

E-mail / Urgent

Office of the Director of Municipal
Administration, Chennai 600 005.

Circular

Roc.No. 37400/2009/B3

Dated 25 .9.2009

Sub: Pensionary benefits to retired municipal employees
- DCRG, GPF, SPF and other benefits to the
retired persons – Instructions – Issued

Ref: 1) This office circular Roc.No. 48498/2008/B3
dated 20.10.2008
2) Orders of the Hon'ble High Court, Madras dated
13.6.2009 in WP No. 42311 of 2006 OA No. 129 of
1999

It is observed that the terminal benefits including pension, DCRG, PF, SPF, Leave Encashment due to the retired municipal employees are not settled in time. Often, the municipal employees approach the Court for redressal of their grievances due to the inordinate delay in settlement of pensionary benefits dues to them. The delay in settling the terminal benefits to the retired employees causes unnecessary hardship both mentally as well as physically, not only to the retired employees but also to the higher authorities. In this connection, detailed instructions have already been issued to all Urban Local Bodies in the reference first cited.

Further, in one of the recent Court case, the Hon'ble Judge observed as follows:

i) Payment of pension is a bounden duty of the employer and the same should be paid to the Government servant immediately after retirement, which is required for his livelihood and the rules mandate that pension papers should not be treated as papers which may be dealt with in ordinary course; but their disposal as well as subsequent references, if any should be regarded as urgent.

ii) Pension papers should have been prepared and forwarded well in advance as the time line prescribed earlier.

iii) In AIR 1985 Supreme Court 356 (State of Kerala and others V. M. Padmanabhan Nair), a claim was made for payment of interest for the delay of more than two years and three months in payment of pension and gratuity after his retirement due to non production of Last Pay Certificate by the retiree. The Supreme Court while awarding 12% interest on the delayed payment held as follows:

"Pension and gratuity are no longer any bounty to be distributed by the Government to its employees on their retirement but are valuable rights and property in their hands and any culpable delay in settlement and disbursement thereof must be visited with the penalty of payment of interest at the current market rate till actual payment. The liability to pay penal interest on these dues at the current market rate commences at the expiry of two months from the date of retirement".

iv) The Supreme Court held that,

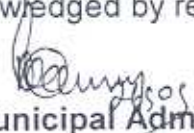
"This we have done to remind the various Governmental departments of their duties in initiating various steps at least two years in advance of the date of retirement. If the rules / instructions are followed strictly, much of the litigation can be avoided and retired government servants will not feel harassed because after all, grant of pension is not a bounty but a right of the government servant. The Government is obliged to follow the rules mentioned in the earlier part of this order in letter and spirit. Delay in settlement of retiral benefits is frustrating and must be avoided at all costs. Such delays are occurring even in regard to family pensions for which too there is a prescribed procedure. This is indeed unfortunate. In cases, where a retired government servant claims interest for delayed payment, the court can certainly keep in mind the time schedule prescribed in the rules/ instructions apart from other relevant factors applicable to each case".

Further, the Hon'ble High Court has pointed out exhaustively the relevant provisions relating to sanction of pension under Chapter VII of Tamil Nadu Pension Rules 1998, quoting Rule 51, Rule 57 & Rule 58.

Therefore, the Executive Authorities of Urban Local Bodies are requested to send pension proposals to higher authorities in time and initiate action to settle the terminal benefits / pensionary benefits of municipal employees as per the Government Orders and instructions issued from time to time.

It is also emphasised that all the staff and officers who are dealing with the pension file should keep humanitarian aspect in mind and deal the pension file as well as pensioners accordingly.

The receipt of this circular should be acknowledged by return of post.


for Director of Municipal Administration

To

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26/9
All Commissioners of Corporations (except Chennai)
All Commissioners of Municipalities
All Executive Officers of Grade III Municipalities.

Copy to:

All Regional Directors of Municipal Administration
The Director of Local Fund Audit, Kuralagam, Chennai-108.