

ADVISORY NO.

Dated:-26.04.2022

O/o PCDA(O) Pune, Public Relation office PRO

Subject:- Elements to be taken into account for the purpose of Encashment of leave as per 7th CPC order: MSP regarding

Your kind attention is invited towards the provisions of Rule 5(2) (iii) of SRO 12(E) applicable for Pay Rules for Army Officers-2017 for 7th CPC order which categorically stipulates that Military Service Pay (MSP) shall be counted as Pay for the purpose of computation of Dearness Allowance and Pension.

Thereafter, MoD, New Delhi vide their ID No. 1((1)2018/D(Pay /Services) dated 05.06.2020 has intimated that the matter has since been examined in close consultation with Ministry of Finance and Ministry of Finance has not agreed to the MoD's proposal regarding counting of MSP for the purpose of Leave Encashment to Defence Personnel.

Accordingly, leave encashment is being calculated on the basis of Basic Pay, DA and NPA (where ever applicable). Military Service Pay (MSP) is not considered as an integral element for calculation of leave encashment.

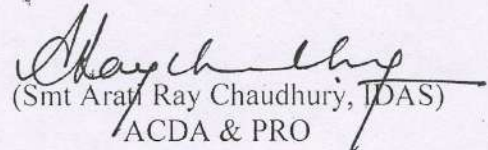
This is for your kind information please.

This is issued with kind approval of PCDA (O), Pune.

Regards,

Jai Hind

Encl: As above


(Smt Arati Ray Chaudhury, IDAS)
ACDA & PRO

Annexure A

Ministry of Defence
D (Pay/Services)

SPEED POST

Subject: Treatment of MSP and Group X Pay for the purpose of Leave Encashment and Gratuity.

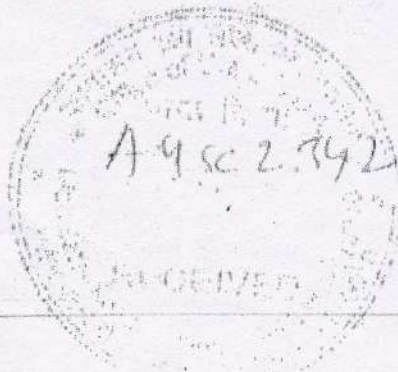
Reference CGDA U.O. Note No. AT/1/1312/XV dated 20.12.2017 on the above mentioned subject (copy enclosed).

2. It is intimated that the matter has been examined in consultation with Ministry of Finance. Ministry of Finance has stated that the 7th CPC in its wisdom specifically recommended for MSP (by implication X pay) to be treated as pay for DA & Pension and as such it is not appropriate to go against the same. Also, any tinkering with an accepted recommendation of 7th CPC which is well thought out by it, would open up the possibility of the other issues closed based on 7th CPC. Hence, Ministry of Finance has not agreed to the MoD's proposal regarding counting of MSP and Group X Pay for the purpose of Leave Encashment to Defence Personnel.

3. In view of the above, the case may be treated as closed.

(A.K. Tewari)
Deputy Secretary (AG-I & II/Pay/ Services)

J1 CGDA (AT-1) Ulan Batar Road, Palam, Delhi Cantt
MoD ID No. 1(1)/2018/D(Pay/Services) dated 03.06.2020



Provided further that in case an Officer has been placed in a higher grade pay or scale between the 1st day of January 2016 and the date of notification of these rules on account of promotion or upgradation, the Officer may elect to switch over to the revised pay structure from the date of such promotion or upgradation, as the case may be.

Explanation.- (i) For the purpose of this clause the option to retain the existing pay structure under the provisos of this rule shall be admissible only in respect of one existing Pay Band and Grade Pay or scale.

(ii) the aforesaid option shall not be admissible to any Officer commissioned on or after the 1st day of January, 2016, and he shall be allowed pay only in the revised pay structure.

(ii) Lieutenant Generals who are fit for promotion as Army Commanders, but overlooked due to lack of requisite residual service shall be granted pay in Level 17 on non-functional basis and this non-functional upgradation shall count for all the financial benefits associated with Level 17, but shall not count for other privileges associated with office of Army Commander.

(2) (i) Military Service Pay is compensation for the various intangible aspects linked to the special conditions of service in Army extended to Officers in the Army up to and including the rank of Brigadier.

(ii) Military Service Pay shall be admissible to Officers on drawal of pay in the prescribed Level in the Pay Matrix, at the rate of Rs 15,500 per month.

(iii) Military Service Pay shall be counted as pay for the purpose of computation of dearness allowance and pension.

6. **Exercise of option.-** (1) The option under the provisos to rule 5 shall be exercised in writing in the form appended to these rules so as to reach the Principal Controller of Defence Accounts (Officers), Pune within one hundred and eighty days of the date of notification of these rules, or where revision in the existing pay structure is made by any order subsequent to the date of notification of these rules, within one hundred and eighty days of the date of such order:

Provided that,-

(i) in the case of an Officer who is, on the date of such notification or, as the case may be, date of such order, out of India on leave or deputation or foreign service or active service, the said option shall be exercised in writing so as to reach the Principal Controller of Defence Accounts (Officers) within one hundred and eighty days of the date of his taking charge of his post in India; and,

(ii) where an Officer is under suspension on the 1st day of January, 2016, the option may be exercised within one hundred and eighty days of the date of his return to his duty, if that date is later than the date prescribed in this sub-rule.

(2) The option, along with an undertaking in the form appended to these rules, shall be intimated by the Officer to the Principal Controller of Defence Accounts (Officers).

(3) If the intimation regarding option is not received by the Principal Controller of Defence Accounts (Officers) within one hundred and eighty days of the date of notification of these rules, the Officer shall be deemed to have elected to be governed by the revised pay structure with effect from the 1st day of January, 2016.

(4) The option once exercised shall be final.

Note -1 Officers whose services were terminated on or after the 1st day of January, 2016 and who could not exercise the option within the prescribed time limit, on account of discharge on the expiry of the sanctioned strength, release, resignation, dismissal or discharge on disciplinary grounds, are entitled to exercise option under sub-rule (1).

Note -2 Officers who have died on or after the 1st day of January, 2016 and could not exercise the option within the prescribed time limit, are deemed to have opted for the revised pay structure on and from the 1st day of January, 2016 or such later date which is beneficial to their dependents, if the revised pay structure is more favourable and in