

CCS (Commutation of Pension) Rules, 1981

Rule-1. Short Title and commencement

- CCS (Commutation of Pension) Rules, 1981 come into force from 1st July, 1981.

Rule-2. Application

- These rules shall apply to Government servants appointed on or before 31.12.2003 who may be entitled to or have been authorized any class of pension referred to in Chapter V of the CCS(Pension) Rules, 2021.

Rule-3. Definition

- a) **Applicant** –means a government servant, including a retired Government servant, who applies for commutation of a percentage of pension in the prescribed form;
- b) **Chief Administrative Medical Authority** -means the medical authority of the State or the Union Territory as specified.
- c) **"Retirement gratuity"** means the gratuity payable under sub-rule (1) of Rule 45 of the Pension Rules 2021.
- d) **"Medical authority"** means medical authority referred to in Rule 22.
- e) **"Pension"** means any class of pension including compassionate allowance of the Pension Rules 2021.
- f) **"Pension Rules"** means the Central Civil Services (Pension) Rules, 2021.
- g) **"Provisional Pension"** means the pension referred to in Rule 8 or Rule 62 of the Pension Rules 2021, as the case may be.
- h) **"Table"** means a table appended to these rules.

Rule-4. Restriction on commutation of pension

No Government servant shall eligible for commutation of pension-

1. Against whom departmental or judicial proceedings is pending, as referred to in Rule 8 of the Pension Rules 2021
2. Whom provisional pension authorized under Rule 8 of the Pension Rules or the pension, as the case may be, during the pendency of such proceedings.

Rule-5. Limit on commutation of pension (**40% maximum from 01-01-1996**)

- (1) A Government servant shall be entitled to commute for a lump sum payment of an amount not exceeding 40% of his pension.



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- (2) In an application for commutation in **Form 1** or **Form-1A (as per pension rule 2021 items 5 tick on (✓) Form 6's (with pension Paper))** or **Form 2**, as the case may be, an applicant shall indicate the fraction of pension which he desires to commute and may either indicate **the maximum limit of 40% of pension** or such lower limit as he may desire to commute.
- (3) The amount of commuted value of pension as finally calculated should **be rounded off to the next higher rupees.**

Rule-6. Commutation of pension to become absolute

- (1) The commutation of pension shall become absolute in the case of an applicant
 - a) on the date on which the application in **Form 1** is received by the Head of Office.
 - b) on the date following the date of his retirement.
 - c) on the date on which the medical authority signs the medical report in **Part III of Form 4. (Form 4- For Medical examination).**

Provided that-

- (a) In the case of an applicant who is drawing his pension from a treasury or Accounts Officer, the reduction in the amount of pension on account of commutation shall be operative from the date of receipt of the commuted value of pension or at the end of **three months** after issue of authority by the Accounts Officer for the payment of commuted value of pension, whichever is earlier and
- (b) In whose case the commuted value of pension becomes payable on the day following the date of his retirement, the reduction in the amount of pension on account of commutation shall be operative from its inception.
- (2) In the case of an applicant referred to in **Rule 9 or Rule 10**, the commuted value is paid in **two or more stages**, the reduction in the amount of pension shall be made from the respective dates of the payments.
- (3) The date on which the payment of the commuted value of pension was made to the applicant or the commuted value was credited to the applicant's account shall be entered in both halves of the PPO by the disbursing authority.

Rule-7. Nominations

- (1) An applicant shall make a nomination in **Form 5** along with the application conferring on one or more persons the right to receive the commuted value of pension in case the applicant dies without receiving the commuted value on or after the date on which commutation became absolute.



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- (2) If there is no such nomination, or if the nomination made does not subsist, the commuted value shall be paid to the family in the manner indicated in the Pension Rules.
- (3) If in any case the commuted value cannot be paid in the manner indicated in pension rules, the same shall be paid to his/her heirs.

Rule-8. Calculation of commuted value of pension

- (1) The lump sum payable to an applicant shall be calculated in accordance with the Table of the values prescribed.

Example - In case of an employee retired on 30th Sept 2023 with the basic pay of Rs. 66000/-

- Basic pension= 33000/-
- Amount of pension offered for Commutation = Rs. 13200 (40% of Pension).
- Age next birthday = 61 years
- Commutation Factor = 8.194
- Lumpsum Payable = $13200 \times 12 \times 8.194 = \text{Rs. 1297930 (rounded off)}$

Rule-9. Commutation of provisional pension

- (1) A Government servant to whom, pending assessment of final pension, provisional pension has been sanctioned under Rule 62 of the Pension Rules 2021 shall be eligible to commute a fraction of such provisional pension subject to the limit specified in Rule 5.
- (2) The provisions of this sub-rule shall apply to an applicant who for the purpose of commutation of provisional pension-
 - (a) Where an applicant desires to commute a percentage of his provisional pension which works out to be not exceeding Rs. 6000 per month.
 - (b) On the determination of final pension, the applicant becomes entitled to commute his pension up to Rs.6000 per month, he shall not be required to undergo medical examination for payment to him of the difference between the commuted value of the pension originally commuted and the pension commuted subsequently.
 - (c) If on the determination of final pension, the applicant becomes entitled to commute a sum exceeding Rs.6000, he shall, for commutation of pension exceeding rupees one hundred, be required to apply afresh in Form 2.

Rule-10. Retrospective revision of final pension

- An applicant who has commuted a percentage of his final pension and after commutation his pension has been revised and enhanced retrospectively as a result of Government's



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decision, the applicant shall be paid the difference between the commuted value determined with reference to enhanced pension and the commuted value already authorized. For the payment of difference, **the applicant shall not be required to apply afresh.**

Rule-10-A. Restoration of Commuted Pension

- The commuted amount of pension shall be restored on completion of **fifteen years** from the date the reduction of pension on account of commutation becomes operative in accordance with rule 6.

Rule-11. Scope

- The provisions of this Chapter shall apply to an applicant who is eligible to commute a percentage of his pension without medical examination.

Rule-12. Eligibility -An applicant who is authorized

- (1) a superannuation pension under Rule 33 of the Pension Rules.
- (2) a retiring pension under Rule 34 of the Pension Rule
- (3) a pension on absorption in or under a corporation or company or
- (4) a compensation pension on abolition of permanent post under the Pension Rules
- (5) a pension in whole or in part on the finalization of the departmental or judicial proceedings referred to in **Rule 8** of the Pension Rules and issue of final orders thereon,

all of above eligible for commutation of pension without medical examination.

Rule-13. Application for commutation of pension

- (1) An applicant, who is in receipt of any pension referred to in Rule 12 and desires to commute a percentage of that pension any time after the date following the date of his retirement from service but before **the expiry of one year** from the date of retirement, shall
 - (a) apply to the Head of Office in Form 1 after the date of his retirement.
 - (b) ensure that the application in Form 1, duly completed, is delivered to the Head of Office as early as possible **but not later one year of the date of his retirement.**
 - (c) the period of **one year** under Rule 8 of CCS (Pension) Rules 2021 shall reckon from the date of the issue of the orders consequent on the finalization of the departmental or judicial proceedings.
- (2) An applicant who applies for commutation of pension within one year of the date of his retirement but his application in Form 1 is received by the Head of Office **after one year**

of the date of his retirement, shall not be eligible to get his pension commuted, without medical examination.

- (3) A Government servant who is due to retire on superannuation and desires payment of the commuted value of pension being authorized at the time of issue of the pension payment order, shall be eligible to apply for commutation of a percentage of pension along with pension papers prior to the date of retirement.
- (a) Head of Office in Form 1-A {items 5 tick on (✓) of Form 6's (with pension Paper)}, so as to reach the Head of Office not later than 3 months before the date of superannuation.
- (b) The Government shall have no liability for the payment of the commuted value of pension if the Government servant dies before the date of superannuation or forfeits claim to pension before such retirement.

Rule-14. Action to be taken by the Head of Office on application for commutation of pension

- (1) In case application in Form 1 is received by the Head of Office after one year of the date of retirement of the applicant
- (a) He shall not be eligible to commute a percentage of pension without medical examination.
- (b) If he desires to get a percentage of the pension commuted, he should apply afresh in Form 2 so that arrangements for medical examination.

Rule-15. Authorization of commuted value by the Accounts Officer

- (1) The Accounts Officer after necessary verification of the information furnished in Form-1 shall issue authority for the payment of commuted value of pension to the disbursing authority concerned.
- (2) The Accounts Officer shall also request the Head of Office to intimate the date on which the cheque/draft of the commuted value of the pension has been handed over to the applicant.

Rule-16. Authorization of the commuted value of a percentage of provisional pension

- (1) Head of Office has sanctioned provisional pension to a G.S. under Rule 62 of the Pension Rules 2021 and such a G.S. has applied for commutation of provisional pension in Form 1 and Head of Office forward Form 1 to account officer.
- (2) The Accounts Officer after necessary verification of the amount of the provisional pension and the amount of the commuted value shall issue authority for the payment of commuted value of pension to the Head of Office for disbursement.

Rule-17. Scope

- The provisions of this Chapter shall apply to an applicant who is eligible to commute a



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percentage of his pension after medical examination.

Rule-18. Eligibility: -

An applicant who

- (a) Retires on invalid pension under Rule 39 of the Pension Rules
- (b) is compulsorily retired from service as penalty and is granted pension under Rule 40 of the pension Rules
- (c) is in receipt of compassionate allowance under **Rule 41 of the Pension Rules.**
- (d) his application for commutation has not been received by the **Head of Office within one year of his retirement,**

shall be eligible to commute a percentage of his pension subject to the limit specified in Rule 5 after he has been declared fit by the appropriate medical authority.

Rule-19. Application for commutation of pension

- An applicant referred to in Rule 18 shall apply to the Head of Office in Form 2 for commutation of a percentage of his pension including provisional pension sanctioned under **Rule 62 of the Pension Rules 2021.**

Rule-20. Action to be taken by the Head of Office on application for commutation of pension

- (1) The Head of Office on receipt of application in Part-I of Form 2 under Rule 19 shall forward Form 2 in original to the Accounts Officer in Part III of that Form with the request that Part IV of that Form may be completed immediately and returned to him as early as possible.
- (2) The Accounts Officer after completing the Part IV of Form-2 and transmit the same to the Head of Office as early as possible.
- (3) The Head of Office on receipt of Form 2 from the Accounts Officer shall address in Form 3 the Chief Administrative Medical Authority, where the applicant desires to be medically examined and forward to him.
- (4) A copy of letter in Form 3 addressed to the Chief Administrative Medical Authority shall be endorsed to the applicant and the Accounts Officer by the Head of Office.

Rule-21. Action to be taken by the Chief Administrative Medical Authority

- (1) The Chief Administrative Medical Authority on receipt of documents arrange as far as possible for the medical examination of the applicant by the medical authority at the nearest available station indicated by the applicant in Form 2.
- (2) inform the applicant as to where and when he should appear for medical examination with date and time.



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- (3) In fixing the date of medical examination, it shall be ensured that the medical examination is held, as far as possible, before the date of applicant's next birthday.

Rule-22. Medical Authority

- (1) The medical authority shall be **a Medical Board**, where an applicant for commutation of pension in Invalid pension.
- (2) Other cases, the medical authority shall be **a Medical Officer not lower in status than that of a Civil Surgeon or a District Medical Officer.**

Rule-23. Fee for medical examination to be borne by the applicant

- The applicant shall be required to pay for medical examination such fee as may be specified by the Central Government.

Rule-24. Failure to appear before medical authority

- (1) If the applicant after receipt of communication from the Chief Administrative Medical Authority or the medical authority fails to appear for medical examination before the medical authority on the date and time communicated to him and there is no reasonable ground for his failure, the medical authority shall report the fact to the Head of Office concerned and return to him the documents received.
- (2) With the return of documents to the Head of Office under sub-rule (1), the application for commutation shall be treated as having been withdrawn.

Rule-26. Second Medical Examination

- (1) The medical examination in the case of an applicant shall take place after the expiry of a period of not less than **one year** from the date of the first medical examination.
- (2) If the applicant desires to be re-examined on the expiry of the period of **one year**, the examination shall be by a Medical Board **at his own expense.**

Rule-27. Appeal against the findings of medical authority

- Within **one month** of the receipt of the certified copy from the medical authority, prefer an appeal by addressing a letter to the Head of Office that the opinion of the medical authority may be got reviewed by another medical authority.

Rule-28. Withdrawal of application

- (1) The applicant may, after giving notice in writing, to the Head of the Office, withdraw his application at any time before subjecting himself to medical examination before the medical authority but in no case after he has appeared before such authority.
- (2) In case the medical authority directs that the applicant's age for the purpose of commutation shall be assumed to be greater than his actual age, the applicant by giving

notice in writing to Head of Office withdraw his application **within 14 days from date on which receives the information from Account officer.**

Rule-30. Authorization of payment of commuted value by the Accounts Officer

- The Accounts Officer on receipt of the documents from the medical authority, shall without delay issue an order of commutation of pension for payment with residual amount of pension to the disbursing authority concerned.

Rule-31. Final assessment of provisional pension

- Whom the commuted value of the percentage of the provisional pension **under rule 62 of CCS (Pension) Rules 2021** has been paid by the Head of Office, shall, on final assessment of the pension, be paid by the Accounts Officer, the difference between the commuted value so determined and the commuted value already paid.

Commutation Factor Table

Age next birthday	Commutation value expressed as number of year's purchase	Age next birthday	Commutation value expressed as number of year's purchase	Age next birthday	Commutation value expressed as number of year's purchase
20	9.188	41	9.075	62	8.093
21	9.187	42	9.059	63	7.982
22	9.186	43	9.040	64	7.862
23	9.185	44	9.019	65	7.731
24	9.184	45	8.996	66	7.591
25	9.183	46	8.971	67	7.431
26	9.182	47	8.943	68	7.262
27	9.180	48	8.913	69	7.083
28	9.178	49	8.881	70	6.897
29	9.176	50	8.846	71	6.703
30	9.173	51	8.808	72	6.502
31	9.169	52	8.768	73	6.296
32	9.164	53	8.724	74	6.085
33	9.159	54	8.678	75	5.872
34	9.152	55	8.627	76	5.657
35	9.145	56	8.572	77	5.443
36	9.136	57	8.512	78	5.229
37	9.126	58	8.446	79	5.018
38	9.116	59	8.371	80	4.812
39	9.103	60	8.287	81	4.611
40	9.090	61	8.194		



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