

No. 14021/1/2004-AIS-II
Government of India
Ministry of Personnel, P.G. & Pensions

New Delhi, dated 31st March, 2004.

Handwritten notes: "To" and "To" with a line through it.

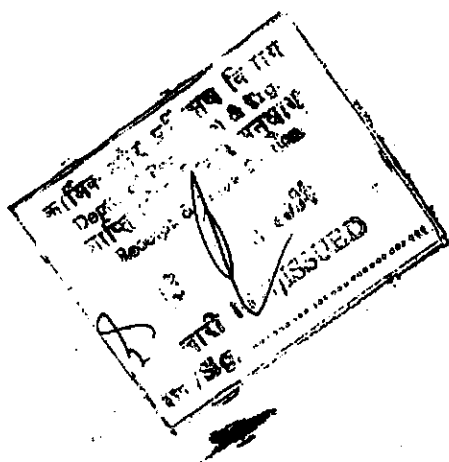
The Chief Secretaries of all the State Governments
and Union Territories.

Subject: Merger of 50% of Dearness Allowance/Dearness Relief with basic pay/pension to Central Government employees/pensioners w.e.f. 1.4.2004.

Sir,

I am directed to refer to the subject above noted and to enclose herewith a copy of the Ministry of Finance, Department of Expenditure O.M. No.105/1/2004-IC dated 1st March, 2004 regarding merger of 50% of Dearness Allowance/Dearness Relief with basic pay/pension to Central Government employees/pensioners with effect from 1st April, 2004 for action in respect of members of All India Services working under the jurisdiction of various State Governments/Union Territories.

2. This issues with the approval of Department of Expenditure, Ministry of Finance.



Yours faithfully

Handwritten signature: Sangeeta Singh
(Sangeeta Singh)
Director (Services)
Tel. No.23093591

F.No.105/1/2004-IC
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, dated the 1 March, 2004.

OFFICE MEMORANDUM

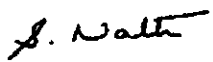
Subject: Merger of 50% of Dearness Allowance/Dearness Relief with basic pay/pension to Central Government employees/pensioners w.e.f. 1.4.2004.

The Fifth CPC in para 105.11 of their Report had recommended that 'DA should be converted into Dearness Pay each time the CPI increases by 50% over the base index used by the last Pay Commission.'

2. This recommendation of Fifth CPC has been considered and the President is pleased to decide that, with effect from 1.4.2004, DA equal to 50% of the existing basic pay shall be merged with the basic pay and shown distinctly as Dearness Pay (DP) which would be counted for purposes like payment of allowances, transfer grant, retirement benefits, contribution to GPF, Licence Fee, monthly contribution for CGHS, various advances, etc. The entitlements for LTC, TA/DA while on tour, and transfer and government accommodation shall, however, continue to be governed on the basis of the basic pay alone without taking into account Dearness Pay. In case of existing pensioners, Dearness Relief equal to 50% of the present pension will, w.e.f. 1.4.2004, be merged with pension and shown distinctly as Dearness Pension. Dearness Allowance/Dearness Relief converted into Dearness Pay/Dearness Pension respectively would be deducted from the existing rate of Dearness Allowance/Dearness Relief.

3. To ensure that pensioners retiring between 1.4.2004 to 31.1.2005 do not face any loss in fixation of pension, as a special dispensation in their case, DA equal to 50% of the basic pay would be treated as basic pay for purposes of computation of pension in respect of basic pay received by them prior to 1.4.2004. Consequently, element of dearness pension will exist only for pensioners retired/retiring from Government of India up to 31.3.2004.

4. Insofar as the persons serving in the Indian Audit & Accounts Department are concerned, these orders issue after consultation with the Comptroller & Auditor General of India.


(SUSHAMA NATH)

Joint Secretary to the Government of India

To:

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

Copy (with usual number of spare copies) to C&AG, UPSC, etc. as per standard endorsement list.