

**REPORT OF THE
COMMITTEE ON
SIMPLIFICATION OF PENSION PROCESSES**

FEBRUARY, 2011

**The Controller General of Accounts,
Ministry of Finance,
Department of Expenditure,
New Delhi.**

Dated: 15th February 2011

Subject: Report of the Committee on Simplification of Pension Processes

Sir,

I have great pleasure in presenting, on behalf of the entire Committee, the Report on simplification of pension processes. I would like to express my thanks to all members of the Committee for the efforts put in by them in bringing out this report.

2. I would also like to place on record the Committee's appreciation of officers of the Axis Bank who were called in to clarify many aspects of current day banking technology to officers of the Committee.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Siddharth Sharma', written over a horizontal line.

(Siddharth Sharma)

Controller of Accounts and Chairperson

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Introduction

Pension authorization and disbursement in Government is a complex and multilayered exercise involving the pension sanctioning authority (the Ministry/Department where the employee last served), the Central Pension Accounting Office (CPAO) and the pension disbursing authorities, a role discharged by approximately 40,000 branches of 28 public and private sector banks.

Given this multi-layered process, the possibility of delays and hold-ups in pension disbursements, and a consequently high level of pensioner dissatisfaction, is a discomfiting reality for public authorities. Over the years there have, accordingly, been several attempts at streamlining the pension disbursement processes, particularly given the rapid advancement of technologies in the banking sector. As part of this overall movement towards reform and excellence in public service delivery, Controller General of Accounts has articulated a vision wherein the entire function of pension delivery is a seamless one being managed through a centralized e-pension portal operated by CPAO.

It is in this context that a Committee was constituted to examine the interface between pensioners and their pension disbursing banks and other Government agencies. The Committee was mandated to recommend measures necessary for simplification of pension processes thereby enhancing pensioner satisfaction (orders constituting the Committee are placed at annex-A).

The Committee while framing its recommendations was acutely conscious that there are presently only three banks which have been approved by CPAO for migration, and are actually working on, a centralized IT model for pension delivery- SBI, Bank of Baroda and Punjab & Sind Bank. The Committee was however hopeful that all pension disbursing authorities would sooner than later move towards a centralized IT model for pension delivery. The recommendations are, accordingly, based on this premise. These recommendations would be equally applicable to a centralized pension portal being conceptualized since it would be, logically speaking, an aggregation of the databases of all pension disbursing agencies that presently exist.

The Committee during its initial deliberations decided to focus on the following areas, which in its opinion and as per a study of grievances received, are a major source of discomfort and inconvenience to pensioners:

- Requirement of first time physical identification of the pensioner by the bank, *prior to commencement of pension disbursement.*
- The procedure for authorization of family pension.
- Transfer in and Transfer out of pension cases, within the same bank and across banks.
- Restoration of Commuted value of pension after 15 years.
- Submission of various certifications by pensioners to the bank such as life certificate, re-employment certificate etc.
- Sanction of Additional Pension.
- Examining the possibility of prescribing benchmark turnaround times for pension related activities by banks.

The Committee while framing its recommendations was also painfully aware that there does not exist, at this moment, an updated, centralized database of pensioners anywhere in the country. There do exist, however, various distributed databases which because of lack of constant updation and synchronization have very little relevance either to policy planning or to implementation. ***The various agencies involved in the pension process tend to operate in hermetically sealed compartments and are thus not able to deliver the standards of service that pensioners are now demanding, and deserving of.***

The Committee during its deliberations also felt that the Pension Payment Order (PPO) for a retiree should be as comprehensive as possible. In this context it may also be useful to re-examine the format of the PPO so as to ensure that all relevant financial and demographic information is captured therein. The manual PPOs may, thereafter, be replaced by e-PPOs which should seamlessly move across the entire pension authorization and disbursement chain – Ministries/Departments; CPAO and the pension disbursing authorities. In fact, at the

Governmental level, an e-service book should logically feed into an e-PPO. The distributed databases of e-PPOs and e-revisions maintained at a PAO level may, in the future, be merged into a centralized database to be owned and maintained by CPAO.

The Committee has also in the last part of its report recommended prescriptive benchmarks for various pension related activities performed by banks. This became necessary, almost inescapable, because of the following three factors:

- i. ***Banks today do not have service standards for pensioners.*** There do exist service charters but these relate to core activities of banks and are generally applicable across all categories of bank customers.
- ii. ***Senior Citizens are a particularly vulnerable group*** and need to be adequately protected by laying down specific standards/ timelines for providing services specifically related to them.
- iii. ***Banks generate a large part of their fee-based income from the transaction charges paid by Government on pension accounts-*** it is only logical that they should also be held accountable for providing a minimum level of service delivery.

The benchmarks that are being prescribed take into account ground level operational realities as they presently exist. However, as technology advances and implementational capacities improve, it would be necessary to constantly revisit these service standards with a view to making them more stringent. ***The Committee also strongly feels that the quality of service being rendered by various banks authorized for pension disbursement should be annually appraised on these and other parameters. The appraisal should preferably be undertaken by an independent agency, outside of Government, and its findings should form the basis for rewarding /penalizing the various authorized banks by way of differential payment of transaction / service charges.***

EXECUTIVE SUMMARY

Pension is a form of financial security. Financial security at retirement is critical for both individuals and societies. Equally important are the systems, processes and procedures put in place for effective and efficient pension delivery.

2. A Committee was constituted in December 2010 under the Controller of Accounts, Central Pension Accounting Office (CPAO), Ministry of Finance, on the directions of the Controller General of Accounts, Government of India to consider and recommend simplification of the processes in the pension delivery mechanism - applicable to Central Civil pensioners' with reference to the 'Scheme of Payment of Pensions of Central Government Civil Pensioners' by Authorised Banks' administered by CPAO – to enhance pensioners' satisfaction.
3. The recommendations of the Committee have been given in the context of all Authorized Banks leveraging information technology and migrating over to the Centralized Pension Processing Cell (CPPC) platform.
4. The recommended process simplification on the areas identified by the Committee are:
 - a. ***De-link the commencement of pension from the requirement of first time identification.*** However, to mitigate the risk of any contingency befalling the pensioner/family pensioner between the period when the bank is issued the authorization and the actual commencement of pension, the pensioner/family pensioner may be mandated to physically present himself before the paying branch within three months from the date of first credit, failing which, the bank may stop the pension till such time the pensioner/family pensioner presents himself/herself before the bank.
 - b. With technological advancement in the banking industry and the introduction of Core Banking Solutions (CBS) and CPPC, rather than restricting the submission of certificates to the paying/home branch, ***pensioner/family pensioner may be given the facility to submit the requisite certificates, in the months when they are due every year, at any branch of the same bank irrespective of where the pensioner has his pension account.***
 - c. ***Transfer of pension account from one Branch to another Branch of the same bank within the same station, or to a different location, should be seamless and should have no effect on crediting of pension from CPPC.***

- d. *To minimize the need for documentation and expedite the early commencement of family pension, the specimen signatures, personal marks of identification, left hand thumb impression/specimen signature, and Certificate of Age proof of spouse, duly attested by Head of Department/Office should be made mandatory enclosures to the PPO.* This would obviate the need for the family pensioner to submit Annexure XXIV (as in the current procedure) for commencing family pension.
- e. *To minimize the hardship faced by dependent children who are eligible for family pension, it is recommended that provisional minimum pension of Rs. 3500 per month be paid by the bank for an initial period of six months, within which fresh sanction for family pension can be issued by the concerned ministry/department to the eligible child.*
- f. *Restoration of commuted portion of pension after 15 years (from the date of crediting of commuted value) or as fixed by the Govt. from time to time is to be automatic and system driven, without the pensioner having to request/apply for restoration of commutation after 15 years.*
- g. *The additional quantum of pension/family pension should be paid by the pension disbursing authority immediately on attaining the requisite age slabs, without any further authorisation from the PAO/CPAO.*

Proposed Simplification of Pension Processes

Physical Identification of pensioners before commencement of pensions

Existing Provision :- Para-12.3. “ Before commencing payment, the paying branch shall obtain in the case of a new pensioner, specimen signatures or the thumb impression, as the case may be, in the space provided for the purpose in the disburser's portion of the PPO, and hand over the pensioner's portion of the PPO to him/her after proper identification in accordance with para 12.4 below. The paying branch shall also obtain an undertaking in the form in Annexure XI (Page-36) from the pensioner that excess payment, if any, credited to his/her account, due to delay in receipt of any material information or due to any bonafide error, can be recovered by the bank.

Para-12.4. On the first appearance of a pensioner at the paying branch, the Officer-in-charge/ Branch Manager or the designated Officer of the bank will satisfy himself about the identity of a pensioner by ensuring that:

- (a) The pensioner has produced his/her personal copy of the intimation received directly from the authority issuing the PPO or any other documentary proof establishing his/her identity as pensioner;
- (b) The personal identification marks if any, on the face or/and hand of the pensioner given in the disburser's portion of the PPO have been checked;
- (c) The pensioner bears a close resemblance with the photograph as affixed on the disburser's portion of the PPO;
- (d) The pensioner's specimen signatures or thumb and fingers/ great toe impressions, as the case may be, to be obtained by him in the space provided for the purpose in the disburser's portion of the PPO, agree with the attested signatures or thumb/and fingers/ great toe impressions received with the PPO; and
- (e) In cases where it is not possible to comply with requirement at (d) above due to the pensioner being handicapped, his/her identity may be verified with reference to (a) to (c) above.

(f) However, as persons who are in receipt of family pension granted under the Central Civil Services (Extraordinary Pension) Rules or Rule 55 of the Central Civil Service (pension) Rules, 1972 or persons holding Government title or any other persons specially exempted for the purpose are not required to produce a photograph for being pasted on their PPOs, the above requirement is to be treated as exempted in their case”.

Difficulties faced by the pensioners

There is considerable time lag in the existing process between the authorization by CPAO to the bank and the first credit of pension as it is contingent upon the pensioner physically presenting himself before the pension paying branch and completing the first time identification formalities as per the provisions of Para 12.3 and 12.4. The codal provision requires that the pensioner begins drawing the pension from the month following the month of retirement. As against this, the ground level reality is that pensioners have to wait anywhere between 3-6 months for availing first credit of pension. This has been a major source of grievance and discontent among the pensioners and rightly so.

Proposed Recommendation: -

The Committee keeping in mind that pensioner should be subjected to the least inconvenience felt that the present procedure, whereby drawl of first pension is contingent upon positive physical identification by the paying branch, should be amended.

2. The Committee observed that the identity of the pensioner is presently verified, prior to the commencement of pension, at two levels:

- a. A Government Servant prior to retirement has to open a saving bank account to which the pension is to be credited. The ‘Know your customer’ (KYC) norms of the banks are rigorous and are completed as per the norms prescribed by the Reserve Bank of India (RBI) from time to time.
- b. The identity of the Government Servant is also confirmed by the Head of Department/Head of Office through the service records etc. while sanctioning the pension.

It would also be reasonable to presume that the pensioner would have taken due care to submit correct information to the pension sanctioning authority as any lacunae therein would adversely impact on his own entitlements and disbursement thereof. To further safeguard against errors like mentioning of incorrect bank account numbers, BSR Codes etc. the bank account details

(Bank Account Number, BSR Code, IFSC and the pensioner's name) may be **pre-verified by CPAO** at the time of authorization to the bank – analogous to the practice/model being currently followed in the 'Central Plan Scheme Monitoring System' (CPSMS).

The Committee accordingly recommends the de-linking of commencement of pension to the requirement of first time identification by the bank. However, to mitigate the risk of any contingency befalling the pensioner/family pensioner between the period when CPAO issues the authorization to the bank and commencement of pension, the pensioner/family pensioner may be mandated to physically present himself before the paying branch within three months from the date of first credit, failing which, the bank may stop the pension till such time the pensioner/family pensioner presents himself/herself before the bank.

To enable this change-over, the Committee recommends that the undertaking on recovery of excess pension paid/credited (Annexure XI of the Scheme Booklet), which is currently given by the pensioner to the bank at the time of first time identification, should form a part of the papers submitted by the government servant at the time of processing of his pension by the Head of Department/Head of Office, which can then be transmitted to the bank along with the PPO booklets.

Rules to be modified: Paras 12.3 & 12.4 of the Scheme Booklet in consultation with the Department of Pensions and Pensioners' Welfare (DOPPW).

Submission of Life Certificates, Non-employment Certificates and other mandated certificates by pensioners.

Existing Provisions:- Para-15.1 Life Certificate: “ The pensioner would be required to furnish a life certificate in November each year in the form prescribed in Annexure XVII (Page-44). Officers of the Reserve Bank of India and of the Authorized banks listed in Annexure I of the Scheme Booklet are authorised to give life certificates for this purpose.

Para-15.3 Non-employment Certificate : The pensioner would be required to furnish a certificate of non-employment or employment/re- employment in a Department/Office of Central or State Govt. or Union territory or in a company, corporation, undertaking or autonomous body or a registered society of Central or State Govt. or Union Territory, or in a Nationalized Bank including Reserve Bank of India and the State Bank of India, in a local fund, yearly, i.e. in the month of November each year in the form prescribed in Annexure XVIII (Page 45). In the case of a pensioner who declares about his employment/re-employment with emoluments which include D.A., A.D.A. etc., provisions of para 19.2 should be enforced”.

Difficulties faced by pensioners

The existing provision requires the pensioner to be physically present at the paying branch at the time of submission of certificates. However, situations may arise wherein pensioners may not be in a position to furnish the mandated certificates to their paying branches due to a variety of reasons including the fact that they may be mobile during the period when the certificates are to be submitted. Non-submission of certificates on time leads to stoppage of pension, causing undue hardship and inconvenience to pensioners.

The Committee also observed that the list of persons authorized to give Life Certificates is at present too restrictive given that it is confined only to officers of the RBI and of the authorized banks.

Recommendation:- The Committee recognizes the need to make the process of submission of certificates user-friendly and in-line with the technological advancements in the banking industry. In today’s era of core banking systems, it is unreasonable to tie a pensioner down to his home branch for the purpose of submission of certificates. ***The Committee, accordingly, recommends that all authorized***

banks for pension disbursement accept and acknowledge Life and other certificates from pensioners at all their branches authorized for transacting Government business instead of only the pensioner's home branch.

The Committee also recommends that the Scheme Booklet be modified to incorporate the provisions of Rule 343 of the Central Treasury Rules which inter-alia state:

“A pensioner who produces a life certificate signed by any person specified hereunder is exempted from personal appearance --

- i. A person exercising the powers of a Magistrate under the Criminal Procedure Code;
- ii. A Registrar or Sub- Registrar appointed under Indian Registration Act;
- iii. A Gazetted Government servant;
- iv. A Police Officer not below the rank of Sub-Inspector-in-charge of a Police Station;
- v. A Postmaster, a departmental Sub-Postmaster or an Inspector of Post Offices;
- vi. A Class I Officer of the Reserve Bank of India, an officer (including Grade II officer) of the State Bank of India or of its subsidiary;
- vii. A Pensioned Officer who, before retirement, exercised the powers of a Magistrate;
- viii. A Justice of Peace;
- ix. A Block Development Officer, Munsif, Tehsildar or Naib Tehsildar;
- x. A Head of Village Panchayat, Gram Panchayat, Gaon Panchayat or an Executive Committee of a Village;
- xi. Members of Parliament, of State legislatures or of legislatures of Union Territory Governments/Administrations;
- xii. Treasury Officer”.

Rules to be modified: Para 15.1 of the Scheme Booklet (to incorporate rule 343 of the CTRs).

Risks associated and its mitigation: The risk would be that the receiving branch may not inform the home branch/CPPC of the receipt of certificates. To mitigate this risk the certificates could be in 2 ply copies (one copy printed as Pensioner's Copy and the other copy marked as Bank's copy).

A suggested approach for Intra-Bank submission of Life Certificates and other mandated certificates is defined as below:

- i. ***The pensioner may approach any of the designated branches (branches authorized for conduct of Government business) of the Authorized Bank wherein the pensioner is maintaining his/her pension account for submission of the above mentioned certificates.***
- ii. The pensioner needs to mention his / her Account No in the Life Certificate / Non-employment Certificate invariably so that the receiving Branch may verify the pensioner as genuine account holder of the Bank and verify the signature of the pensioner as appearing in their database to confirm the authenticity of the pensioner.
- iii. ***After necessary verification, the receiving Branch will acknowledge the receipt of Life Certificate / Non-employment Certificate etc. by handing over pensioner's copy to the pensioner duly signed by the receiving official and affixing the bank seal for future reference of the pensioner.*** The receiving Branch official will also ensure to put his / her signature and seal in Bank's copy of the Life Certificate / Non-employment Certificate.
- iv. The receiving Branch, thereafter, shall scan the Banker's copy of Life Certificate / Non-Employment Certificate etc. and send the same to CPPC with intimation to the Home Branch through email or a letter.
- v. CPPC on receipt of the same shall upload the scanned images in the common URL / internal link / database and will flag the same with proper narration mentioning Life Certificate / Non-employment Certificate received from the pensioner along with the date.

Procedure for Transfer of Pension Account from one Branch/Bank to Another

Existing Provision:- Para 16.1 “ Applications for transfer of pensions may fall under the following three categories:

- (a) Transfer from one paying branch to another of the same AB within the same station or at a different station; transfer from one AB to another within the same station (such transfers to be allowed only once in a financial year); and
- (b) Transfer from one AB to another AB at a different station.

16.2 Request falling under category (a) above may be entertained by the AB itself. In case transfer is at the same station, Link Branch will make necessary entries in the register maintained by them in the form in Annexure VIII (Page 33) and forward the disburser's portion of PPO to the paying branch at which payment is desired under intimation to the Central Pension Accounting Office and the Pensioner. In case the transfer is at different station, Link Branch after keeping the requisite note will forward disburser's portion of the PPO to the Link Branch at new station for arranging payment through the new paying branch. Necessary intimation of effecting such transfer will be sent to CPAO by the new as well as old link branches in the form as at Annexure XXI (Page-49) for keeping a note of change in their records under intimation to the pensioner. The receiving Link Branch on receipt of the pension documents will ensure forwarding the PPO to the paying branch within three days and intimate the pensioner simultaneously as stipulated in para 10.1 above.

Before forwarding the disburser's portion of PPO to the new paying branch/link branch, it will be ensured that the month upto which the payment has been made is invariably indicated in the disburser's portion of PPO.

16.3 (a) In cases falling under categories (b) & (c) above, when a pensioner applies for transfer on a simple sheet of paper the old bank (transferer paying branch) will send a letter duly signed by its Branch Manager to the Branch Manager of the new paying branch, wherever located, along with photocopy of the pensioner's PPO showing the last payment made. This will be sent by Speed-post/Courier/ Regd. post to the new paying branch at the new location, along with a copy each to the pensioner, CPAO and for information to the Link Branch of the old paying branch. Simultaneously, the old

paying branch will send the Bank's copy of the PPO to its Link Branch, duly completing all entries for transmission to the new

Link Branch. However, pensioner's copy of PPO will be retained by pensioner and produced at the new paying branch.

- (b) The new paying branch will commence the pension payment immediately on receipt of letter of the last payment certificate as at (a) above. Simultaneously, it will send intimation to its Link Branch with full details of the commencement of the pension. The old paying branch and its Link Branch will ensure that the bank's copy of PPO is transmitted to the new paying branch through its Link Branch.
- (c) Pension will be paid for 3 months on the basis of the photocopy of the pensioner's PPO at transferee (New) branch, from the date of last date of payment made at the transferer (Old) branch. During this time, it will be the joint responsibility of both transferer (Old) and transferee (New) bank branches to ensure that all the documents, under the procedure, are received by the transferee (New) branch within the period of 3 months".

Difficulties faced by pensioners

The transfer of pension papers from one Bank/Branch to another Bank/Branch in same station or other stations is currently a time consuming process with the result that in the majority of the cases where pension accounts are transferred from one Bank/Branch to another Bank/Branch, there have been instances where pensioners do not get their pension for three to six months. The PPOs are also liable to be lost in transit during the transfer process; creation of duplicate PPOs by the Ministries/Departments has its own time cycle.

Recommendation:- The Committee felt that with the introduction of CBS and implementation of CPPC the disbursers' portion of PPO will be available at CPPC. Transfer from one Branch to another Branch of the same bank within the same station, or one branch to another Branch of the same Bank in a different state will have no effect on crediting the pension from CPPC.

The Committee, accordingly, recommends that pensioners who are desirous of transferring their pension accounts from one branch to another (whether locally or outstation) of the same bank should have the option of putting in their request at either of the two branches instead of the present dispensation wherein transfer requests are entertained only at the home branch.

The suggested process flow for **intra-bank transfer of accounts** - where the pensioner wants his/her new pension account to be transferred to a New Branch of the same bank - from Branch 'A' (old) to Branch 'B' (new) - is as follows:

When storage of PPO is at the paying branch:

- a) The pensioner will submit the request for transfer of his account to either Branch 'A' or Branch 'B' mentioning the existing/new account number for transferring his / her account from Branch 'A' to Branch 'B'. In case a new account is required to be opened at the Branch 'B', all KYC formalities shall be completed by pensioner for the new account.
- b) On receipt of such request, the Branch at which the request is admitted (either Branch 'A' or Branch 'B') will verify the existing/new account number and signature of the pensioner to confirm authenticity of the pensioner.
- c) If the request has been made to Branch 'B', upon completion of step 2 above, Branch 'B' will send the request to Branch 'A'.
- d) On receipt of the such request from Branch 'B', Branch 'A' will intimate CPPC about such transfer request and Branch 'A' will send the disburser's copy of the PPO to Branch 'B' under an intimation to CPPC after necessary noting in the PPO and details of the last pension payment.
- e) On receipt of the disburser's copy of the PPO by Branch 'B', Branch 'B' will intimate the same to Branch 'A' and CPPC. At this juncture CPPC will intimate the change of Branch to CPAO for necessary up-dation in their database.

In case the PPO storage is at CPPC:

- i. On receipt of such request from either Branch 'B' or Branch 'A', the branch receiving the request will inform CPPC for change of record at their end as there would be no movement of physical

PPO. Upon receipt of such intimation, CPPC will intimate the change of Branch to CPAO for necessary updation in their database.

For inter-bank transfer of pension accounts, the process shall remain unchanged.

Rule to be changed: Rule 16.2 of the Scheme Booklet.

Commencement of Family Pension

I. Family Pension to Spouse

Existing Provision 24.1- “ Paras 6 to 8 of the Scheme Booklet are mutatis mutandis applicable to authorisation of family pension in respect of Government Servants dying while in service. Paras 9,10,11,12 to 19 and 21 to 23 of the Scheme Booklet are mutatis mutandis applicable to authorisation/payment of family pension in all types of cases.

The PPO indicates the entitlement in respect of family pension to the widow/ husband in the event of death of the pensioner. The payment of family pension at the rate, and to the person indicated in the PPO may be commenced by the paying branch on receipt of a death certificate and application for family pension in prescribed form, as at Annexure XXIV, along with the pensioner's half of the PPO. However, before the payment is actually commenced, the identity of the spouse entitled to family pension shall be verified with reference to the joint photo-graph, if any, affixed to the PPO and other particulars given by the claimant against Sl.Nos.9 and 10 of the Family Pension Application Form (Annexure XXIV)”.

Difficulties faced by the family pensioner/spouse

The requirement of the family pensioner to apply for commencement of family pension in the prescribed form (Annexure XXIV) is a cumbersome process as it entails providing information which may be difficult for the family pensioner to provide such as the admissible amount of pension that he/she is entitled to; attestation by two Gazetted officers and two witnesses on the application form. The detailed documentation requirement often leads to delay in commencement of family pension.

Recommendations

In order to minimize the need for documentation and expedite commencement of family pension the Committee is of the view that the process needs to be simplified and made more humane.

It is, accordingly, suggested, as part of a process change, that the Head of Department/Office (at the time of initial authorization of pension) while forwarding both halves of PPOs may also forward the specimen signatures, personal marks of identification, left hand thumb

impression/specimen signature of spouse, Certificate of Age proof (duly attested by Head of Department/Office) to CPAO as enclosures to the PPO. CPAO shall, in turn, forward the above documents to the authorized Bank alongwith its Special Seal Authorization.

In the event of death of the pensioner, the spouse who has been authorized family pension shall now be required to provide only the Death Certificate and the Undertaking for excess payments to be recovered. The Paying Bank will identify the pensioner with reference to disburser's portion of PPO and commence family pension immediately.

Submission of Annexure XXIV for commencement of family pension to the spouse is, accordingly, also proposed to be discontinued.

II. Family pension to Children

Existing Provision 24.2: "In case the claimant is a child, payment may be commenced after a fresh payment authority is received from the PAO of the concerned Ministry/Department through the usual channels, and identity of the beneficiary/guardian verified in the manner indicated in Para 12.4 ibid of the Scheme Booklet".

Difficulties faced by the eligible children for grant of family pension

It is observed that in the existing procedure a considerable time elapses (six to nine months) before eligible children are sanctioned family pension by the concerned ministry/department.

As per the present process, the original PPOs issued in favour of the pensioner and his/ her spouse are recalled from the bank and cancelled. The process for granting and sanction of family pension to the eligible children is, thereafter, initiated by the concerned ministry/department. This long and cumbersome process, and the attendant time delay, causes immense financial hardship to dependent children.

Recommendations

The details of family members, their date of birth including that of the children may be indicated in PPOs based on the precedence table (as amended by GOI from time to time) at the time of the original sanction of pension by the Head of Department/Office.

In the event of both the pensioner and the spouse being deceased, the eligible child may apply for grant of family pension to the Pension Paying Branch. The Pension Paying Branch may confirm the identity of the child entitled to family pension with reference to the details contained in the PPO and other particulars given by the claimant.

Upon successful confirmation of identity, the pension paying branch may immediately commence payment of a provisional minimum pension of Rs. 3500 per month for an initial period of six months. The only requirement for this, apart from confirmation of identity, would be obtaining an application and undertaking for refund of excess paid if any, from the eligible child.

For crediting such provisional pension an account may be opened in the name of eligible child. After disbursement of the first provisional pension, the PPOs may be returned to the respective PAOs through CPAO recording the last payment certificate along with death certificate of both pensioner and family pensioner. The Bank may also inform the details of provisional pension paid by the bank to facilitate the ministry/department and its PAO to initiate action on issue of fresh PPO in favour of the eligible child.

Rules to be amended: 24.2 of Scheme Booklet and Rule 54 of CCS (Pension) Rules.

Restoration of commuted value of pension

Existing provision

Para 20.5 “ Restoration of commuted portion of pension after 15 years (from the date of crediting of commuted value) or a fixed by the Govt. from time to time is to be made automatically by bank on receipt of application in prescribed proforma from eligible pensioner. In cases where the date of commutation is not readily available in the PPO, the bank will obtain the information from the Account Officer who issued the PPO through Central Pension Accounting Office before restoring the commuted portion of pension”.

Difficulties with the existing provision

The pensioner is required to make an application for restoration of commuted value of pension to the bank in the pro-forma prescribed under Rule 10 (GID-2) of CCS (Commutation of Pension) Rules, 1981. Thus, the onus for initiation of action for restoration of pension lies on the pensioner whereas all the information required for restoration of commuted portion is already available/mentioned in the PPO booklet. This procedure was perhaps relevant as a measure of safeguard when most of the work processes of pension in banks were in manual mode.

Recommendation

The Committee felt that with all banks migrating to a CPPC platform, sooner than later, where the database would be centralized, the restoration of commuted portion of pension after 15 years (from the date of crediting of commuted value) or within such time-limit as may be fixed by the Government from time to time, should be done automatically by the banks through a system driven process, without the pensioner having to request for such restoration.

Rule(s) that may require change(s): Rule 10 of CCS (Commutation of Pension Rules).

Provision of Additional Quantum of Pension based on age:

The Sixth Pay Commission introduced structural changes in the pensionary entitlements. The provision of additional quantum of pension upon attaining the age of 80 years and above is one such structural change and is as follows:

Age of pensioner/ family pensioner	Additional Quantum of pension
From 80 yrs to less than 85 yrs	20% of basic pension/ family pension
From 85 yrs to less than 90 yrs	30% of basic pension /family pension
From 90 yrs to less than 95 yrs	40% of basic pension /family pension
From 95 yrs to less than 100 yrs	50% of basic pension /family pension
100 years or more	100% of basic pension /family pension

Currently, no clear guidelines or instructions exist whereby the provision of payment of the additional quantum of pension is automatically activated upon attainment of the requisite age.

The Committee felt that since the age/date of birth of the pensioner/family pensioner is already available in the Pension Payment Order(for post-2006 pensioners), the additional quantum of pension/family pension should be paid by the pension disbursing authority immediately, through an automated, system driven process without any further authorisation from the PAO/CPAO.

Prescriptive Turn around Times (TATs) for Activities by Banks

Sl.No.	Activity	Existing TAT	Proposed TAT
1.	Identification of Pensioner and completion of all formalities before commencement of pension	Immediate intimation to pensioner on receipt of PPOs. However, no clear TAT for completion of formalities	Within 21 working days initially, reducing progressively to 7 working days (the Committee has already recommended delinking of the first pension payment from the identification process).
2.	Crediting of pension to pensioners' accounts	Last day of the month	Last day of the month.
3.	Crediting Commutation/ Differential DCRG	Immediate	Immediate.
4.	Crediting Dearness Relief	Normally one/two months after notification	Within 5 days of notification by Department of Pensions & Pensioners' Welfare or the Indian Banks Association (IBA), whichever is earlier.
5.	Acceptance of Certificates and acknowledgement thereof	Same day. No acknowledgement presently.	Same day. Acknowledgement to be given to the pensioner.
6.	Restoration of Commuted Value of Pension after fifteen years	On receipt of application from pensioner	Automatic, system driven after fifteen years.
7.	Additional Pension	On authorization (in respect of pre-2006 pensioners).	Immediate, system driven.
8.	Intra- Bank transfer of pension accounts	No clear TAT	7 working days from date of receipt of request.
9.	Inter - Bank transfer of pension accounts	3 months	45 working days from date of receipt of request.
10.	Grievance acknowledgement	Not prescribed	Interim reply to issue within 3 working days of receipt of grievance.
11.	Resolution and closure of Grievance	Not prescribed	Within 30 working days of grievance receipt.