



One Rank One Pension

Table of Content

1	Background.....	2
2	Justification and criticism.....	2
3	Government response.....	3
4	Way Forward and Suggestions.....	4

1 Background

One Rank One Pension (OROP) is the demand of retired defense personnel for the same amount of pension for similarly ranked defense personnel, irrespective of the date of retirement, provided the person concerned had retired from the same rank and they had served for an equal number of years.

Roughly translated, a sepoy who retired in 1995 with 20 years of service should get the same pension as a sepoy who retired in 2010 after 20 years of service.

Currently, the pension for retired personnel is based on the Pay Commission recommendations at the time when they retired. The pension amount is decided on the basis of their last drawn salary. The demand has been going on since about three decades. However, it came to prominence last year as a result of it being made as an election promise by mainstream political parties.

2 Justification and criticism

There have been passionate arguments on the suitability of OROP for defense personnel both by the defense forces and outside public. At the same time there is opposition of the scheme from several quarters.

The supporters of the scheme have the following arguments:

- The **disparity between past and present pensioners** has grown with every successive Pay Commission. A sepoy who retired before 1996 gets 82% less pension than a sepoy who retired after 2006. Among officers, a major who retired pre-1996 gets 53% less pension than a major who retired post-2006, while both types have to bear the same cost of living.
- Until 1973, officers drew 50% of their last drawn salary as pension every month and jawans/junior commissioned officers drew 70%. But this changed after the Third Pay Commission's suggestions came in that year and military pensions were reduced and aligned with civilian pensions.
- **Civil servants are protected under Section 47 of the Disability Act** and cannot be discharged by the government on account of disability until they reach the retirement age. This section doesn't apply to the defense forces and they can be discharged anytime on account of disability.
- **Armed forces personnel do not get to serve as long as those in the civil services.** While the retirement age for civil servants is 60 years, 85% soldiers are compulsorily retire between 35 and 37 years of age. Another 12-13 per cent soldiers, retire between 40 and 54 years. Hence, they need appropriate support to live a dignified life.
- Low salaries and pensions have lured youth into the far more lucrative corporate sector or civilian arms of government. Hundreds of officers opt out of the services for better financial prospects. This has led to an **acute shortage of manpower in the armed forces.**
- We must see OROP as part of the larger goal of making the Armed Forces an attractive career choice. Truncated career spans are a huge disincentive to joining the forces today. One Rank One Pension will benefit **25 lakh ex-servicemen.**
- A concurrent restructuring of the MoD to convert it to an integrated defense HQ and appointment of a CDS will release enormous energy. Alongside, a total revamping of the defense procurement systems and we may be able to find the money needed for OROP.

Supreme Court in February this year ruled that Government should implement OROP in light of its 2009 judgment in which SC held that no defense personnel senior in rank could get a lower pension than his junior irrespective of the date of retirement, and that similarly placed officers of the same rank should be given the same pension irrespective of the date of retirement.

Arguments against the implementation of OROP:

- **Third Pay Commission** which was the first commission to be entrusted with the task of recommending pay, allowances and benefits of civilians as well as Armed Forces, recommended discontinuing the OROP. This principle has now subsequently been scrutinised by four Pay Commissions and none of them have recommended a reversion to status quo ante.

- Rs **8000-10000 crore** will be the fiscal load of the implementation of the OROP every year, which is expected to increase every year especially after every pay commission. Since OROP is being implemented retrospectively from 1st July, 2014, its arrears from last year will alone cause Rs 12000-14000 crore.
- Armed force personnel are already provided separate military service pay, field area allowance, counter insurgency allowance, high altitude/uncongenial climate allowance, Siachen Glacier allowance, flying pay, parachute pay, special forces pay, etc. They get various benefits, not accorded to their civilian counterparts, such as dedicated army hospitals, army schools, army colleges, subsidized food and beverages, quota for children in schools, universities etc. Hence, the argument that they are not paid adequately is not strong.
- One of the arguments for OROP is that personnel serve in Indian armed forces risking their lives and serve in perilous conditions therefore must be paid more. It sends a wrong message to the youth. Similar arguments can be made by the CAPF, BSF, CRPF, CISF, ITBP and SSB and paramilitary forces such as Assam Rifles, Special Frontier Force, Indian Coast Guard and police personnel who also serve in very difficult conditions risking their lives. Police personnel have already started raising the demand.
- It will **also lead to demand for an increase in salaries** so that personnel can get high pension when they retire. In what is linked to the government's announcement of OROP, at least 10 serving Navy officers recently made representations to the Navy Headquarters seeking enhancement of their grade pay which may entitle them to higher salaries, pension and benefits. The hikes sought, though seemingly minuscule, will put them in a higher pay band thereby entitling them to much higher benefits under the seventh Central Pay Commission and OROP.
- Conscious of its ballooning pension's bill, the government had moved its civilian employees to a contributory pension scheme in 2004. The demand of these employees to revert to the old fixed pension's regime will be bolstered by grant of OROP.
- Low retirement age entitles them to long pension periods which will be hugely increased when OROP is implied.

3 Government response

The demand for OROP had been accepted by the **Koshiyari Committee** in its report to Parliament in 2011. In February 2014, the then Government stated that OROP would be implemented in 2014-15, but did not specify what OROP would be, how it would be implemented or how much it would cost. An estimated Rs. 500 crore provided for OROP in the budget presented in February 2014 by the then government was not based on any thorough analysis.

The new Government on 5 September announced OROP scheme for the ex-Servicemen. The Government Order by Ministry of Defence, which could not be issued due to model code of conduct, was issued on 7th September.

Salient features of the OROP as stated in the Order are as follows:

- I. To begin with, pension of the past pensioners would be re-fixed on the basis of pension of retirees of calendar year 2013 and the benefit will be effective with effect from 1.7.2014.
- II. Pension will be re-fixed for all pensioners on the basis of the average of minimum and maximum pension of personnel retiring in 2013 in the same rank and with the same length of service.
- III. Pension for those drawing above the average shall be protected.
- IV. Arrears will be paid in four equal half yearly installments. However, all the family pensioners, including those in receipt of Special/Liberalized family pensioners, and Gallantry award winners shall be paid arrears in one installment.
- V. In future, the pension would be re-fixed every 5 years.
- VI. Personnel who opt to get discharged henceforth **on their own request** under Rule 13(3)1(i)(b), 13(3)1(iv) or Rule 16B of the Army Rule 1954 or equivalent Navy or Air Force Rules will not be entitled to the benefits of OROP. It will be effective prospectively.
- VII. The Govt. has decided to appoint a Judicial Committee to look into anomalies, if any, arising out of implementation of OROP. The Judicial Committee will submit its report in six months.

However, there still exist many contentious points in the implementation of OROP upon which agreement and clarity is missing:

- **Equalization of pension:** Veterans want pension to be equalized every year.
- **Veterans want pension of old retirees to be fixed at par with new retirees** while government is saying that it will fix the pension as an average of max and min of current retirees.
- **Composition of the Judicial Commission** - Government has formed a **one member judicial commission** to look into the anomalies created out of the announcement but the veterans want that it should be a **multimember commission** with members from armed forces as well as veterans and its report within 90 days of its constitution.
- **Premature Retirement:** Few are also protesting against the provision that OROP will not be extended to military personnel who seek premature retirement now on. Defence services feel that the denial of OROP to military personnel going on premature retirement goes against the recommendations of the **Ajai Vikram Singh Committee**, which had recommended measures to reduce the age profile of officers. These recommendations were approved by the cabinet and implemented by the government. Modern armies work on the principle of “up or out”. Officials who don’t get promoted have to compulsorily retire after a fixed period in any rank, usually 4-5 years. That is how armies stay young, fresh and motivated. Making premature retirement attractive is the way in which India can work towards that goal. Denying OROP actually does the opposite.
- Initially it was decided that the OROP will also be applicable for war widows, disables and for those who took voluntary retirement. This has also stirred disagreement between the government and the veterans

4 Way Forward and Suggestions

OROP is a highly emotive issue and hence, implementation must be time bound. The Government should consider OROP to premature retirees in order to keep a young army.

Also representation of army personnel on the committee will go long way in bridging the trust deficit between armed forces and Government. It is true that it has great positives for the defense personnel but at the same time it has its fallouts as well on the fiscal health and other services of the country. However, the Government can manage the fiscal burden my mobilisation of resources.

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