

No. F.60/14/77-IC  
GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF EXPENDITURE)  
IMPLEMENTATION CELL

New Delhi, the 23rd June, 1977.

OFFICE MEMORANDUM

Subject:- Central Government Employees Insurance Scheme.

In paragraph 83 of Chapter 60 of its report, the Third Pay Commission had recommended the introduction of an insurance scheme for Central Government employees. The question of implementing this recommendation of the Commission had been under consideration of the Government for some time. In consultation with the representatives of the Staff Side in the National Council of the JCM, the President is now pleased to decide that the following insurance scheme will be introduced w.e.f. 1-7-1977. The insurance cover will be extended from that date and contributions deducted from the pay bills for June, 1977 onwards.

2. The scheme which will be known as the Central Government Employees Insurance Scheme shall apply to all Central Government servants on regular establishments (including work-charged staff) other than the Railway servants and persons paid from Defence Service Estimates, for whom separate orders will issue from the Ministries of Railways and Defence respectively. The scheme shall not, however, apply to contract employees, persons on deputation from State Governments, public sector undertakings, or other autonomous organisations, locally recruited staff in Indian Missions abroad, casual labour and part-time employees.

3. The rates of contribution and benefits under the Scheme depend on the age at which the Central Government servant comes under the Scheme. These are divided into three groups.

Group - I

3.1 The employees who come under the scheme before attaining the age of 28 years will be included in this group. They will be required to pay a uniform contribution of 50 paise per month till they attain the age of 28 years (i.e. till the end of the month preceding the month in which they attain the age of 28 yrs.). In case of death of the Government servant in service during this period, his/her nominees shall be paid Rs 5,000/- (Rupees five thousand only) in lumpsum. No terminal cash benefit whatsoever shall be payable under this Scheme if the employee leaves service before reaching the age of 28 or dies

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after leaving service before reaching that age. On attainment of 28 years of age, these employees will come under Group II of the Scheme.

#### Group II

3.2 This group will include the employees in Group I, after they attain the age of 28 and those coming under the Scheme in the month in which they attain the age of 28. These employees will be required to pay a uniform contribution of Rs 5/- per month commencing from the month in which they attain the age of 28 years, and ending with the month preceding the month in which they attain the age of 58 years. A sum of Rs 5,000/- (Rupees five thousand only) shall be paid to the Government servant on attainment of the age of 58 years. In case of death while in service, the nominees of the Government servant shall be paid Rs 5,000/- (Rupees five thousand only) in lumpsum. No contribution is to be recovered for the month in which a Government servant dies in service.

3.3. An employee, coming under the Scheme after the age of 28 but before attaining the age of 31 would normally come under Group III. However, such an employee will have an option to come under Group II provided he pays to Government the arrears of contribution @ Rs 5/- per month from the month and year in which he attains 28 years (irrespective of whether he was in Government service or not in that month). The option should be exercised in writing in the FORM - I enclosed within two months of the date from which he comes under the Scheme. If no option is received during this period, he will automatically come under Group III.

3.4 On receipt of the option, the Head of Office concerned should arrange for the recovery of the arrears of contributions in addition to the normal contribution from the next issue of pay to the Government servant concerned. A record to the effect that the Government servant concerned had exercised an option to join Group II of the Scheme and that the necessary arrear contributions (specifying the period to which they relate and the amount) had been duly recovered from the Government servant's pay should be recorded by the Head of Office in the Service Book of the Government servant.

#### Group III

3.5 All other employees will be included in this group.

The rate of contribution and the benefit payable on death will be the same as applicable to employees covered by Group II. However, the benefits available on attaining the age of 58 years will be as follows in the case of employees covered by this group:-

Age on the date of joining the Scheme

Cash sum payable

29 to 34

An amount calculated on the basis of Rs 8.75 for each month for the period the employee was covered by the Scheme.

35 to 44

An amount calculated on the basis of Rs 6.25 for each month for the period the employee was covered by the scheme.

45 to 57

An amount calculated on the basis of Rs 5.00 for each month for the period the employee was covered by the scheme.

4. No contributions will be recoverable from a Government servant on his attaining the age of 58 years. The insurance cover will accordingly be available only upto the age of 58 and not thereafter.

5. Employees covered by Group II and Group III above leaving service or retiring for any reason whatsoever, before the age of 58 years will be allowed the benefit of a reduced sum. Separate orders will be issued in this regard.

6. The monthly contributions towards the scheme shall commence from the pay of the employees for the month of June, 1977 and shall cease w.e.f. the month preceding the month in which they attain the age of 58 or dies in harness. The recovery of contributions shall be made from the monthly pay bills by the respective Drawing and Disbursing Officers irrespective of whether the Government servant is on duty, leave or suspension. Where however, an employee is on extraordinary leave and in respect of whom no pay is drawn in the monthly pay bill, the recovery for the period of extraordinary leave shall be made in lumpsum from the pay bill of the month in which pay for the full month is drawn on rejoining duty after leave. In respect of employees on Service on 1-7-1977, the Head of Office concerned shall supply to the Drawing & Disbursing Officers a statement indicating name and the date of birth of every employee who has not attained the age of 28 years i.e. those who were born in July, 1949 or later so that deductions on account of contributions towards the insurance scheme could be made at the lower rate of 50 paise per month in their case for the prescribed period. The Head of Officers shall supply from time to time similar statement in respect of persons joining service and coming under the Scheme after 1-7-1977.

In the case of Government servants on deputation or on foreign service, the borrowing authority/foreign employer should be requested to effect the recovery of the contributions and credit the same to the relevant Head of Account. It should be ensured that the necessary clause to this effect is invariably included in the terms of deputation/foreign service in future.

Note:- In the case of persons on joining time or extraordinary leave on 1-7-1977 and who die without returning to duty, the contributions recoverable from them will be adjusted against their dues.

7. On receipt of intimation about the death of a Government servant while in service the Head of Office shall ascertain whether any amounts are payable under this scheme in respect of the deceased Government servant. (An employee dying in service at the age of 59 would not be entitled to any benefits under the scheme other than amounts payable on attaining the age of 58). He shall then address the nominee/heir concerned in FORM II to submit an application in FORM III. On receipt thereof, the Head of Office shall issue a sanction for the payment of claims and also arrange for the drawal and disbursal of the amounts to the person or persons concerned.
8. The Heads of Office should also arrange to pay the amounts due under the Scheme to persons attaining the age of 58, after obtaining simple application from them.
9. (1) A Government servant shall immediately on coming under this scheme send to the Head of Office a nomination conferring on one or more persons the right to receive the amount that may become payable under this scheme in the event of his death before attaining the age of 58 years.  
(2) If he happens to be a minor, he will be required to make a nomination on his attaining the age of majority.  
(3) A Government servant who has a family at the time of his making the nomination will make such nomination only in favour of a member or members of his family. For this purpose, family will have the same meaning as assigned to it in the General Provident Fund (Central Services) Rules, 1960.  
(4) If a Government servant nominates more than one person under sub-para (1) he should specify in the nomination the amount or share payable to each of the nominees in such a manner as to cover the whole of the amount payable under this scheme.

(5) The nomination should be made in FORM IV or FORM V as is appropriate in the circumstances.

(6) A Government servant may at any time cancel a nomination by sending a notice to the Head of Office alongwith a fresh nomination made in accordance with the above provisions.

(7) The nomination shall be countersigned by the Head of Office and pasted on the Service Book of the Government servant concerned. The Head of Office shall also record in the Service Book the fact of receipt of nomination.

10. The contributions received from employees and payments under the scheme will be accounted for under a new Minor Head "Central Government Employees Insurance Scheme" under Major Head 088-Social Security and Welfare on the receipts side and Major Head 288-Social Security and Welfare-E. Other Social Security and Welfare Programmes on the payments side.

11. The Ministry of Finance shall administer the foregoing scheme.

12. In their application to the employees serving in the Indian Audit and Accounts Department, these orders issue in consultation with the Comptroller and Auditor General of India.

13. Hindi version of the O.M. will follow.

Sd/-  
( J. P. DAS )  
JOINT SECRETARY TO THE GOVERNMENT OF INDIA

To

All Ministries/Departments of Govt. of India  
( as per standard list with usual number of  
spare copies).

F.No. 60/14/77-IC, dated the 23rd June, 1977.