

All Branches / Offices
State Bank of India

Madam/ Dear Sir,

STAFF :: MISCELLANEOUS

**PAYMENT OF DEARNESS RELIEF (DR) ON DEFENCE PENSION TO
EX-SERVICEMEN/EX-ECOs/SSCOs RE-EMPLOYED IN THE BANK**

Please refer to our Circular No. CDO/PM&HRD-PM/31/2014-15 dated the 11th August, 2014 and CDO/PM&HRD-PM/67/2012-13 dated the 21st January, 2013 in terms of which clarifications were issued regarding payment of dearness relief on defence pension to ex-servicemen/ex-Emergency/Short Service Commissioned Officers, re-employed in the Bank as under:

The re-employed ex-servicemen in Banks are eligible to draw dearness relief on defence pension, received by them, subject to the following:

- a) The ex-serviceman was holding a post below the rank of commissioned officer at the time of retirement ; and
- b) The entire defence pension admissible was ignored while fixing his pay on re-employment; and
- c) On re-employment his pay has been fixed at the minimum of pay scale of the post in which he has been reemployed.

On point No. (c) above, it is further clarified that if the pay is fixed at a higher stage because of advance increments and no protection of the last pay drawn is being given, the pay should be treated as fixed at a minimum only for the purposes of ignoring the entire pension and allowing Dearness Relief on pension. For availing this benefit the ex-servicemen should have retired as post Below Commissioned Officer Rank (PBOR) before attaining the age of 55 years.

However, Dearness Relief on pension is not payable in cases where –

- a) the ex-serviceman held a post of the rank of commissioned officer at the time of retirement; and
- b) whose pay on re-employment is fixed equivalent or higher than his last drawn pay; OR
pay on re-employment is fixed at the maximum of pay scale applicable to reemployed post; OR,

pay is fixed at the minimum of the pay scale of the post in which reemployed but is more than the pay last drawn; and

c) pay on re-employment has been fixed after ignoring only a portion of the pension received from the previous employment.

2. In this context, we have been receiving various representations from exservicemen reemployed in the Bank claiming that DR should be paid on the defence pension as their last drawn pay in defence service was not protected.

3. In this connection, the Office of the Principal Controller of Defence Accounts (Pension), has since clarified vide Circular No. 179 dated 12.05.2015 (copy placed as ANNEXURE) that for the purpose of assessing the last pay drawn for last pay protection, the elements to be taken into account should be last pay in pay band i.e. Band Pay plus Grade Pay, last drawn before retirement and **no other elements should be taken for this purpose.**"

4. The Pension Disbursing Authorities will take the decision as to whether dearness relief on re-employment is payable or not on the basis of certificate issued by re-employer, clearly stating whether benefit of last pay protection has been given or not as above.

5. All other instructions in the matter will remain unchanged.

6. Please bring the contents of this Circular to the knowledge of all concerned for meticulous compliance.

Yours faithfully,

**Dy. Managing Director &
Corporate Development Officer**

ANNEXURE – PCDA (Pension) Circular No. 179 dated 12.05.2015.