

7. RETIREMENT & PENSION

7.30 Merger of Dearness allowance with basic pay/ pension to State Government employees/ pensioners with effect from 1.1.2006

Finance (Pay Cell) Department

G.O. (Ms) No. 105

Dated : 7.02.2006

Read :

1. Government of India, Ministry of Finance, Department of Expenditure New Delhi, F.No.105/1/2004-1C, dated 1.3.2004
2. G.O. (Ms) No.56, Finance (Allowances) dated 13.1.2006
3. G.O. (Ms) No.58, Finance (Pension) dated 13.1.2006

ORDER

The Government has decided to merge Dearness Allowance equal to 50% of the existing basis pay / pension with the basic pay / pension with effect from 1.1.2006. They accordingly direct that with effect from 1.1.2006, Dearness Allowance equal to 50% of the existing basic pay of the State Government employees shall be merged with the basic pay and shown distinctly as Dearness Pay (D.P) which would be counted for purposes like payment of allowances contribution to General Provident Fund, retirement benefits, transfer grant in respect of the officers who are entitled for it. Lump sum allowances on transfer various advances etc. However the entitlements for Leave Travel Concession. Traveling allowance / Daily Allowance while on tour and transfer and Government accommodation shall however continue to be governed on the basis of basic pay alone without taking into account the Dearness Pay.

2. The Government also direct that in the case of existing pensioners, Dearness Allowances equal to 50% of the present pension shall with effect from 1.1.2006, be merged with pension and shown distinctly as Dearness Pension. This Dearness Pension shall be taken into account for the purpose of calculation of Dearness Allowance.

3. The Government also direct that with a view to ensure that the pensioners retiring between 1.1.2006 and 31.10.2006 are not facing any loss in fixation of pension as a special dispensation in their cases. Dearness Allowance equal to 50% of the basic pay would be treated as basic pay purposes of computation of pension in respect of basic pay received by them prior to 1.1.2006. Consequently, the element of Dearness Pension will exist only for those pensioners who have retired from service upto 31.12.2005.

4. The Government also direct that the merger of 50% Dearness Allowance with basic pay above shall be admissible to full time employees who are at present getting Dearness Allowance and paid from contingencies at fixed monthly rates. The merger of 50% Dearness Allowance sanctioned in this order shall not be admissible to part-time employees.

5. The merger of 50% Dearness Allowance with basic pay will also apply to the teaching and non-teaching staff working in aided educational institutions, employees under local bodies, employees governed by the University Grants Commission / All India Council for Technical Education scales of pay, the Teachers / Physical Directors / Librarians in Government and Aided Polytechnics and Special Diploma Institutions, Village Assistants in Revenue Department, Noon Meal Organizers, Child Welfare Organizers and Anganwadi Workers.

6. The Dearness Allowances equal to 50% of basic pay / pension converted into Dearness Pay / Dearness pension respectively would be deducted from the existing rate of Dearness Allowance.

7. The expenditure shall be debited to the sub-detailed head of account 03 Dearness Pay under the respective detailed Head 03 Dearness Allowance.

8. The expenditure in respect of Pensioners / Family Pensioners shall be debited to the detailed head of account 27. Pensions - 07. Dearness Pension.

(By order of the Governor)

K. GNANADESIKAN
SECRETARY TO GOVERNMENT