

**No. 4/4/2021-Welfare**  
**Government of India**  
**Ministry of Finance**  
**Department of Financial Services**

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2nd Floor, Jeevan Deep Building,  
Sansad Marg New Delhi,  
Dated the 03 November, 2021

To

1. The Chairman, State Bank of India, H.O. Mumbai.
2. The Chairman, LIC of India, Mumbai.
3. The MD & CEOs of all Public Sector Banks.
4. The MD, Public Financial Institutions/Public Sector Insurance Companies.
5. The Chairman, Pension Fund Regulatory and Development Authority (PFRDA), H.O. Hyderabad.
6. The Chairman, Insurance Regulatory Development Authority (IRDA), H.O. Hyderabad.
7. The Chairman, IBA, Mumbai.
8. The Chief General Manager (HRDD), Reserve Bank of India (RBI), Mumbai.

**Subject: Pay fixation of Ex-servicemen re-employed in PSBs/PSICs/PFIs- Clarifications of DOPT and MOD.**

Sir,

In the Public Sector Banks, Insurance Companies and Other Financial Institutions, some ex-servicemen (ESM) after re-employment, have disputed their pay fixation orders in various courts across the country. In general, their grievance is on the following issues: –

- i. Treatment of Military service Pay (MSP) while making initial fixation of pay on re-employment, in view of the guidelines contained in MOD O.M No.1/69/2008/D(Pay/Services) dated 24.07.2009, and / or
  - ii. Revision of their initial pay fixation order, in the light of DOPT's O.M No.3/19/2009-Estt.(Pay-II) dated 05.04.2010 and clarification dated 08.11.2010, regarding applicability of notional pay as per 6th CPC to ESM retired before 01.01.2006 and re-employed after 01.01.2006.
2. During the course of litigation, the Department of Financial Services (DFS) had sought certain clarification from DOPT and MOD. Copies of the following clarifications available with DFS are forwarded herewith for information and guidance:
- a. MoD OM No.369/D(P/S)/20 dated 3rd Nov. 2020 regarding treatment of MSP while fixation of pay to ESM on re-employment in civil posts including financial institutions. In this OM, MoD has clarified that the MOD letter No.1/69/2008/D(Pay/Services) dated 24.7.2009 pertains to pay and allowances of retired Officers of Armed Forces on re-employment in the Armed Forces. This OM is not applicable to PBORs.

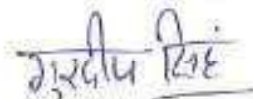
- b. DOPT also issued clarifications during follow up of some court cases. In the OM No.1418309/20-Estt.(Pay-II) dated 8th Sept 2020, DoPT has clarified (in para xi) that Military Service Pay (MSP) is not taken into consideration for the purposes of pay fixation on re-employment in civilian organizations. It also provides (in para xii) that the Dearness Relief (DR) on pension is governed by the instructions of Deptt of Pension and Pensioners' Welfare. Again in the O.M No. 1435275/20-Estt.(Pay-II) dated 26.11.2020, DoPT has re-iterated (in para 4) that while the pension of such re-employed pensioners will include the element of MSP, they will not be granted MSP as part of pay while working in civilian organizations.
- c. In the OM No.1418309/20-Estt.(Pay-II) dated 4 Dec. 2020, and again in OM No.1457323/21-Estt.(Pay-II) dated 4 Aug 2021, DOPT has clarified that the instructions issued by DOPT are applicable to Central Govt. Civilian employees and posts. These are not directly applicable to autonomous bodies, PSUs, Trusts or Banks etc which are governed by their own set of rules/regulations.
- d. In their OM No.1425671/20-Estt.(Pay-II) dated 14 Dec 2020, DOPT has furnished a clarification (in para 8) regarding determination of notional pay in respect of personnel/officers who retired prior to 1.1.2006 and who were re-employed after 1.1.2006. It has been clarified that this notional pay is applicable only in case of -
- i. Commissioned Service Officers belonging to Defence Forces;
  - ii. Civilian pensioners who held Group A posts at the time of their retirement;
  - iii. PBORs/Civilian pensioners who held posts below Group A and retired after attaining the age of 55 years and were re-employed thereafter;

In para 9 of this OM, it is stated that in case of ESM who held posts below Commissioned officer at the time of retirement, and who retired before attaining the age of 55 and re-employed thereafter, the notional pay is not reckoned at all while fixing the pay on re-employment.

3. Copies of the clarifications of MOD and DOPT, referred to in para 2 above, are forwarded for information and necessary action for considering and disposing of the representations/grievances of the concerned employees and also for defending various court cases in the light of these clarifications.

Encl: as above.

Yours faithfully,



(Gurdeep Singh)

Deputy Secretary to the Government of India

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