



Finance (PGC) Department  
Secretariat, Chennai-600 009.

**Letter No. 35574/PGC/2011-3, dated: 23.04.2012**

From  
Thiru. M. Padmanabhan, B.Com.,  
Additional Secretary to Government.

To  
All Secretaries to Government  
All Departments of Secretariat.  
The Legislative Assembly Secretariat, Chennai -9.  
The Governor's Secretariat, Raj Bhavan, Chennai-22  
The Director of Local Fund Audit, Chennai – 108  
The Chief Internal Auditor and Chief Auditor of Statutory Boards, Chennai-2  
The Director of Government Data Centre, Chennai – 25  
All Head of Departments.  
The Accountant General (A&E), Chennai -18. (By name)  
The Accountant General (A&E), Chennai -18.  
The Principal Accountant General (Audit-I), Chennai –18  
The Principal Accountant General (Audit-I), Chennai –18 (By name)  
The Principal Accountant General (Audit-II), Chennai –18  
The Principal Accountant General (Audit-II), Chennai –18 (By name)  
The Accountant General (CAB), Chennai -9  
The Pay and Accounts Officer (East), Chennai-6  
The Pay and Accounts Officer (Secretariat), Chennai-9.  
The Pay and Accounts Officer (South), Chennai-35.  
The Pay and Accounts Officer (North), Chennai-79.  
The Pay and Accounts Officer, Madurai-1  
The Registrar, High Court, Chennai – 104  
The Secretary, Tamil Nadu Public Service Commission, Chennai – 6.  
The Director of Pension, D.M.S. Complex, Chennai -6  
The Commissioner of Treasuries and Accounts, Chennai –15  
All District Collectors/District Judges / Chief Judicial Magistrates.  
The Commissioner, Corporation of Chennai/ Madurai/ Coimbatore/  
Tiruchirappalli / Salem / Tirunelveli / Tirupur / Erode / Vellore / Tuticurin.  
All Municipal Commissioners / All Panchayat Union Commissioners  
The Pension Pay Officer, Chennai – 6.  
All Treasury officers/Sub-Treasury Officers.  
All State Government owned Boards / Corporations.

Sir,

Sub: Contributory Pension Scheme – Mode of recovery of  
subscription and arrear amount under the Contributory  
Pension Scheme -Clarifications- Regarding.

Ref: 1) G.O. Ms. No.259, Finance (Pension) Department,  
dated 06.08.2003.

- 2) G.O. Ms No.430 Finance (Pension) Department, dated 06.08.2004.
- 3) Government Letter No.71341/ Finance (PGC)/10, dated 20.01.2011.
- 4) From the Accountant General (A&E), Tamil Nadu, Chennai-18 letter No. GPF-14 / CPS / V /65168 Dated 24.06.2011.
- 5) From the Principal Accountant General (A&E), Tamil Nadu, Chennai-18 letter No. GPF-14 / CPS / Genl/51/115046/ 1903/12 Dated 16.03.2012.

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I am to invite your attention to the references cited.

2. In G.O.(Ms).No.430, Finance (Pension) Department, dated 6.8.2004, among others, orders have been issued to the effect that *“arrears of subscription to the Contributory Pension Scheme from 1.4.2003 will be deducted from the employees already joined after 1.4.2003 along with current month subscription (i.e, one subscription for current month and one additional for subscription arrears)”*.

3. Even after nine years of introduction of the Contributory Pension Scheme, instances have been brought to the notice of the Government that several departments are not implementing the above orders promptly and commencing recovery of subscription after one or two years from the date of appointment of employees. Further as contemplated by the Accountant General in the reference third cited, certain Head of Departments/ Drawing Officers have erroneously made recovery of arrears of subscriptions equal to the amount of subscription of the current month which leads to recovery of more than 10% of the Basic Pay + Grade Pay + Dearness Allowance of an Employee / Officer of the initial month's subscription. As long as the employee drawing the same salary (ie, until the date of increment and hike in Dearness Allowance) the subscription amount does not vary. However, after drawing increment and enhanced rate of Dearness Allowance the salary will be increased and correspondingly subscription amount will also be increased. If arrear recoveries are made equal to the current month's subscription, there is every possibility of missing credit for the employees in future. This will not only lead to chaos at the time of final settlement for both the employer and the employees concerned but also leads to huge financial burden to the Government by means of equal Government contribution and by way of interest payment.

4) As requested by the Accountant General in his letter fourth cited, to issue necessary instructions to the Drawing and Disbursing Officers to ensure correct deductions as per the Government Order second cited, an illustration regarding the recovery of arrears under the Contributory Pension Scheme was worked out and sent to the Accountant General for concurrence. The Deputy Accountant General (Funds) in his letter fifth cited has informed that the illustrative example sent by Government is self-explanatory which would help the Drawing and Disbursing Officers to recover the correct amount of subscription/ arrears, subject to certain suggestions made therein.

Accordingly, I am directed to issue the following guidelines:-

- (i) The formula to be followed for recovery of subscription under Contributory Pension Scheme  
**= 10/100 (Pay + Grade Pay) + (% of D.A on Pay + Grade Pay) of respective month.**
- (ii) The amount of subscription/arrears may be rounded off to the nearest rupee.
- (iii) Excess recoveries of subscription/arrears shall be adjusted against the future subscriptions as already clarified in Letter No.92399/ Pension/ 2005-1, dated 13.04.2006.
- (iv) In cases wherein the excess recoveries are not adjusted against future recoveries, the excess credits of subscription/arrears will be treated as unauthorized and no interest or government contribution will be allowed on the amount recovered in excess on final closure, though matching government contribution and interest have been shown in the accounts slip issued by the Office of the Accountant General.
- (v) An illustration showing the methodology of calculation of subscription/arrears of an employee towards Contributory Pension Scheme appointed in the revised scales of pay is enclosed in the Annexure for compliance.

All the Head of Departments/ Drawing Officers are requested to adhere to the above instructions scrupulously.

Yours faithfully,



for Additional Secretary to Government

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**ANNEXURE**

Illustration showing the calculation of monthly subscription for a Junior Assistant appointed in the revised pay scale of Rs.5200-20200+Grade Pay Rs.2400.

|   |                         |
|---|-------------------------|
| Date of Joining                                 | :12.5.2006              |
| Subscription to be commenced w.e.f.             | :01.6.2006 ( D.A. Nil ) |
| D.A. @ 2% w.e.f.                                | :01.7.2006              |
| D.A. @ 6 % w.e.f.                               | :01.1.2007              |
| Date of increment                               | :01.4.2007              |
| Actual date of commencement of the Subscription | :01.5.2007              |

**Working Sheet for the calculation of subscription & arrears under the Contributory Pension Scheme:**

Subscription under the CPS until June 2006 = Rs.760.00  
 $((5200+2400)+(DA\ Nil + GP))*10/100$

Subscription under the CPS from July 2006 to Dec.2006 = Rs.775.20  
 $((5200+2400)+(2\% DA\ on\ Pay + GP))*10/100$

Subscription under the CPS from Jan. 2007 to Mar.2007 = Rs.805.60  
 $((5200+2400)+(6\%DA\ on\ Pay + GP))*10/100$

Subscription under the CPS w.e.f. April 2007 (after increment) = Rs.830.00  
 $((5430+2400)+(6\%DA\ on\ Pay + GP))*10/100$

Subscription under the CPS at the time of actual commencement  
 (i.e) From may 2007 onwards = Rs.830.00

Monthly subscription from 5/2007 and arrear instalment shall be recovered as below:

| Month of Recovery              | Monthly subscription | Arrear Amount                            |
|--------------------------------|----------------------|--|
| May 2007                       | Rs.830/-             | Rs.760/- (for 6/2006)                    |
| June 2007 to November 2007     | Rs.830/- p.m.        | * Rs.775/- p.m. (from 7/2006 to 12/2006) |
| December 2007 to February 2008 | Rs.830/- p.m.        | * Rs.806/- p.m. (from 1/2007 to 3/2007)  |
| March 2008                     | Rs.830/-             | Rs.830/- (for 4/2007)                    |

\* (The amount of subscription / arrears may be rounded off to the nearest rupee.)

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*A. Jamikselvi*

SECTION OFFICER.