



## **CONFEDERATION OF CENTRAL GOVT. EMPLOYEES & WORKERS**

North Avenue New Delhi-11008

Website: [www.confederationhq.blogspot.com](http://www.confederationhq.blogspot.com)

Email: [confederationhq@gmail.com](mailto:confederationhq@gmail.com)

**President:** Rupak Sarkar  
09433310200

**Secretary General:** S.B. Yadav  
07905282373 / 07752829874

**Ref: Confd. Commutation/2024**

**Dated – 21.05.2024**

**To**

- 1) **The Secretary (Pension),  
Department of Pension & Pensioners' Welfare,  
Lok Nayak Bhawan, Khan Market,  
New Delhi-110003. Email: [secy-arpq@nic.in](mailto:secy-arpq@nic.in)**
- 2) **The Secretary,  
Department of Personnel & Training,  
Ministry of Personnel, P G and Pensions  
Government of India,  
North Block, New Delhi - 110 001 [secy mop@nic.in](mailto:secy mop@nic.in)**
- 3). **The Finance Secretary, & Secretary  
(Expenditure),  
Ministry of Finance, Department of Expenditure,  
Room No. 129-A, North Block  
New Delhi-110001. Email: [secyexp@nic.in](mailto:secyexp@nic.in)**

**Sub: Request for Re- fixation of Commutation factor for Pensioners who have retired after 2/8/2008.--reg.**

**Respected sir,**

***The Confederation of Central Government employees and Worker's, having more than 130 Central Government/PSUs employees Associations /Federations, as its affiliates, would like to bring to your notice the following facts, in support of the subject cited above.***

***That, the fixation of Commutation Factor (CF) is done as per Central Civil Services (Commutation of Pension) Rules, 1981 (Last Amended Date: 06/06/2013) , These rules are having lot of flaws in it, and requires revisit on the issue as in last decade lot of changes have occurred in interest rates , mortality rate life expectancy .The LIC table of 94-96 is being used with interest rate of 8% and is effective from 2/9/2008***

***The LIC table 94-96 is not a valid table after 1st April 2013, as LIC Ultimate table validity expired on 31.03.2013 as Indian Assured Lives Mortality (2006-08) Ult.- Published Mortality Table, became effective from 1st April, 2013 after this new table should have been reconstructed. But still in the year 2024 after the***

**retirement the Central Government adopts the same table of 94-96 for providing the Commutation Factor (CF) for its employees & pensioners.**

**Commutation table should be reconstructed every 5 years due to changes in RBI repo rate, market interest rates, life expectancy and mortality as is being done for the CGIES and GPF rates, which are being revised every Quarter of a year.**

**The Institute of Actuaries of India has been reconstructing the mortality tables every eight years ie 2005, 2013 & 2021 but the commutation table has not been reconstructed after 2008, need of the hour is to reconstruct it with retrospective effective dates of 1st April 2013 and 1st April 2021.**

**The policy of the Central Government towards its employees who have rendered their Services for the Nation building for more than 30 years, should be sympathetic towards its employees and they should look after the welfare of employees and particularly pensioners as a model employer, the concept of profit making for central government on these sensitive issue should not be the criteria for fixing the commutation factor and restoration of commuted value of pension.**

**The methodology used in computing the Commutation Factor (CF) is also not correct. The important issue is recovery period of 15 years is improper as the recovery takes place less than 11 years it should have been 11 years instead of 15 years recovery period as interest is recovered in 2.66 years.**

**SECOND NATIONAL JUDICIAL PAY COMMISSION (Part III) appointed by Hon'ble Supreme Court of India copy enclosed, has examined in detail on the subject of commutation of pension from page 88 to 112 of its report.**

**Hence deep study on this subject is required by the Central Government to protect the interest of its employees and pensioners who have served Nation for more than 30 years. These expert bodies have erred in proper fixation of commutation factor which has resulted in loss of 16.5% less commutation amount received by Employees.**

**1) Those employees who have retired on 1/1/2005, for them Commutation tables one table -1 is effective from 1.3.1971, – till 1/1/2006 with an interest rate of 4.75 %. Age 60 years, next birthday falls on 61 years, Commutation Factor (CF) is 9.81**

**2) Those who have retired on 1/1/2008, second commutation table-2 which is effective from 2/9/2008 till now with an interest rate of 8 %. Age 60 years, next birthday falls on 61 years, Commutation Factor (CF) is 8.194**

**The lowering of commutation factor from 9.81 to 8.194 from the age of 61 years as next birthday has resulted in reduction of commuted amount to the extent of 16.5%.**

***The commutation table is being prepared on the grounds of four parameters, as per the commutation table prepared in the year 1994 prepared by the LIC of India that is 1) Interest rates 2) Life expectancy 3) Mortality rate 4) Period of recovery.***

***The fixation of Commutation Factor (CF) is based upon the Table, based on LIC (94-96) Ultimate Tables and based upon rate of interest of 8% and the mortality factor is published by the Institute of Actuaries of India (IAI) in the year 2005.***

***The mortality rate has been reducing year by year and life expectancy has been increasing year after year. The interest rates vary from year to year.***

***The important issues are that a recovery period of 15 years is improper as the recovery takes place less than 11 years. It should have been 11 years instead of 15 years recovery period as interest is recovered in 2.66 years.***

***The interest rate for fixation of Commutation Factor (CF) is 8 % is very high as compared to GPF rates of 7.1 % after 2020 and other government rates on deposits, instead of that actually RBI repo rate should have been adopted. The RBI repo rate was at 6.5% as of Dec 2008 and started declining from 2019 onwards to 4% and once again in 2023 it is 6.5 %. Between 2019 to 2023 we had very low interest rates, but central government charged 8% for its pensioners instead of 6%. especially after the year 2020.***

***The mortality factor is published by the Institute of Actuaries of India which shows risk factor of just 1% and life expectancy is 80 years as per Census department source: [www.censusindia.gov.in/SRSPublications](http://www.censusindia.gov.in/SRSPublications)***

***In View of the above facts and considerations, the Confederation of Central Government Employees and Worker's, requests to kindly consider sympathetically and arrange the Re-fixation of the commutation factor and tables with retrospective effect from 1/4/2013, and thereafter every five years, and render justice to the Pensioners.***

**Thanking you,**

**Yours Sincerely,**

**Enclosure: Copies of All Reports, stated above in one folder.**



**(S B Yadav)  
Secretary General**

**Copy to:**

**The Secretary General, National Council JCM: For information**