

would consider the question and then only the question of cost would arise

DECREASE IN COMMUTATION VALUE
OF PENSION OF GOVERNMENT
SERVANTS

*480. DR. A. N. BOSE: Will the Minister of FINANCE be pleased to state:

(a) whether the commutation value of pension for Government servants has been decreased with effect from February 1, 1957;

(b) if so, why; and

(c) whether it is under consideration by Government to grant dearness allowance to pensioners at the rate applicable to employees in active service?

THE DEPUTY MINISTER OF FINANCE (SHRI B. R. BHAGAT): (a) Yes, Sir.

(b) The commutation value of pension is regulated by the Commutation Tables which are dependent on two factors: (i) the mortality experience of pensioners and (ii) the average yield on long-term Rupee loans, or, in other words, the rate of interest payable on loans raised by Government. These Tables are usually revised as and when there is any appreciable variation in either of the above factors. The last revision of Commutation Tables which took effect from 1st February 1957, was with reference to the rate of interest which had shown considerable variation in the upward direction during the recent years, and this has resulted in the corresponding decrease in the commutation value of pensions.

(c) No, Sir.

DR. A. N. BOSE: Sir, I do not understand why commutation value should be decreased because of the rise in the rate of interest payable on loans. Is the amount of pension set apart from the budget, or is it paid from the loans raised?

SHRI B. R. BHAGAT: Sir, actually any commutation is a contract between the Government and the pensioner, which means early payment of the pension which is paid over a longer period, and naturally the expected yield on the loan during that period matters in the commutation amount and so, if the rate of interest goes up, the commutation value comes down.

DR. A. N. BOSE: Why should an increase in mortality lead to a fall in the commutation value of the pension?

SHRI B. R. BHAGAT: I did not say that; that would not lead to a fall. Actually increase in longevity will mean—well, it is a very complicated exercise in arithmetic, but it will mean roughly an increase in the commutation value.

DR. A. N. BOSE: Being a complicated matter may I request the hon. Minister to explain it to me in the lobby after the question hour?

SHRI B. R. BHAGAT: All right, Sir.

SHRI T. S. AVINASHILINGAM CHETTIAR: It is pointed out that the commutation value will depend upon the age levels going up or down, and the rates of interest. Interest might have gone up but the age levels have risen. Has that been taken into consideration in the calculation of these rates?

SHRI B. R. BHAGAT: No, Sir; it has nothing to do with the age levels.

MR. CHAIRMAN: If longevity increases, is that taken into account? That is what he asks.

SHRI B. R. BHAGAT: For that an investigation into the mortality experience of Indian pensioners is now being made by the Controller of Insurance with a view to determining whether the longevity of life of an Indian pensioner has since improved,

and we are awaiting the report, and we will examine it and take action.

SHRI B. SHIVA RAO: With regard to part (c) to which I think my hon. friend said, 'No', may I ask him whether the answer given by his colleague Mrs. Tarkeshwari Sinha to a similar question in the last Session, that the increment already granted is of a temporary character, whether that view of the Finance Ministry still continues and whether that increment is considered to be temporary in nature?

SHRI B. R. BHAGAT: Sir, that answer given does not conflict with the answer I gave now.

SHRI B. SHIVA RAO: I am not suggesting that, I am only asking whether it continues to be temporary or whether the Finance Ministry has, since that question was asked, revised its view?

SHRI B. R. BHAGAT: That is an entirely separate question and I would require notice to answer that.

श्री पा० ना० राजगोखल : सेवा-निवृत्त लोगों में से रीइम्प्लाइड की कितनी संख्या है क्या माननीय मंत्री जी बतलाने की कृपा करेंगे ?

MR. CHAIRMAN: He is asking how many pensioners have been re-employed. And how does that relate to you? You have no answer.

PANDIT S. S. N. TANKHA: May I know, in case the Government finds that the longevity of the pensioners has increased compared to the last decade or so, is it its intention to reduce the scale of pension?

SHRI B. R. BHAGAT: No, Sir.

MR. CHAIRMAN: These are all factors taken into account.

SHRI B. B. SHARMA: Is it not a fact that most of the people have drawn more than their original

salary with the amount of the pension added to it?

MR. CHAIRMAN: Next question.

CONTRACT WITH HARDS MOTORS, LONDON FOR RECOVERY OF SCRAP FROM TIME-BARRED AMMUNITION

*481. SHRI M. P. BHARGAVA: Will the Minister of DEFENCE be pleased to state:

(a) whether any contract has been placed with the Hards Motors, London for the recovery of scrap from time-barred ammunition; and

(b) whether the firm are doing the work themselves or are getting it done through sub-contractors?

THE DEPUTY MINISTER OF DEFENCE (SHRI K. RAGHURAMAIAH):

(a) Yes, Sir.

(b) The firm has employed Italian technical experts for the defusing and dismantling of the ammunition.

SHRI M. P. BHARGAVA: May I know, Sir, whether Hards Motors had any previous experience of this type of work?

SHRI K. RAGHURAMAIAH: Hards Motors are contractors who are employing some technicians and I understand these technicians have had previous experience.

SHRI M. P. BHARGAVA: May I know, Sir, whether it is a fact that an Italian firm also gave their tender for this contract?

SHRI K. RAGHURAMAIAH: That is not true, Sir.

SHRI M. P. BHARGAVA: May I know, Sir, whether it is a fact that Hards Motors were involved in a tax evasion case in the U.K.?

SHRI K. RAGHURAMAIAH: That is what we heard recently, but I do not have any definite knowledge about it.