

F. No. 3-25/2020-E.IIIA
Government of India
Ministry of Finance
Department of Expenditure

Dated the 9th December, 2020

Office Memorandum

Subject: Regulation of Remuneration in case of Contract Appointment of Retired Central Government Employees.

The undersigned is directed to say that Ministries/Departments appoint retired Central Government employees on contract basis, including as Consultants on contract basis. However, at present there are no uniform guidelines for regulation of remuneration in such cases.

2. The existing instructions of Department of Personnel and Training, as contained in their Central Civil Services (Fixation of Pay of Re-employed Pensioners) Orders, 1986, as amended from time to time, provide for regulation of pay in case of re-employment. However, the instructions of Department of Personnel & Training as contained in their OM No. 26012/6/2002- Estt (A) dated 9.12.2002 provides that re-employment beyond the age of superannuation of 60 years shall not be permissible. Also, as per their OM No. 3(3)/2016-Estt (Pay II) dated 1.5.2017, the pay plus gross pension on re-employment is not to exceed Rs.2,25,000/-, i.e. Pay Level 17 as applicable to an officer of the level of Secretary to the Government of India.

3. Aforementioned instructions of Department of Personnel & Training on pay fixation in case of re-employment apply only to persons appointed on re-employment. These are not applicable to persons employed on contract basis except where the contract provides otherwise. Accordingly, in cases of appointment of retired Central Government employees on contract basis after the age of superannuation at 60 years, the instructions on pay fixation on re-employment will not directly apply.

4. Department of Personnel & Training has also informed that they are in the process of drafting a Note for Committee of Secretaries (CoS) regarding guidelines for engagement of retired Government servants as Consultant in Government Ministries and Department. In view of this, till Department of Personnel and Training finalizes their guidelines, there is a need to regulate remuneration in such cases of contract appointment of retired Central Government employees on a uniform basis. The matter has, therefore, been considered and it has been decided that regulation of remuneration in case of appointment of retired Central Government employees on contract basis, including as consultants, shall be regulated as provided hereinafter.



5. At the outset, such appointments shall not be made as a matter of practice and must be kept at a bare minimum. Such appointments may be made only in the justified exigencies of the official work where public interest is served by appointment of the retired employee. While making such appointments, adequate functional necessity with clear grounds must be placed before the appointing authority.

6. Remuneration

6.1 A fixed monthly amount shall be admissible, arrived at by deducting the basic pension from the pay drawn at the time of retirement. The amount of remuneration so fixed shall remain unchanged for the term of the contract. There will be no annual increment / percentage increase during the contract period.

Example

An employee retired in the Pay Level 13 and the pay at the time of retirement was Rs. 1,55,900. Thus, the basic pension will be Rs. 77,950. If the employee is appointed on contract basis, including as Consultant, the remuneration shall be fixed at Rs.77,950 (1,55,900-77950).

6.2 The basic pension to be deducted from the last pay drawn shall be the pension as fixed at the time of retirement and as such, if the employee has availed of the commuted value of pension, the commuted portion of pension shall also be included in the portion of pension to be deducted. Thus, in the above example, if 40% of pension was commuted, the commuted portion shall be Rs. 31,180 (40% of 77,950) and the pension actually drawn shall be Rs. 46,770. However, the amount of pension to be deducted from the last salary shall be Rs 77,950.

6.3 No Increment and Dearness Allowance shall be allowed during the term of the contract.

7. Allowances

7.1 House Rent Allowances

No HRA shall be admissible.

7.2 Transport Allowance

An appropriate and fixed amount as Transport Allowance for the purpose of commuting between the residence and the place of work shall be allowed not exceeding the rate applicable to the appointee at the time of retirement. The amount so fixed shall remain unchanged during the term of appointment. However, retired employees engaged as consultants may be allowed TA/DA on official tour, if any, as per their entitlement at the time of retirement.



7.3 **Leave of absence**

Paid leave of absence may be allowed at the rate of 1.5 days for each completed month of service. Accumulation of leave beyond a calendar year may not be allowed.

8. **Term of Appointment**

8.1 The term of appointment shall ordinarily be for an initial period not exceeding one year which is extendable by another one year. Beyond two years after the age of superannuation where adequate justification exists, the term may be extended based on a review of the task and the performance of the contract appointee, provided it shall not be extended beyond 5 years after superannuation.

8.2 The consultant shall sign an agreement of confidentiality with the Government of India containing a clause on Ethics and Integrity.

9. **Exemptions**

The terms of appointment provided for in these orders shall not apply to cases and to the extent where the Appointments Committee of Cabinet has allowed special terms OR where special provisions have been allowed with the approval of the Department of Personnel & Training OR Department of Expenditure.

10. These orders shall apply to appointments made in the Central Government and shall be effective from the date of issue of the orders, until further orders or until instructions are issued by DoPT regulating remuneration of retired Government employees on their engagement as consultants. The past cases shall not be reopened in the light of these orders until the normal term of those past cases. Any relaxation of the above will be required to be referred to Department of Expenditure.

(B.K. Manthan)
Deputy Secretary

To,

All the Ministries and Departments of the Government of India as per the standard list.