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Centre Gets Back Power To Distinguish Between Pensioners



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After the Sixth Pay Commission, some pensioners had moved courts seeking parity.

Chennai: A legislation passed by Parliament with the Finance Bill recently empowers the Centre to establish distinction between pensioners in terms of pension as recommended by Pay Commissions — a provision which was scrapped by the Supreme Court. The Centre, however, insisted that it will not use the newly-acquired powers to differentiate between pensioners. With this legislation, the government, from now on, can decide whether or not existing pensioners should get the benefits from the recommendations of a new Pay Commission. Till the Sixth Pay Commission in 2006, the Pay Commissions recommended different hikes for employees and pensioners. This led to retired employees of the same grade getting different amounts of pension, depending on whether they retired before the Pay Commission's recommendations came into force or after.



This practice, however, was struck down by the Supreme Court stating that the government lacks authority to make such a distinction between the Central government pensioners based on their data of retirement. The Central government appoints a Pay Commission every 10 years to review and recommend the structure of salary and pension for its serving employees and retired employees. According to the Pensioners Portal of the Department of Pensions, there are 32, 96,403 non-defence pensioners and 31, 92,265 defence pensioners as on March 31, 2024. The validation law applies only to non-defence pensioners.

This legislation, introduced and passed as a part of the Finance Bill 2025, attempts to overcome the objections of the apex court and validates all the CCS (Pension) Rules and Principles framed in 1972, 2021, and 2023. According to experts, the 2025 validation law passed by Parliament as part of the Finance Bill 2025 restores the power of the Centre, which could be used in future to restrict, or deny, future Pay Commission benefits to existing pensioners.

“The new amendment brought in the Finance Bill makes a distinction between old and new retirees and in effect the benefits of a certain Pay Commission recommendations will only be available for those retiring after the operationalization of the recommendations. This will deprive the old retirees from the benefits,” claimed N.K. Premachandran, Member of Parliament the Revolutionary Socialist Party (RSP) from Kerala.

Senior Supreme Court lawyer Jamshed P. Cama said the government is probably giving itself the power to make the distinction with the help of a validation legislation. Reacting to the legislation, Sanchar Nigam Pensioners Welfare Association general secretary G.L. Jogi said, the validation law is clearly meant to assert the government's authority to amend pension rules anytime. It is also covertly meant to supersede the Supreme Court's judgment to avoid the legal liability for arrears to past pensioners. “Applying revised Pay Commission benefits retrospectively to all

existing pensioners (especially those who retired decades ago) could involve massive arrears and recurring pension liabilities. By limiting the benefits to new retirees, the amendment seeks to control government expenditure and to ensure budget predictability in managing pensions.” D.S Murti, a pension activist, however, asserted that division amongst equals is not acceptable and will be challenged in the court. “Several judgments by different courts have laid down that there cannot be division among equals. When the principles of natural justice are affected, anybody can approach the court. Pensioners will fight in the court against any decision taken by the government and the court will decide the merits of the decision and it may also undo the decision by the government,” he explained. Reacting to the doubts being expressed over the impact of the amendment in the Rajya Sabha on March 27, Finance Minister Nirmala Sitharaman insisted that the validation rules do not, in any way, change or alter the pensions of existing civil pensioners from the present stage. “It is not an amendment to any pension rules or instructions but only a reaffirmation of the same w.e.f. 1st June, 1972, i.e. the date the CCS (Pension) Rules were promulgated. The 6th Central Pay Commission made a distinction between the retirees of pre-1.1.2006 and those of post-1.1.2006 periods,” Sitharaman said in the Rajya Sabha. The Sixth Pay Commission had made a distinction between the pre-2006 and post-2006 pensioners in the matter of fitment. While employees were given a grade pay of 40 per cent in addition to a merger of 86 per cent of dearness allowance as on January 1, 2006, pensioners were given a 40 per cent hike in basic pension. When the employees who got a substantial hike retire after 2006, their pension would be substantially more than the pension being received by the pre-2006 pensioners. Similarly, the divergence in pension also emanates from the period of the Fifth Pay Commission. Contrary to the Fifth Pay Commission’s recommendation for an equal hike in pension for the pre-1996 and post-1996 pensioners, the government implemented different pension ceiling for both the categories — 50 per cent of lowest pay of a similar grade employee for pre-1996 pensioners, while 50 per cent of highest pay of a similar grade employee for post-1996 pensioners. After the Sixth Pay Commission, some pensioners had moved courts seeking parity. The Supreme Court last year in its judgment, according to the Validation law, had “obliterated such distinction and proceeded on the premise that the government lacks the authority for providing for such distinction of pensioners based on their data of retirement”. The government has argued that the validation law is required as the pre-2006 pensioners and post-2006 pensioners, who retired at the same grade and service, receive different amounts of pension because of various recommendations of previous Pay Commissions and their acceptance by previous governments. After controversy sparked panic among members of National Council for Joint Consultative Machinery (NCJCM) for Central Government Employees spoke to secretary (Pension) V. Srinivas through a video conference. According to NCJM secretary Shiva Gopal Mishra, the Secretary (Pension) said that the apprehension that the parity between given by the Seventh Pay Commission and implemented by the government will be taken away is not correct since it is already there. He also said that the same (parity) will continue to be there with the Eighth Pay Commission also and hence there is nothing to worry about. Mishra said the association members asked the government to issue a clarification on the same and include it in the Terms of Reference for the Eighth Pay Commission.



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