

Payment of Pension to Government Pensioners
(Updated as on April 01, 2025)

Scheme for Payment of Pension to Central Government Pensioners by Authorised Banks

Payment of pension to retired government employees, including payment of basic pension, increased dearness relief (DR), and other benefits as and when announced by the governments, is governed by the relevant schemes prepared by concerned Ministries/Departments of the Government of India and State Governments. RBI has issued certain instructions in this regard which is available in the [Master Circular – Disbursement of Government Pension by Agency Banks dated April 01, 2025](#). Clarifications, in the form of questions and answers, on certain issues related to the instructions issued by RBI is given below.

1. Whether a Joint Account can be continued for family pension after death of a pensioner?

Yes, the banks should not insist on opening of a new account in case of Central Government pensioner if the spouse in whose favour an authorization for family pension exists in the Pension Payment Order (PPO) is the survivor. The family pension should be credited to the existing account without opening a new account by the family pensioner for this purpose.

2. When is the pension credited to the pensioner's account by the paying branch?

The pension paying banks credit the pension amount in the accounts of the pensioners based on the instructions given by the Pension Paying Authorities.

3. Can the pension paying bank recover the excess amount credited to the pensioner's account?

(a) Agency banks are requested to seek guidance from respective Pension Sanctioning Authorities regarding the process to be followed for recovery of excess pension paid to the pensioners, if any.

(b) Where excess pension payment has arisen on account of mistakes committed by the bank, the amount paid in excess should be refunded to the Government in lump-sum immediately after detection of the same and without waiting for recovery of any amount from the pensioners.

4. Should acknowledgement be given by pension paying banks while accepting Life Certificates from pensioners?

There have been complaints that life certificates submitted over the counter of pension paying branches are misplaced causing delay in payment of monthly pensions. In order to alleviate the hardships faced by pensioners, agency banks were instructed to mandatorily issue duly signed acknowledgements. They were also requested to consider entering the receipt of life certificates in their CBS and issue

a system generated acknowledgement which would serve the twin purpose of acknowledgement as well as real time updation of records. Banks may provide digital acknowledgements in respect of digital life certificates submitted by the pensioners.

5. Is it possible to submit life certificates without visiting the branch?

Yes, pensioners can submit life certificates without visiting the branch using Jeevan Praman provided the Pension Sanctioning Authority is on boarded on the platform. Further, banks have also been advised to provide super senior citizens (pensioners over 70 years of age) and differently abled or infirm persons (having medically certified chronic illness or disability) including those who are visually impaired, the facility to submit life certificate at the premises/ residence of such customers.

6. Can a pensioner withdraw pension from his/ her account when he/she is not able to sign or put thumb/toe impression or unable to be present in the bank?

Yes, instructions have been issued by RBI to pension disbursing banks to allow withdrawal of pension by following certain procedures which are given below:

Withdrawal of pension by old/ sick/ disabled/ incapacitated pensioners

(i) In order to take care of problems/ difficulties faced by sick and disabled pensioners in withdrawal of pension / family pension from the banks, agency banks may categorise such pensioners as under:

(a) Pensioner who is too ill to sign a cheque / unable to be physically present in the bank.

(b) Pensioner who is not only unable to be physically present in the bank but also not even able to put his/her thumb impression on the cheque/ withdrawal form due to certain physical defect / incapacity.

(ii) With a view to enabling such old/sick/incapacitated pensioners to operate their accounts, banks may follow the procedure as under:

(a) Wherever thumb or toe impression of the old/sick pensioner is obtained, it should be identified by two independent witnesses known to the bank, one of whom should be a responsible bank official.

(b) Where the pensioner cannot even put his/her thumb/ toe impression and also would not be able to be physically present in the bank, a mark can be obtained on the cheque/withdrawal form, which should be identified by two independent witnesses, one of whom should be a responsible bank official.

The responsible bank official has to be from the same bank, preferably from the same branch, where the pensioner is having his/her pension account.

Agency banks have been asked to display the instructions issued in this regard on their notice board at the branches so that sick and disabled pensioners can make full use of these facilities.

7. How the payment of Dearness Relief at revised rate is to be paid to the pensioners?

The pension paying agency banks have to revise the Dearness Relief based on the copies of government orders provided by government to them through post, fax, e-mails or by accessing the information from the website of the concerned governments, and authorize their pension paying branches to make payments to the pensioners immediately.

8. Whether a pensioner is entitled for any compensation from the agency banks for delayed credit of pension/ arrears of pension?

Yes, pension paying banks should compensate the pensioner for delay in crediting pension/ arrears thereof at a fixed interest rate of 8 per cent per annum for the delay after the due date of payment. This compensation should be credited to the pensioner's account automatically without any claim from the pensioner on the same day when the bank affords credit for revised pension/ pension arrears, in respect of all delayed pension payments made since October 1, 2008.

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