

Central govt employees' retirement age to be extended by 2 years to 62

New Delhi: The government is planning to extend the retirement age of all central government employees by two years — from the current 60 to 62 years. Sources said that an in-principle decision has been taken in this regard and the department of personnel and training (DoPT) has begun the work to implement the same. A formal announcement to this effect is expected this year itself.

The last time the government extended the retirement age of central government employees was in 1998. It was also a two-year extension from 58. This was preceded by the implementation of the 5th Pay Commission, which had put severe strain on government's finances. Subsequently, all state governments followed the Centre's policy by extending the retirement age by two years. Public sector undertakings followed suit too.

The decision to extend the retirement age is well-timed both politically and economically.

The UPA government reckons the move would be a masterstroke. At a time when it is buffeted by several corruption cases, it is felt that the extension of the retirement age will go down well with the middle classes. Economically also, the move makes sense because by deferring payment of lump sum retirement benefits for a large number of employees by two years, the government would be able to manage its finances better. "An in-principle decision has been taken to increase the retirement age by two years within this year itself. This would reduce the burden on the fisc from one-time payment of retirement benefits for employees including defence and railways personnel," an official involved in the discussion said. With the fiscal consolidation high on the government's agenda, this deferment would come handy.

There's some flip side too if the retirement age is extended by two years. Those officials empanelled as secretaries and joint secretaries would have to wait longer to actually get the posts. And of course, there is the issue of average age profile of the civil servants being turning north. It is also felt that any extension is not being fair with a bulk of people who still look for jobs in the government.

However, officials point out that at least it prevents an influential section of the bureaucracy to hanker for post-retirement jobs with the government like chairmanship of regulatory bodies or tribunals.

"As it is, a sizeable section of senior civil servants work for three to five years after the retirement in some capacity or the other in the government," said a senior government official. The retirement age of college teachers and judges are also beyond 60.

As per a study, the future pension outgo for the existing Central and State government employees is estimated at a staggering R1,735,527 crore or 55.88% of GDP at market prices of 2004-05.

Source: [The Financial Express](#)