

**F.No. 105/1/2004- IC  
Government of India  
Ministry of Finance  
Department of Expenditure**

New Delhi, dated the 1 March, 2004

**OFFICE MEMORANDUM**

**Subject:-** Merger of 50% of Dearness Allowance / Dearness Relief with basic pay / pension to Central Government employees / pensioners w.e.f. 1.4.2004.

The Fifth CPC in para 105.11 of their Report had recommended that 'DA should be converted into Dearness Pay each time the CPI increases by 50% over the base index used by the last Pay Commission'.

2. This recommendation of the 5th CPC has been considered and the President is pleased to decide that wef 1.4.2004, DA equal to 50% of the existing basic pay shall be merged with the basic pay and shown distinctly as Dearness Pay (DP) which would be counted for purposes like payment of allowances, transfer grant, retirement benefits, contribution to GPF, Licence Fee, monthly contribution for CGHS, various advances etc. The entitlement for LTC, TA/DA while on tour and transfer and government accommodation shall, however, continue to be governed on the basis of the basic pay alone without taking into account Dearness Pay. In the case of existing pensioners, Dearness Relief equal to 50% of the present pension will, w.e.f. 1.4.2004, be merged with pension and shown distinctly as Dearness Pension. Dearness Allowance/Dearness Relief converted into Dearness Pay/Dearness Pension respectively would be deducted from the existing rate of Dearness Allowance/Dearness Relief.

3. To ensure that pensioners retiring between 1.4.2004 to 31.12.2005 do not face any loss in fixation of pension, as a special dispensation in their case, DA equal to 50% of the basic pay would be treated as basic pay for purposes of computation of pension in respect of basic pay received by them prior to 1.4.2004. Consequently, element of dearness pension will exist only for pensioners retired/retiring from Government of India upto 31.2004.

4. In so far as the persons serving in the Indian Audit & Accounts Department are concerned, these orders issue after consultation with the Comptroller & Auditor General of India.

Sd/-  
(SUSHAMA NATH)  
Joint Secretary to the Government of India

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