

Government of India
Ministry of Railways
(Railway Board)

RBA: 44/2005

No. 2005/ACII/21/ 5

New Delhi 8.8.2005

FA&CAOs,
All Zonal Railways & PUs etc.

Sub: Overpayments due to incorrect commutation of pension.

Kindly refer to Board's letter no F(E) III/97/PNI/22 dated 8.10.98 wherein clarification regarding payment of commuted value of pension upto 40% have been issued. The instructions ibid envisage that in case the retired railway servant has availed of the benefit of commutation of pension not exceeding 1/3rd of pension within one year of retirement, he may be allowed the benefit of commutation of pension upto 40% w.r.t. age next birthday as on date, without medical examination and in case the retired Railway servant had not availed of the commutation upto 1/3rd within one year of retirement, he may be allowed commutation of pension upto 40% w.r.t. age next birthday, as on date, after medical examination. However, Board's Accounts Inspection team during their check on Railways have noticed that on a number of railways, calculation of commutation of pension has been done based on the date of retirement instead of the date of application for revision of commutation. This has resulted in substantial overpayments which are now being recovered from the pensioners.

It is, therefore, desired that special checks may be conducted on your Railway to rule out chances of similar overpayments. A feedback on the results of the check may kindly be sent by 15.9.2005 positively for Board's appraisal.



(J. Srinivas)
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Railway Board