

Methodology for Upgradation of Pension under the LIC Board Resolution dated 24.11.2001

The LIC Board, in its meeting dated 24 November 2001, resolved that the pension of all pre-1 August 1997 retirees should be revised with effect from 1 August 1997 by:

1. Merger of Dearness Relief (DR) with Basic Pension,
2. Grant of a uniform weightage of 11.25%, identical to the benefit extended to in-service employees, and
3. Adoption of the revised DR rate of 0.23% of Basic Pension for every four-point change over the AICPI base of 1740.

This resolution specifically recorded that implementation would be prospective, subject to the approval of the Central Government

Context of the Board Resolution

At the time of the Board's decision, only one wage revision had been notified after the LIC Pension Rules, 1995, namely the 1997 wage revision notified on 22 June 2000. Appendix IV, para 3A of the Pension Rules provided 100% neutralisation of DR with effect from 1 August 1997, replacing the earlier tapering formula applicable to pre-August 1997 retirees.

To determine the impact of the merger and weightage, the Basic Pension was equated to double the Basic Pay at the maximum of the scale, and the corresponding weightage percentages for different cadres for the 1992/1993 and 1997 revisions were computed.

Since Government approval was never conveyed, even prospectively, the earliest reasonable prospective date—had approval been granted in time—cannot extend beyond 1 August 2002, the effective date of the next wage revision.

Need for a Successive Chain Revision Across All Wage Revision Dates

Over the past 23 years, five additional wage revisions (in 2002, 2007, 2012, 2017, 2022) have been notified. The methodology adopted in the Board Resolution—namely:

- merger of DR with Basic Pension, and
- grant of weightage (11.25% in the Board decision; cadre-wise weightages computed for other dates) must necessarily apply across all subsequent wage-revision generations, because:

1. The recommendation remains pending with the Central Government without decision, and
2. Any implementation now cannot be restricted only to pre-1997 retirees, since multiple generations of retirees similarly situated have emerged in the intervening period.

Thus, the same methodology, mutatis mutandis, must be applied on:

1.8.1997, 1.8.2002, 1.8.2007, 1.8.2012, 1.8.2017, and 1.8.2022, ensuring that, from 1 August 2022 onward, there will be one homogeneous class of comparable pensioners, each having one uniform scale of pension and one uniform rate of Dearness Relief.

Deviation from Board Resolution in LIC's Illustrations and Interim Relief

Although the Board explicitly required:

- merger of 100% neutralised DR, and
- addition of 11.25% weightage,

LIC's own communication dated 11 August 2003 to the Central Government, and the 40% Interim Relief payments made pursuant to the Supreme Court's order dated 31 March 2016, did not follow the Board-mandated methodology. Specifically:

- LIC used actual DR paid (and not 100% neutralised DR), and
- LIC ignored the 11.25% weightage mandated by the Board Resolution.

Cadre-wise Weightage Percentages Across Wage Revisions

The detailed table of cadre-wise weightages (for seven wage-revision dates) demonstrates significant variations depending on cadre and revision date. The detailed Table is given below:

**CADRE-WISE PERCENTAGE WEIGHTAGE ON VARIOUS WAGE REVISION DATES
AFTER MERGER OF DA WITH BASIC PAY BASED ON 100% DR NEUTRALISATION
INCLUDING FOR THE FIRST TWO GROUPS BEFORE AUGUST 1997**

Cadre	EFFECTIVE DATES OF WAGE REVISIONS						
	1/8/1992(1/4/1993 for Class I & II Officers)	01-08-1997	01-08-2002	01-08-2007	01-08-2012	01-08-2017	01-08-2022
Sweeper	3.85	11.76	11.34	18.84	14.01	15.36	16.1
Peon	3.59	11.90	11.68	19.35	14.08	15.43	16.2
Driver	3.42	11.75	11.74	20.20	14.26	15.56	16.2
Record Clerk	3.50	11.44	13.44	19.87	14.29	15.61	16.3
Assistant	0.27	7.75	13.40	20.74	14.60	15.94	16.4
Stenographer	0.57	11.37	13.26	20.85	14.68	15.99	16.4
Higher Grade Assistant	0.97	10.08	12.98	21.61	14.79	16.04	16.4
Assistant Administrative Officer	4.16	8.50	11.49	22.22	14.91	16.11	16.5
Administrative Officer	3.47	8.22	11.72	22.47	14.93	16.12	16.5
Assistant Divisional Manager	2.73	7.59	13.27	24.80	14.99	16.16	16.5
Divisional Manager	1.84	8.11	12.99	25.79	15.01	16.18	16.5
Senior Divisional Manager	0.34	9.31	12.52	27.57	15.05	16.21	16.5
Zonal Manager (O)	0.70	10.40	11.91	28.77	15.09	16.25	16.5
Zonal Manager (S)/Executive Director	4.28	11.05	11.17	29.69	15.13	16.28	16.5
Development Officer	1.13	14.77	12.77	21.77	14.84	16.08	16.5

Note:

For the first two groups, the merger of DA was done in the above calculations with 100% neutralisation before calculating percentage weightage.

RANGE OF WEIGHTAGE

Wage Revision Date	Minimum Weightage (%)	Maximum weightage (%)
1/8/1992(1/4/1993 for Class I & II Officers)	0.27 (Assistant)	4.28 (Executive Director)
01-08-1997	7.59 (ADM)	14.77 (Development Officer)
01-08-2002	11.17 (ED)	13.44 (RC)
01-08-2007	18.84 (Sweeper)	29.69 (ED)
01-08-2012	14.01 (Sweeper)	15.13(ED)
01-08-2017	15.36 (Sweeper)	16.28 (ED)
01-08-2022	16.18(Sweeper)	16.59 (ED)

For illustration, an Assistant Divisional Manager who retired before 1 April 1993 with a Basic Pension of ₹2525 would, under the Board's methodology, reach successive revised Basic Pensions of:

₹4975 on 1.8.1992/1.4.1993,

₹8125 on 1.8.1997,

₹12,315 on 1.8.2002,

₹19,630 on 1.8.2007,

₹37,503 on 1.8.2012,

₹61,470 on 1.8.2017, and

₹1,01,793 on 1.8.2022.

This example clearly shows how proper implementation results, by 2022, in a single fair and rational pension structure for all comparable retirees.

Effect of the 23-Year Delay

Given the extraordinary delay of over 23 years by the Central Government:

- **The resolution has, in effect, become applicable to all pre-1 August 2022 retirees, including family pensioners.**
- **It cannot now be confined only to pre-August 1997 retirees.**
- **Any selective implementation would violate Article 14 and Article 21.**

Conclusion

The LIC Board Resolution dated 24.11.2001 laid down a clear and uniform methodology for pension upgradation based on 100% DR neutralisation, merger of DR with Basic Pension, and grant of weightage. Because the Central Government has not acted upon this recommendation for more than two decades—during which five additional wage revisions have been implemented—the methodology necessarily acquires pan-generational applicability.

In the event the Supreme Court directs implementation, the only legally sustainable approach is a chain revision of pension across all wage-revision dates, culminating in one uniform pension scale and DR rate from 1.8.2022 for all comparable categories of pensioners and family pensioners. Needless to say, arrears of the differential pension arising from such revisions will also be payable from the first effective date of the wage revision immediately following the individual pensioner's date of retirement, up to the present date.

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