D.C in the Income-tax Department on 21.9.68. Since his military pension was less than Rs.50/- which was to be ignored for purposes of fixation of his re-employment pay, there was no adjustment by reduction of his re-employment pay because of his pension. The applicant was promoted as Income-tax Inspector as a direct recruit in August 1972 and thereafter as Income-tax Officer Grade B in August 1982. On both these occasions his re-employment pay was fixed at the minima of the pay scales of these posts. With effect from 1.1.86 his pay as ITO was revised to the scale of Rs.2000-3500. His military pension was also revised later with retrospective effect from 1.1.86 at the minimum pension of Rs.375/-. His grievance is that the respondents on the basis of the impugned orders dated 11th September 1987 (Annexure A3) and 5th April 1989 (Annexure A2) proposed to deduct the increase in military pension from his re-employment pay with effect from 1.1.86 through the impugned order at Annexure A1. He has challenged the proposed reduction of his re-employment pay by the increase in his military pension as illegal, since his entire pension is to be ignored for the purposes of fixation of re-employment pay as was done before 1.1.86. The revision of the pay scale and military pension is no ground for deducting the ignorable pension from his re-employment pay. The respondents have relied upon the impugned order dated 11.9.87 at Annexure-A3 for deducting the increase in the revised pension from the reemployment pay on the ground that the applicant cannot be given double benefit

of increase in his re-employment pay with the benefit of ignoring the increase in his military pension for deduction from the re-employment pay. They have however, conceded that the entire amount of his pension was ignored for fixation of his pay before 1.1.86.

3. We have heard the arguments of the learned counsel for both the parties and gone through the documents carefully. The only question involved in this case is whether the ex-servicemen who had been discharged from the Armed Forces before 55 years of age and accordingly part or whole of whose military pension was to be ignored for the purposes of fixation of civilian pay on re-employment, would continue to enjoy this facility of ignoring part or whole of their military pension even after the pay of the re-employment post as also their military pension were revised with effect from 1.1.86. Normally, in accordance with Article 526 of the Civil Service Regulations and the Government of India's instructions notably the Ministry of Finance's O.M of 25.11.1958 reemployed pensioners will get their initial pay on reemployment fixed at the minimum stage of the scale of pay prescribed for the post in which he is reemployed. In cases where it is felt that the fixation of initial pay at the minimum of the prescribed pay scale will cause undue hardship (i.e. ~~where~~ pay plus pension is less than the pre-retirement pay), the pay may be fixed at a higher stage by allowing one increment for each year of service which the officer had rendered before retirement

in a post not lower than that in which he is reemployed.

In addition to the pay as fixed the reemployed pensioner

is permitted to draw separately any pension sanctioned

to him provided that the total amount of initial pay

as fixed above plus the gross amount of pension or

pension equivalent of other forms of retirement gratuity

does not exceed the last pay drawn by him before retirement.

In case this limit is exceeded the reemployment pay is

reduced by the amount of the excess. Simply stated it

only means that the reemployment pay is adjusted so that

the adjusted pay plus pension and pension equivalent of

gratuity does not exceed the last pay drawn before

retirement. As stated earlier in case of ex-servicemen

who retired before attaining the age of 55 years part

or full of their military pension is ignored for fixing

their reemployment pay, i.e., the ignorable part of the

pension is not added to the reemployment pay to compare

the total with the last pay drawn before retirement.

The ignorable part of the pension was at one time Rs.50/-

which was increased to Rs.125/-  by the Ministry of Finance's

O.M of 19th July 1978. By a further O.M of the Ministry

of Defence dated 8th February 1983 for the aforesaid

category of reemployed ex-servicemen who retired below



Commissioned Officer's rank the entire pension has to be ignored for the purposes of their pay fixation on reemployment. Thus, in their cases, there would be no adjustment by deduction of their initial pay by any amount of the military pension because their entire military pension was to be ignored as if it did not exist. As is well known, on the recommendation of the Fourth Pay Commission, the pay scales of ^{the} Central Govt. servants were revised from 1.1.86 and the pension was also revised with effect from the same date. Initially the pay scales of the reemployed pensioners were not revised, but by the Department of Personnel and Training's O.M of 9th December, 1986 the revised pay scales were made applicable to reemployed pensioners also, but it was laid down that the reduction of the reemployment pay by adjustment of pension will continue as before under the pre-revised retirement benefits. When, however, the pension was also revised with effect from 1.1.86, in order to avoid the double benefit of revised pay scales and revised pension, by the Department of Personnel and Training's further ^{impugned} O.M dated 11th September 1987, it was laid down that "pay of pensioners who were in re-employment on 1.1.1986 and whose pay was

fixed in accordance with the provisions of this department O.M dated 9.12.1986 may be refixed with effect from 1.1.1986 by taking into account the revised pension". For re-employed ex-servicemen it was laid down that "likewise increase in the pension of ex-servicemen under separate orders of Ministry of Defence may also be adjusted by refixation of their pay in terms of provisions of this department O.M dated 9.12.1986". The respondents in this case have interpreted the O.M of 11th September, 1987 to deduce that even where the entire military pension used to be ignored for pay fixation in accordance with O.M of February 1983, with the revision of pension by which a minimum military pension of Rs.375/- was fixed with effect from 1.1.86, the increase in pension has to be reckoned to reduce the re-employment pay which also was revised with effect from 1.1.86. This very question came up before us in O.A.K 507/88 and it was decided by us that where there is exemption of total military pension before 1.1.86, the entire amount of revised military pension should be ignored for the purposes of pay fixation with effect from 1.1.86 and the deduction made from the salary was to be refunded. For the additional reasons discussed below, our finding in the aforesaid case continues to be valid in this case

also.

4. Let us start with the Department of Personnel and Training's O.M No.3/7/86-Estt. (Pay II) dated 9th December, 1986 by which the reemployed pensioners ^{also} were given the benefit of revised pay scales with effect from 1st January 1986. Para 2 of this O.M is extracted below:-

"2. (i) The initial pay of a re-employed Government servant who elects or is deemed to have elected to be governed by the revised pay scale from the 1st day of January, 1986 shall be fixed in the following manner, namely:-

According to the provisions of Rule 7 of the C.C.S(R.P.) Rules, 1986, if he is

- 1) a Government servant who retired without receiving a pension gratuity or any other retirement benefit; and
- 2) a retired government servant who received pension or any other retirement benefits but which were ignored while fixing pay on re-employment.

2. (ii) The initial pay of a re-employed Government servant who retired with a pension or any other retirement benefit and whose pay was fixed on re-employment with reference to these benefits or ignoring a part thereof, and who elects or is deemed to have elected to be governed by the revised scales from the 1st day of January, 1986 shall be fixed in accordance with the provisions contained in Rule 7 of the Central Civil Services (Revised Pay) Rules, 1986.

In addition to the pay so fixed, the re-employed government servant would continue to draw the retirement benefits as he was permitted to draw in the pre-revised scales. However, any amount which was being deducted from his pay in the pre-revised scale in accordance with the provisions of Note 1 below para 1(c) of Ministry of Finance Office Memorandum No. F8(34) Estt.111/57, dated the 25th November, 1958 shall continue to be deducted from the pay and the balance will be allowed as actual pay.

After pay in the revised scale is fixed in the manner indicated above, increments will be allowed in the manner laid down in Rule 8 of CCS (R.P) Rules, 1986." (emphasis added)

vide para 2(i) above

From the above it is clear that for those re-employed pensioners who did not get any retirement benefit or whose

pension was totally ignored for purposes of pay fixation
on reemployment, their re-employment pay on revision will
be fixed like any other Central Government servant without
any deduction because of pension. In respect of the
re-employed pensioners whose full or part of pension
was to be taken into account for pay fixation on re-employ-
ment, ^{vide para 2(ii) above} their re-employment pay in the revised scales would
continue to be subjected to adjustment by deduction on
the basis of the non-ignorable part of the un-revised
pension. It may be remembered that the aforesaid O.M of
9th December, 1986 was issued when it was decided to give
revised pay scales to the re-employed pensioners, but when
their pension had not been revised. Subsequently when the
pension was revised with effect from 1.1.86, the impugned
^(Amm.A-3)
order dated 11th September 1987 was issued. For the
facility of reference, the order is quoted in full as
follows:-

" Subject: Applicability of C.C.S (RP) Rules, 1986
and C.C.S (RP) Amendment Rule 1987 to
persons re-employed in Government Service
after retirement, whose pay is debitible
to Civil Estimates.

" The undersigned is directed to invite attention
to this Department O.M of even No. dated the 9th
December, 1986 whereby persons re-employed in Civil
posts under the Government after retirement and who
were in the reemployment as on 1.1.1986 were
allowed to draw pay in the revised scales under CCS
(RP) Rules, 1986. A point has arisen as to whether
consequent on the revision of pension of the employees
with effect from 1.1.1986, the revised pension should
be taken into reckoning for the purpose of fixation
of pay of such re-employed persons in the revised
scale.

2. " The matter has been considered. It has been
held that if the revised pension is not taken into
consideration, certain unintended benefits are
likely to accrue to re-employed pensioners as they

will draw the revised amount of pension which would invariably be higher than the earlier amount of pension, in addition to pay already fixed on the basis of the pension granted to them earlier. The President is accordingly pleased to decide that pay of pensioners who were in re-employment on 1.1.1986 and whose pay was fixed in accordance with the provisions of this department O.M. dated 9.12.1986 may be refixed with effect from 1.1.1986 by taking into account the revised pension. Likewise increase in the pension of ex-servicemen under separate orders of Ministry of Defence may also be adjusted by refixation of their pay in terms of provisions of this department O.M. dated 9.12.1986. Over payments already made may be recovered/adjusted, as is deemed necessary. All re-employed pensioners would, therefore, be required to intimate to the Heads of Officers in which they are working, the amount of revised pension sanctioned to them with effect from 1.1.1986 for the purpose of refixation of their pay after taking into account their revised pension.

3. "In so far as the application of these orders to the persons serving in the Indian Accounts and Audit Department is concerned, these orders are issued in consultation with the Comptroller and Auditor General." (emphasis added)

→ Since the order of 11th September 1987 directs adjustment of the pension of ex-servicemen by re-fixation of their re-employment pay in terms of the O.M. of 9th December 1986, the respondents cannot reintroduce through the back door, the ignorable part of the pension which continued to be ignored by the O.M. of 9th December 1986. The question of deduction of pension from the re-employment revised pay arises only in respect of those re-employed ex-servicemen who fall within sub-para 2(ii) of the O.M of 9th December, 1986. Since the applicants before us have their entire amount of pension ignored by virtue of the 1983 order, which has not been superseded by the impugned order of 11th September 1987, they fall within the application of sub-para 2(i) of the O.M of 9th December 1986 wherein there is no mention of adjustment

of pension by deduction from pay as has been mentioned in sub-para 2(ii) thereof. The above conclusion is supported by the Ministry of Finance's letter No.

A-38015/72/88-Ad.IX dated 5th April 1989 (Annexure-2)

as quoted below:-

" Sub: Re-fixation of pay of re-employed military pensioners as per CCS (RP) Rules, 1986 - regarding

I am directed to refer to your letter F.No. 250/1/Estd/Rep/89- dated 6.1.1989 on the above subject and to say that matter has been examined in consultation with departments of Personnel & Training and P&FW who have held the views that as far as the application of O.M. No.3/9/87/Estd (P-II) is concerned increase in pension w.e.f 1.1.86 has to be adjusted from the pay fixed in the revised scale excepting those where pension is not at all reckonable factor e.g. those governed under O.M. No.2 (1)/83-D (civ-1) dated 8.2.1983 of the Ministry of Defence. Any over payments already made also required to be recovered.

2. Regarding fresh opportunity to exercise option under Clause (b) of sub-rule (i) of Rule 19 of CCS (Pension) Rules 1972, the Department of Pension & Pensioners Welfare had stated that option once exercised is final and cannot be changed. The petitioner may be informed accordingly." (emphasis added)

From the above clarificatory order it is clear that where pension is to be ignored there is not to be any adjustment of re-employment pay in the revised scale. By the same logic where the part and not the whole of military pension is to be ignored for pay fixation, the same is to be ignored in the revised pension for purposes of pay fixation in the revised pay scale.

5. Even otherwise the contention of the respondents that one should not get the double benefit of revised pension and revised pay simultaneously is not valid, when military pension as such has to be ignored in part or

full as the case may be. That the ignorable part of pension is irrelevant and 'non est' for the purposes of pension relief or advance increment for re-employed pensioners, has been so held by two Larger Benches of this Tribunal in their judgment dated 26.7.1989 in TAK 732/87 etc. for pension relief and in judgment dated 13.3.90 in O.A 3/89 etc. for advance increments. Fortified in ratio by these two judgments of the Larger Bench and in letter by the Ministry of Finance's O.M of 5th April 1989, we have no hesitation in reiterating our earlier finding that re-employed military pensioners whose full or part of the pension was to be ignored before 1.1.86 will continue to have the whole or part of their revised military pension ignored for the purposes of refixation of their re-employment pay in the revised scales after 1.1.1986. We, however, find nothing wrong in the O.M of 11th September, 1987 which seems to have been misinterpreted and wrongly applied in the case before us.

6. In the conspectus of facts and circumstances we allow this application to the extent of setting aside the impugned order dated 24.8.1989 and all action taken thereunder to re-fix the pay of the applicant with effect from 1.1.86 and direct the respondents to refix his pay

in the revised pay scale in accordance with the O.M of 9th December, 1986 (Annexure A4) without deducting any part of the revised ignorable pension of Rs.375/- from the revised pay. The amount, if any, recovered due to wrong re-fixation of his pay in consideration of revised pension should be refunded to the applicant within a period of three months from the date of communication of this order. There will be no order as to costs.

AKdasan
22/11/90

(A.V HARIDASAN)
JUDICIAL MEMBER

S.P.M
22.11.90

(S.P MUKERJI)
VICE CHAIRMAN

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