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MASTER CIRCULAR

Master Circular No. 61

Commutation of Pension

In continuation of [Master Circular No. 4](#), Master Circular No. 5 which brings out provisions on the above subject is enclosed with this letter.

2. The circular is in two parts namely Part I and Part II. Part I deals with the extant provisions on commutation of pension and Part II gives brief details of the orders issued from time to time on the above subject.

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

4. If any order current on the subject has been omitted the same should nevertheless be treated as valid and operative.

PART - I

COMMUTATION OF PENSION

A railway servant shall be entitled to commute for a lumpsum payment a fraction not exceeding one third of his pension and shall indicate fraction of pension which he desires to commute and may either indicate maximum limit of one third or such lower limit as he may desire to commute.

(Letter No. [E 48 CPC/208 dated 08.07.1950](#))

##{The upper limit for commutation of one-third of pension has been raised to 40% of the pension w.e.f. 1.1.1996 in the case of Railway servants who retired/retiring from service on or after 1.1.1996.}

[Letter No. [F\(E\)III/97/PN 1/22 dated 05.11.1997 \(RBE 142/1997\)](#)]

2. If a fraction of pension to be commuted results in fraction of rupee, such fraction of a rupee shall be ignored for the purpose of commutation.

(Letter No. [F\(E\)III 82 PN 1/3 dated 04.02.1986](#))

3. Personal pension sanctioned in the case of those retired on or after 05.05.1985 but before 01.01.1986 will not be taken into account for the purpose of determining commuted value of pension and relief on pension.

[Letter No. [PC-IV/87/Imp/PN/1 dated 15.04.1987 \(RBE 90/1987\)](#)]

4. Commutation of pension to become absolute

4.1 The commutation of pension will be admissible in respect of the following types of pensions:-

- i. Superannuation pension
- ii. Retiring pension
- iii. Pension on absorption in or under a corporation or company and who elects

to receive monthly pension and retirement gratuity.

- iv. Compensation pension on abolition of permanent post.**
- v. Pension in whole or in part on the finalisation of departmental or judicial proceedings and issue of final orders thereon.**

Provided that

- a. In the case of applicant who is drawing his pension from a treasury or Accounts Officer, the reduction in the amount of pension on account of commutation shall be operative from the date of receipt of the commuted value of pension or at the end of three months after issue of authority by the Accounts Officer for the payment of commuted value of pension whichever is earlier.**
- b. In the case of applicant who is drawing pension from a branch of a nationalised bank, the reduction in the amount of pension on account of commutation shall be operative from the date on which the commuted value of pension is credited by the Bank to the applicants account to which pension is credited.**
- c. In the case of an applicant in whose case the commuted value becomes payable on the day following the date of his retirement, the reduction in the amount of pension on account of commutation shall be operative from its inception. Where however, the payment of commuted value of pension could not be made within the first month from the date of retirement, the difference of monthly pension for the period between the day following the day of retirement and the date preceding the date on which the commuted value of pension is deemed to have been paid shall be authorised by the Accounts Officer.**

4.2 In the case of applicant referred under item (v) of para 4.1 above, reduction in the amount of pension shall be made from respective dates of payment as laid down under provisos (a) & (b) of that para.

4.3 The date on which the commuted value of pension was made to the applicant or the commuted value was credited to the applicants account shall be entered in both halves of pension payment order by the Disbursing authority under intimation to the concerned Accounts Officer.

**(Letters No. F(E)III 76 PN 1/24 dated 04.01.1979 & 08.08.1983
and F(E)III 85 PN 1/16 dated 12.09.1985)**

5. Nomination

5.1 An applicant shall make a nomination alongwith his application for commutation conferring on one or more persons the right to receive the commuted value of pension in case the applicant dies without receiving the commuted value on or after that date on which the commutation becomes absolute.

5.2 If there is no such nomination or if the nomination made does not subsist, the commuted value shall be paid to the family in the manner as the payment of gratuity is authorised to the members of the family of the deceased railway servant/pensioners is indicated in paras 702 (1) and 702 (ii) of Manual of Railway Pension Rules.

5.3 If in any case the commuted value cannot be paid in the manner indicated at (i) and (ii) above, the same shall be paid to his heirs.

(Letter No. F(E)III 85 PN 1/11 dated 12.09.1988)

6. Calculation of commuted value of pension

The lumpsum payable to an applicant shall be calculated in accordance with the

Table of values prescribed from time to time and applicable to the applicant on the date on which the commutation becomes absolute.

7. The amount of commuted value of pension as finally calculated should be rounded off to the next higher rupees.

(Letter No. F(E)III 86 PN 1/3 dated 04.02.1986)

8. Commutation of provisional pension.

8.1 A railway servant to whom pending assessment of final pension, provisional pension as indicated in para 8 of Ministry of Finance O.M. dated 28.02.1976 forwarded to the Railways under Railway Board's letter No. F(E)III 76 PN 1/5 dated 08.04.1976 is granted, shall be eligible to commute a fraction of such provisional pension subject to the limit specified under the Rules. For purpose of commutation of provisional pension, the provisions relating to commutation with medical examination or without medical examination, as the case may be, shall apply.

8.2 Where an applicant desires to commute a fraction of his provisional pension without medical examination which works out to be not exceeding Rs. 25/- per mensem (revised to Rs. 100/- per mensem as per rule 9 of CCS (Commutation of Pension) Rules 1981) and in whose case it is expected that the amount which he would be entitled to commute when the final amount of pension has been authorised would exceed Rs. 100/- per mensem, his application shall be deemed to be for commutation of amount exceeding one hundred rupee per month.

8.3 Where the applicant does not indicate the possibility of his entitlement to commutation of pension exceeding one hundred rupee per mensem on the determination of final pension due to him, he shall be treated as having applied for commutation of pension not exceeding one hundred rupee per mensem.

8.4 If on the determination of final pension, the applicant becomes entitled to commute his pension upto one hundred rupee per mensem, he shall not be required to undergo medical examination for payment to him of the difference between the commuted value of pension originally commuted and the pension commuted subsequently.

8.5 If on the determination of final pension, the applicant becomes entitled to commute a sum exceeding one hundred rupee, he shall for commutation of pension exceeding rupees one hundred be required to apply afresh.

(F(P)5 PN 5/1 dated 14.04.1960, F(P) PN 5/1 dated 07.05.1960)

9. Restoration of commuted portion of pension after 15 years from the date of retirement.

9.1 Railway pensioners who have commuted a portion of their pension and on 01.04.1985 or thereafter have completed 15 years from their respective dates of retirement will have their commuted portion of pension restored. These orders are not applicable to railway employees, who got themselves absorbed in the Central Public Sector Undertakings/ Autonomous bodies and received or opted to receive commuted value for one third of pension as well as terminal benefits equal to commuted value of the balance amount of pension after commuting one third of pension. For details, the under mentioned orders may be referred.

**[F(E)III 87 PN 1/7 dated 26.05.1987 (RBE 329/1987),
25.07.1987 (RBE 333/1987)
and 26.10.1990 (RBE 186/1990)]**

10. Commutation of pension without medical examination.

10.1 An application who is authorised one of the following types of pensions shall, subject to the prescribed limit under the Rules is eligible to commute a fraction of

his pension without medical examination.

- a. Superannuation pension.
- b. Retiring pension.
- c. Pension granted on premature retirement as per Rule 1802 (b) of the Indian Railway Establishment Code Vol. II
- d. Pension granted on absorption in or under a Corporation or Company or body in terms of Railway Ministry's letter No. F(P)67 PN 1/18 dated 18.02.1970, 19.07.1971, No. F(E)III 72 PN 1/25 dated 11.07.1973 and letter No. F(E)III 86 PN 1/5 dated 16.04.1986 and who elects to receive the monthly pension and retirement gratuity.
- e. Compensation pension on abolition of permanent post as detailed in Para 601 (i) of the Manual of Railway Pension Rules, 1950.
- f. Proportionate pension on completion of 20 years qualifying service in terms of Board's letter No. E(P&A)I 77/RT-46 dated 09.11.1977 and 02.08.1985.

10.2 An applicant who is in receipt of any pension referred to above and desires to commute a fraction of that pension any time after the day following the day of his retirement from his service but before expiry of one year from the date of retirement shall apply to the Head of Office but not later than one year from the date of his retirement.

(Letter No. F(E)III 76 PN 1/24 dated 04.01.1979 and 25.08.1979)

11. A railway servant who is due to retire on superannuation and desires payment of the commuted value of pension to be authorised at the time of issue of the pension payment order shall be eligible to apply for commutation of a fraction of pension alongwith pension papers prior to the date of retirement provided that.

- a. The railway servant retires on superannuation pension only;
- b. The application is submitted to the Head of office so as to reach him not later than three months before the date of superannuation; and
- c. The railways shall have no liability for the payment of the commuted value of pension if the railway servant dies before the date of superannuation or forfeits claim to pension before such retirement.

11.1 The commutation of pension in such cases shall become absolute on the day following the day of retirement. Payment of pension is effected through PPO by the Pension Disbursing Authority or by the Accounts office where the pension is paid at his counter.

11.2 If for some reason it is not possible to arrange payment within the first month after the date of retirement of the railway servant, the Accounts Officer shall authorise payment of difference of monthly pension for the period between the day following the date of retirement and upto the date preceding the date on which the commuted value of pension is deemed to have been paid.

(Letter No. F(E)III 76 PN 1/24 dated 08.08.1983
and F(E)III 85 PN 1/16 dated 12.09.1985)

12. Commutation of pension with medical examination.

12.1 An applicant who retires on one of the following pension is eligible to commute a fraction of his pension subject to the limit specified under the rules after he has been medically examined by the appropriate medical authority and declared it.

- a. Invalid Pension
- b. On absorption in or under a Corporation or Company or Body Corporate and elects the alternative of receiving the retirement gratuity and lumpsum

terminal benefits in lieu of pension.

- c. **Pension granted on compulsory retirement from service as a penalty.**
- d. **Compassionate allowance; and**
- e. **Application for commutation of pension from the pensioner has not been received by the Head of Office within one year of retirement of the applicant.**

(Letter No. [F\(E\)III 76 PN 1/24 dated 04.01.1979](#))

12.2 An applicant shall apply to the Head of Office for commutation of a fraction of his pension in Part I of form No. XL (A)-RII and the Head of Office on receipt of his application shall.

- a. **Forward his application in original to the Accounts Officer in Part III of that form with the request that Part IV may be completed immediately and returned to him as early as possible for getting the applicant examined by the appropriate medical authority.**
- b. **On receipt of application from the Accounts Officer address to the appropriate medical authority for medical examination of the applicant and forward him the following documents -**
 - i. **Form of application referred to above.**
 - ii. **Two copies of the applicant's photographs to which one shall be attested.**
 - iii. **Report of the applicant if he has been granted Invalid pension or had previously commuted a part of his pension or declined to accept commutation on the basis of an addition of years to his actual age or has been refused commutation on medical grounds.**

12.3 The Chief Medical Officer on receipt of documents shall arrange as far as possible for the medical examination of the applicant by the medical authority at the nearest available station indicated by the applicant and shall transmit the documents to the medical authority with the direction to examine the applicant. The applicant shall be advised by the said medical authority as to where and when he should appear for medical examination. In fixing the date, it shall be ensured that the medical examination is held as early as possible before the date of applicant's next birthday.

12.4 The medical authority for examination of the applicant shall be

- i. **Medical Officer incharge of the District/Division if he is in Group D post or in Group D post but whose pay as defined in [Rule 1303\(21\)\(FR 9 C \(21\)-RII](#) does not exceed the limit prescribed from time to time under the Rules.**
- ii. **Otherwise by a Medical Board.**

Provided that if a railway servant is posted at Delhi/New Delhi in the Railway Board and is governed by the Civil Medical Rules, medical authority will be such as the Chairman of the Central Standing Medical Board, Dr. Ram Manohar Lohia Hospital/Safdarjung Hospital, New Delhi, may prescribe.

12.5 The applicant shall be required to pay for the medical examination such fee as may be specified by the Central Government.

12.6 Failure to appear before the Medical Authority.

If the applicant fails to appear for medical examination before the medical authority on the date and time communicated to him or withdraws his application in time before medical examination, he shall have to apply for commutation again. This application shall be treated fresh application.

12.7 The medical authority after obtaining from the applicant a statement in Part I

of the Form No. XL(C)-RII (which must be signed in his presence) shall subject him to strict examination, enter the results in Part II of that form and record its opinion as to the accuracy with which the pensioner has answered the questions prescribed in part I regarding his medical history and habits. Lastly it shall attest the unattested copy of the photograph of the pensioner, complete the certificate contained in Part III, of Form No. XL(C)-RII and in the case of non gazetted Railway servants other than those who are literate enough to sign their names, obtain in its presence the left hand thumb and finger impression.

12.8 In the case of an applicant who has been or is about to be granted an invalid pension, the grounds of invalidation or the statement of the medical case shall be duly considered by the certifying medical authority before the certificate (Part III of Form No. XL(C)-RII) is signed. The ultimate medical authority prescribed shall, without delay, forward the complete forms No. XL(A)-RII and XL(C)-RII in original and copy of the photograph attested by it to the Accounts Officer who gave the certificate contained in Part II of Form No. XL(A)-RII a certified copy of the completed form No. XL(C)-RII to the sanctioning authority and a certified copy of Part III of form No. XL(C)-RII to the applicant.

12.9 The Railway Accounts Officer on receipt of the completed Forms No. XL(A) -RII and XL(C)-RII and copy of the photograph attested by the medical authority shall arrange himself forthwith for the payment of the appropriate commuted value in lumpsum and for the corresponding reduction of ordinary pension.

12.10 A pensioner who has once been refused commutation on medical grounds or after he has once declined to accept commutation on the basis of addition of years to his actual age, may apply for a second medical examination, at his own expense, if at least a year has elapsed since his first medical examination. Such a re-examination shall invariably be made by a Medical Board, who should be provided not only the documents referred to in para 10 (a) above but also a report of the medical authority which previously examined the applicant.

(Chapter XII of Manual of Railway Pension Rules)

13. Modification in the value specified in the Table

13.1 In case the value specified in the table is modified at any time before the commutation becomes absolute, the payment shall be made in accordance with the values modified.

13.2 Where the commuted value calculated with reference to the table after it is modified is less favourable than the value determined with reference to the table before it was so modified, the Accounts Officer shall

- a. Inform the applicant of the reduced value and communicate to him provisions regarding withdrawal of his application for commutation**
- b. Endorse a copy of the above communication to the Head of Office**

(Para 1214 of Manual of Railway Pension Rules)

14. Accounts Officer on receipt of documents from the medical authority shall without delay issue an order to the disbursing authority concerned and furnish to him the following particulars and documents namely -

- a. The amount of pension commuted, the amount of commuted value of pension and the day on which the commutation becomes absolute.**
- b. The amount of residuary pension**
- c. Duly filled and signed application of the applicant for commutation .**
- d. Copy of photographs of applicant as attested by the medical authority.**
- e. The date on which the original pension should be reduced.**

- f. Endorse copy of the order to the applicant for collecting the commuted value from the disbursing authority.
- g. Bring to his notice provisions under which the commutation of pension becomes absolute.

(Para 1225 of Manual of Railway Pension Rules)

15. The commutation table as in force at present is the one prescribed in Board's letter No. [F\(E\)III 71 PN1/10 dated 21.06.1971](#).

PART -II

List of orders issued from time to time on Commutation of Pension for Railway servants.

- 1. A railway servant shall be entitled to commute for a lumpsum payment a fraction not exceeding one third of his full pension.

(Letter No. [E 48 CPC/208 dated 08.07.1950](#))

- 2. A pensioner allowed to commute a percentage of his provisional pension shall in the event of his final pension being more than his provisional pension is allowed to commute a further sum within the prescribed limit without any further medical examination.

(Letter No. [F\(P\)58 PN 5/1 dated 11.05.1959](#))

- 3. With effect from 01.07.1959 the commutation table was amended vide under-mentioned letter.

(Letter No. [F\(P\)58 PN 5/1 dated 28.08.1959 & 13.04.1960](#))

- 4. Ex Princely State Railway employees taken over by the Railways on the Federal Financial integration of States could be granted commutation of pension with reference to the commutation table prescribed by the Government.

(Letter No. [F\(P\)59 PN 1-14/Pt.B dated 31.03.1960](#))

- 5. A person who is allowed to commute provisionally a portion of pension not exceeding Rs. 25/- and who anticipates that the amount of final pension that he will be entitled to commute might exceed Rs. 25/- shall indicate that fact in his application in case he desires to commute a sum exceeding Rs. 25/-. The sanctioning authority shall in such cases arrange medical examination as if the amount to be commuted exceeds Rs. 25/-. The railway servant shall be permitted at the finalisation of the amount of pension to commute the difference between the original commuted and Rs. 25/- without further medical examination. Where such a fact is not indicated and the amount finally commuted exceeds Rs. 25, commutation of any further sum shall be subject to fresh medical examination.

(Letter No. [F\(P\)58 PN 5/1 dated 14.04.1960, 07.05.1960 & F\(E\)III 76 PN 1/7 dated 19.08.1977](#))

- 6. Where the commutation is payable in two instalments, one out of anticipatory or provisional pension and the other after final assessment of pension, the applicant is neither required to apply fresh nor required to produce a fresh certificate of medical examination for commutation of difference between the fraction of the final pension and the anticipatory or provisional pension.

(Letter No. [F\(P\)58 PN 5/1 dated 05.09.1960](#))

7. Every person who wishes to commute a part of his pension shall be required to furnish two copies of passport size photographs alongwith his application for commutation of pension.

(Letter No. [F\(P\)58 PN 1/14 dated 28.01.1961](#))

8. Power to authorise commutation shall be exercised by the authorities competent to sanction pension.

(Letter No. [F\(P\)57 PN 5/1 dated 04.05.1961](#))

9. With effect from 01.04.1962, the commutation table was amended vide under mentioned letter.

(Letter No. [F\(P\)62 PN 1/7 dated 11.02.1962 and 11.06.1962](#))

10. The lump sum payable on commutation shall be calculated in accordance with the table of values prescribed from time to time.

(Letter No. [F\(P\)64 PN 1/45 dated 26.03.1965](#))

11. With effect from 01.01.1967 the table of commutation value amended vide under mentioned letter.

(Letter No. [F\(P\)66 PN 1/44 dated 30.12.1966](#))

12. Railway servants permanently absorbed in public sector undertakings are eligible to commute a portion of lumpsum pension in accordance with the extant rules. When such persons opt for lumpsum terminal benefits in lieu of pension, the same shall be worked out with reference to benefits in commutation table obtaining on the date of retirement.

(Letters No. [F\(P\)67 PN 1/18 dated 21.09.1967 & 10.09.1971](#)
and [F\(P\)72 PN 1/25 dated 11.07.1971](#) and dated [11.07.1973](#),
[F\(E\)III 86 PN 1/5 dated 16.04.1986](#))

13. The commuted value of pension shall be payable in Indian rupees when it is payable abroad,

(Letter No. [F\(P\)66 PN 1/15 dated 09.01.1968](#))

14. With effect from 01.03.1971 the table of value for commutation was revised vide under mentioned letter.

(Letter No. [F\(E\)III 71 PN 1/10 dated 21.06.1971](#))

15. The commutation with medical examination shall become absolute i.e. the pensioner shall become entitled to receive the commuted value on the date on which the Medical Board signs the medical certificate. However, the reduction in the amount of pension shall become operative from the date of receipt of the commuted value of pension by the pensioner or three months after the pensioner is asked to collect the value of the commuted pension by the Accounts Officer whichever is earlier.

[No. [F\(E\)III 76 PN 1/7 dated 11.10.1976](#)]

16. With effect from 26.12.1977 a railway servant who applies for commutation of pension within one year of the date of his retirement on superannuation will not be subjected to medical examination,

(Letter No. [F\(E\)III 76 PM 1/24 dated 27.01.1978, 05.04.1979 and 09.02.1981](#))

17. Form of application for use for commutation of pension without medical

examination.

(Letter No. F(E)III 76 PN 1/24 dated 03.05.1978)

- 18. The reduction in the amount of pension without medical examination shall become operative from the date of receipt of the commuted value of pension or three months after issue of the authority asking the pensioner to receive the commuted value of pension by the Accounts officer.**

**(Letter No. F(E)III 76 PN 1/24 dated 03.10.1978,
and F(E)III 76 PN 1/7 dated 13.10.1978)**

- 19. Sanctioning authority should ensure that the applicant is directed to appear before the medical board as early as possible after receipt of his application and as far as possible the medical examination should be held before the date of his next birth day.**

19.1 An applicant can withdraw his application for commutation with medical examination at any time before the medical examination.

(Letter No. F(E)III 76 PN 1/17 dated 25.10.1976)

- 20. Clarification issued that the compassionate allowance shall be treated as pension for the purpose commutation under the Railway Pension (Commutation) Rules.**

(Letter No. F(E)III 77 PN 1/10 dated 18.07.1977 and 27.01.1978)

- 21. With effect from 01.12.1978, a railway servant in receipt of superannuation pension, retiring pension, pension on absorption in or under a corporation or company or body and who elects to receive monthly pension and DCRG, compensation pension, or proportionate pension on completion of 20 years qualifying service under the scheme of voluntary retirement is eligible to commutation without medical examination. These orders are also made applicable to railway servants who had retired prior to 01.12.1978 but had not crossed the age next birth day on that date and had also not appeared before the medical board.**

(Letter No. F(E)III 76 PN 1/24 dated 04.01.1979 and 25.8.1979)

- 22. Diseases like Diabetes, Hypertension etc. not considered as disease for declaring the pension invalid for commutation of pension.**

(F(E)III 80 PN 1/8 dated 04.06.1980)

- 23. Reduction in the amount of pension on account of revision of pension would be made from the date of receipt of revised commuted value of pension by the pensioner or three months after issue of authority by the Accounts Officer asking the pensioner to collect the revised value of pension whichever is earlier.**

(Letter No. F(E)III 76 PN 1/7 dated 15.09.1980)

- 24. The difference between the original pension and the pension enhanced as a result of introduction of liberalised Pension formula, merger of DA with pay was allowed to be commuted.**

(Letter No. F(E)III 76 PN 1/7 dated 17.12.1980 and 24.2.1981)

- 25. In respect of a railway servant absorbed in a Corporation or company or body, the period of one year for the purpose of commutation without medical examination shall reckon from the date of issue of Government's order for absorption and not from the date of retirement. Similarly in the case of a railway servant who is granted pension in full or part on conclusion of**

departmental or judicial proceedings the date of one year for the purpose of commutation without medical examination shall reckon from the date of Government's order issued on conclusion of the proceedings.

(Letter No. F(E)III 76 PN 1/7 dated 11.02.1981 and 17.11.1981)

26. A railway servant who is due to retire on superannuation and desired payment of the commuted value of pension to be authorised at the time of issue of pension payment order shall be eligible to apply for commutation of a fraction of pension alongwith pension papers prior to the date of retirement. The commutation of pension in such cases shall become absolute on the date following the day of retirement.

(Letter No. F(E)III 76 PN 1/24 dated 08.08.1983)

27. Railway servant eligible to make application for commutation of pension may nominate one or more persons conferring upon them the right to receive the commuted value of pension in case the applicant dies without receiving the commuted value on or after the date on which the commutation becomes absolute.

**[Nos. F(E)III 85 PN 1/15 dated 5/19.8.1985
and F(E)III 88 PN 1/28 dated 1.11.1988 (RBE 247/1988)]**

28. In respect of a railway servant who had asked for commutation of pension alongwith the PPO but the same could not be paid to him for one reason or the other, the difference of monthly pension between the original pension and the revised pension for the period from the date following the date of retirement to the date of payment of the commuted value of pension to the pensioner shall be authorised.

(No. F(E)III 85 PN 1/16 dated 12.9.1985)

29. Railway pensioners who had commuted a portion of their pension and on 01.04.1985 or thereafter have completed or will complete 15 years from their respective dates of retirement or commutation whichever is later will have their commuted portion of pension restored.

**[Letters No. F(E)III 87 PN 1/7 dated 26.03.1987 (RBE 329/1987),
25.07.1987 (RBE 332/1987)
and dated 26.10.1990 (RBE 186/1990)]**

30. Additional pension becoming due as a result of implementation of IV Pay Commission's recommendations as per Board's letter No. PC-IV/87/Imp/PN/1 dated 15.04.1987 (RBE 90/1987) shall also qualify for commutation.

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31. The facility of receiving capitalized value equivalent to 100 percent commutation of pension on absorption in Public Sector Undertakings/Autonomous Bodies, etc. has been withdrawn w.e.f. 10.7.1995.

[Letter No. F(E)III/95/PN 1/9, dated 10.07.1995 (RBE 65/1995)]

32. The Railway servants who had opted for receiving capitalized value equivalent to 100 percent commutation of pension on absorption in Public Sector Undertakings/ Autonomous Bodies, etc. are eligible for getting $\frac{1}{3}$ rd commuted portion of pension restored on completion of 15 years from the date of commutation or 1.4.1985, whichever is later. For the purpose, the provisions contained in Liberalised Pension Formula of 1979 and the recommendations of IVth and Vth Central Pay Commissions in respect of pensioners/ family pensioners will

be taken into account.

[Letter No. F(E)III/96/PN 1/9 dated 25.10.1996 (RBE 103/1996), 9.1.1997, 6.2.1998 (RBE 25/1998), 18.8.1998 (RBE 185/1998), 8.3.1999 (RBE 41/1999) and 18.11.1999 (RBE 292/1999)]

33. The Railway servant's retired/retiring from service on or after 1.1.1996 are entitled to commute for lumpsum payment upto 40% of their pension. The Railway servants retired from service prior to revision of provisions regulating pension/commutation of pension as contained in Board's letter No. F(E)III/97/PN 1/22 dated 05.11.1997 (RBE 142/1997) are required to apply afresh for commutation of pension upto 40%. In cases where commutation upto $\frac{1}{3}$ rd of pension has already been availed of within one year from the date of retirement, the pensioners need not be Subjected to medical examination for availing of commutation upto 40% of the pension. In cases where commutation upto $\frac{1}{3}$ rd of pension has not at all been availed of within one year from the date of retirement, they may be allowed commutation upto 40% of pension only after medical examination. However, if the pensioners have already been medically examined for availing of commutation upto $\frac{1}{3}$ rd of pension, they need not undergo medical examination again for commutation upto 40% of pension.

The commutation factor for fresh commutation or additional commutation shall be decided w.r.t. age next birthday based on the date of receipt of application for commutation or the date on which the medical examination report is signed, as the case may be. The reduction in pension on account of fresh commutation/additional commutation shall commence from the date of disbursement of commutation value and the commuted portion of pension shall be restored on expiry of 15 years from the date of disbursement. The family cannot be given the benefit of 40% commutation if a pensioner dies before exercising his option.

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

34. The Railway servants who retired on or after 1.1.1996 and commuted a fraction of pension may be paid the difference in the commutation value arising out of upward revision of pension upto 50% of the minimum pay in the revised scales of pay introduced w.e.f. 1.1.1996.

[Letter No. F(E)III/98/PN 1/29, dated 15.01.1999 (RBE 8/1999)]

35. On finalisation of departmental/judicial proceedings if the Railway servant is exonerated, the commutation of pension shall be deemed to have become absolute on the date following the date of retirement if the application for commutation has already been received. If the application is received within one year from the date of final orders of exoneration, the commutation shall become absolute on the date of receipt of application.

In the cases where the Railway servant is not exonerated the commutation shall be deemed to have become absolute on the date of final orders if the application has been received prior to that date and if the application is received on a date not later than one year from the date of final orders, the commutation shall become due on the date of receipt of final orders.

In both the above cases, if the application is received after the lapse of one year from the date of final orders, commutation shall become absolute on the date on which the medical authority signs the medical examination report.

[Letter No. F(E)III/99/PN 1/28, dated 20.12.1999 (RBE 314/1999)]

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