



# ALL INDIA PNB STAFF FEDERATION

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**Circular No. 30/2012**

**Dated: 21-09-2012**

## **TO ALL MEMBERS**

### **FIXATION OF PAY TO EX-SERVICEMEN RE-EMPLOYED IN BANKS** **TREATMENT OF MILITARY SERVICE PAY**

Please refer to our Circular No.10/2012 of 4<sup>th</sup> April 2012, reproducing the instructions issued by Indian Banks' Association (IBA) stating that Ex-servicemen re-employed in the Banks, who retired on or after 01.01.2006, are eligible for pay fixation in Banks based on the Pay drawn by them at the time of discharge from defence services which would include Band Pay plus Grade Pay but does not include Military Service Pay (MSP).

Now the Indian Banks' Association, on receipt of a communication from Department of Financial Services, Government of India, while stating that the above instructions stand withdrawn advised the Banks to follow the instructions stipulated in DOPT Office Memorandum No.3/19/2009 Estt. Pay II dated 08.11.2010, which is reproduced hereunder, in word and spirit.

**(R.K.SHARMA)**  
**GENERAL SECRETARY**

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**Text of Office Memorandum No.3/19/2009 Estt. Pay II dated 8th November 2010 of Ministry of Personnel, Public Grievances & Pensions, Department of Personnel & Training (DOPT)**

**Subject: Fixation of pay of re-employed pensioners –  
Treatment of Military Service Pay**

The undersigned is directed to refer to the orders issued vide OM dated 5.4.2010 on fixation of pay of re-employed pensioners. These orders inter-alia lay down that on re-employment in civilian organizations, Military Service Pay shall not be admissible. However, the benefit of MSP given to all retired Defence Forces officers/personnel by reckoning it at the time of calculation of their pension (notionally in the case of pre-1.1.2006 pensioners) should not be withdrawn. Accordingly, while the pension of such re-employed pensioners will include the element of MSP, they will not be granted MSP while working in civilian organizations.

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In the instructions issued by the Ministry of Defence vide their letter No.1/69/2008/D (Pay/Service) dated 24 July 2009, Pre-retirement Pay has been defined as under:

(i) In respect of re-employment taking place on/or after 1.1.2006 pre-retirement pay for those who retired after 1.1.2006 means the pay in the pay band plus grade pay but inclusive of Non-Practicing Allowance (NPA) if any, last drawn before retirement.

(ii) In case of officers who retired before 1.1.2006 and also those who retired after 1.1.2006 in the pre-revised pay scales without opting for the revised pay scales promulgated on or after 1.1.2006 the pay will be basic pay including stagnating increment and Rank pay plus the Dearness pay and Dearness allowance drawn at the time of retirement.

As per these orders, for pre-2006 retirees rank pay is included as a part of pay but for post -2006 retirees, the MSP is not reckoned in the pre-retirement pay for the purposes of pay fixation on re-employment. However, for pension purposes the reckonable emoluments are - basic pay + grade pay + MSP + NPA wherever admissible. Therefore, while MSP is not taken into consideration for the purposes of pay fixation on re-employment, the element of MSP in pension is deducted.

It has been decided in consultation with the Department of Expenditure, that since the element of MSP is not reckoned in the pay fixation on re-employment, it need not be reduced from the pension either. Hence, in respect of all those Defence officers/personnel, whose pension contains an element of MSP that need not be deducted from the pay fixed on re-employment.

**Sd/-**  
**(Mukesh Chaturvedi)**  
**Deputy Secretary**

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