



## One Rank One Pension

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## 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 retired 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.
- **SC 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.
- In 1983, the SC said that "pension is not a bounty nor a matter of grace depending upon the sweet will of the employer. It is not an ex-gratia payment, but a payment for past services rendered."
- 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.

### Following arguments have been made 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, when it is not in force 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 pensions 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 pensions 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 and its analysis

Government on 5 September announced that it will implement the OROP in principle. It had a calculated look at the issue and appointed a body consisting of defense personnel as well to decide on the matter. The decision has been taken after much deliberation. The announcement has brought much relief to the army veterans agitating for OROP. 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 while the government wants it to be equalized every ten years. Finally, the government is ready to reduce it to five years at maximum while the veterans want it to be at least two years.
- **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.
- 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.
- Confusion over whether voluntary retirees better termed as **premature retirees will get pension or not** and what amount of pension. While government has clarified that they will get pension, the exact scheme has not been announced.

However, personnel are saying that the announcement seems to be limited to announcement only as there are no signs of implementation in real terms. No forward action on the part of Government has been initiated to reach the benefits of OROP scheme at veterans' doors. The veterans find holes in the declared OROP scheme and doubt sincerity of centre.

#### 4. Way Forward and Suggestions

OROP is a highly emotive issue and hence, any action on it should be carefully decided upon. 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.

Some of the suggestions have been made regarding alternatives of OROP, such as below:

- A **Special Pay to Armed Forces** which may be roughly equivalent to their monetized demands in absolute terms instead of accepting the principle of OROP. It would finely navigate the civilian demand which as per back-of-envelope calculation for approximately 10% of affected Railwaymen would come to about Rs 520 Cr PA and Rs 360 Cr for other civilian employees.
- Making the **New Pension Scheme more lucrative** so that it could fulfill the aspirations of defense as well as civilian arms of the government.

OROP has been highly politicized and has gained sentimental value. Hence, a turning back on OROP seems an improbability. The issue is still evolving and the final scheme is yet to come in the public domain. Therefore, political class and all the stakeholders need to chalk out a plan judiciously that can balance the needs of the defense personnel with the need of fiscal health and needs of other services of the country.

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