One Rank, One Pension (OROP) Scheme

Why in news?

The Supreme Court has upheld the central government's decision on One Rank, One Pension (OROP) for defence forces, saying there was no constitutional infirmity in it.

What is One Rank One Pension Scheme (OROP)?

- OROP for Defence Forces Personnel implies that **uniform pension** be paid to Personnel retiring in the same rank with the same length of service, **regardless of their retirement date**.
- This will bridge the gap between the rates of pension of current and past pensioners at periodic intervals.
- The historical decision to implement OROP was taken by the Government in 2015, with benefits effective from 1st July, 2014.
- **Re-fixation of pension**- Pension of the past pensioners would be re-fixed on the basis of pension of retirees of calendar year 2013.
- Pension will be re-fixed for all pensioners on the basis of the average of minimum and maximum pension of personnel retired in 2013 in the same rank and with the same length of service.
- Pension for those drawing above the average shall be protected.
- Arrears will be paid in four equal half yearly installments.
- However, all the family pensioners including those in receipt of Special/ Liberalized family pension and Gallantry award winners shall be paid arrears in one installment.
- In future, the pension would be re-fixed every 5 years.
- **Nodal Implementation Agency** - Department of Ex-Servicemen Welfare, Ministry of Defence.
- **Payment -** OROP is not paid as a separate element as it is an integrated part of pension.
- **Inapplicability** - Personnel who opt to get discharged henceforth on their own request under Rule 13(3)I(i)(b), 13(3)II(i)(b), 13(3)III(iv) or Rule 16B of the Army Rule 1954 or equivalent Navy or Air Force Rules will not be entitled to the benefits of OROP.

Before OROP was implemented, retired servicemen used to get pensions as per the Pay Commission's recommendations of the time when they had retired.

What are the problems associated with the scheme?

- **Financial problems**- Grant of full OROP will bloat the government's pension bill.
- **Administrative problems**- It is a tedious task to pass all the benefits.
- **Legal issues**- It will lead to similar demands by other government employees especially paramilitary forces.

What is the OROP case about?

- The petitioners had said that in the course of implementation, the OROP principle has been replaced by 'one rank multiple pensions' for persons with the same length of service.
- They contended that the initial definition of the OROP was altered and instead of an automatic revision of the rates of pension, the revision now would take place at periodic intervals.
- They argued that this deviation from automatic revision is arbitrary and unconstitutional under Articles 14 and 21 of the Constitution.
- The Centre had contended that both 'same rank' and 'same length of service' were necessary conditions for availing of OROP benefits.
- **Supreme Court verdict**- Rejecting the argument, the court held that "OROP definition is not arbitrary".
- The court said that the definition of the OROP is uniformly applicable to all pensioners irrespective of the date of retirement.
- The judgement said that the cut-off date is used only to determine the base salary for the calculation of pension.
- It went into the "principles governing pensions and cut-off dates" said there is not a legal mandate that pensioners who held the same rank must be given the same amount of pension.
- It directed that the re-fixation exercise in terms of the OROP policy should be carried out with effect from July 1, 2019 (as per refixation of pension every 5 years) and arrears should be paid to the beneficiaries within three months.

While for those who retired after 2014, the last drawn salary is used to calculate pension, for those who retired prior to 2013, the average salary drawn in 2013 is use.

References

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