

The Commutation Riddle

The **Delhi High Court**, in its judgment dated **29 May 2026**, has reaffirmed that restoration of the commuted portion of pension after **15 years** is legally valid and cannot be treated as a simple loan recovery exercise.

In view of this judgment, the only realistic avenue now available is to urge the **8th Central Pay Commission (8th CPC)** to recommend a more equitable commutation policy by reducing either the monthly recovery or the recovery period.

Key Findings of the Judgment

- Pension commutation is **not a loan** advanced to a pensioner.
- The commuted value is determined on **actuarial principles**, taking into account life expectancy, mortality rates, discount rates, and the long-term sustainability of the pension system.
- Consequently, the restoration period cannot be determined merely by calculating when the commuted amount has been mathematically recovered from an individual pensioner's pension.
- The Court held that the **15-year restoration period** prescribed under **Rule 10-A of the CCS (Commutation of Pension) Rules, 1981** is neither arbitrary nor unconstitutional.
- Recommendations made by earlier Committees or Pay Commissions for a shorter restoration period do not automatically amend the statutory rules unless accepted by the Government.
- Pensioners who voluntarily opted for commutation and received a lump-sum payment are bound by the terms and conditions of the scheme.

The Way Forward

With the Delhi High Court having upheld the validity of the **15-year restoration period**, the legal position now stands substantially settled. Consequently, meaningful relief for pensioners can come only through the recommendations of the **8th Central Pay Commission** and their acceptance by the Government.

While fully respecting the Court's judgment, there remains a compelling case for policy reform. The present commutation scheme was designed on actuarial assumptions framed decades ago. Since then, economic conditions, pension structures, and demographic realities have changed significantly. In many comparable financial arrangements, even recoveries carrying interest are completed within about **11 years**. Moreover, India's average life expectancy is now around **73 years**, making it both reasonable and timely to review whether a **15-year recovery period** continues to be fair.

We, therefore, earnestly appeal to the 8th Central Pay Commission and the Government to adopt a balanced, humane, and pensioner-friendly approach by reducing either the recovery period or the monthly deduction from pension. Such a reform would preserve the integrity of the commutation scheme while providing long-awaited relief to millions of Central Government pensioners.

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