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See Distribution

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GURKHA PENSION SCHEME – 2016 AWARD

References:

- A. Army HQ/Sec/15/01/02 dated 18 March 2015.
- B. Gurkha Pay and Pension Manual.

1. I am directed to inform you that the existing rates of Gurkha Retirement Pension, Gurkha Service Pension, Gurkha Disability Pension and Gurkha Family Pension have been revised with effect from 1 April 2016. The current rates, which are based on Indian Army pensions, but incorporate a welfare related cash uplift to take account of the benefits in kind provided to Indian Army ex-servicemen, have received a 2016 pension increment of 11.6% to take account of cost of living increases in Nepal. In line with existing policy the increase is based on the Rastra Bank figure for inflation in Nepal. The increase also applies to Dearness Allowance which is used in calculating Indian Army Pay for gratuity purposes. All revised rates supersede those at Reference A.

2. **Gurkha Retirement Pension**. The revised rates of Retirement Pension payable to Gurkha Commissioned Officers, are shown at Annex A.

3. **Gurkha Service Pension**. The revised rates of Gurkha Service Pension payable to Queen's Gurkha Officers granted honorary rank, Queen's Gurkha Officers and Gurkha Other Ranks are:

a. **Queen's Gurkha Officers Granted Honorary Rank**. Revised rates for Queen's Gurkha Officers granted honorary rank are shown at Annex B.

b. **Queen's Gurkha Officers, Honorary Queen's Gurkha Officers and Gurkha Other Ranks**. Revised rates for Queen's Gurkha Officers, Honorary Queen's Gurkha Officers and Gurkha Other Ranks are shown at Annex C.

4. **Gurkha Disability Pension**. The Gurkha Disability Pension is made up of two elements, a service pension element and a disability element. Revised rates of the

service pension element are in accordance with those shown in Annexes A, B and C. Revised rates of the disability element are shown at Annex D.

5. **Gurkha Family Pensions.** The revised rates of Gurkha Family Pension for all ranks are shown at Annex E to this letter.

6. **Minimum Rates of Pension.** The minimum rate of pension shown in Chapter 9 of Reference B has been raised to ICR 17,476.45 per month with effect from 1 April 2016.

7. **Indian Army Rates of Pay.** Following the introduction of standard Army terms and conditions of service for serving Gurkhas from 1 April 2007, Indian Army rates of pay are now only required for the calculation of gratuities for those personnel who remain on the Gurkha Pension Scheme. Rates of Indian Army pay are attached to this letter at Annex F. A single set of rates are shown as the links to Indian Army pay groups have been broken with effect from 1 April 2007 with the introduction of Joint Personnel Administration. The monthly rates, which now remain in ICR, incorporate all elements of Indian Army pay into one consolidated amount for each incremental level by rank. The underlying rates of Indian Army pay used in the calculations are those in issue from 1 January 1996 as the pay and related pension changes of the Indian 6th Central Pay Commission announced in 2008 were not implemented for British Gurkhas. Rates are maintained only for corporals and below to cater for the possible need to pay a Death Gratuity for pensioners who were discharged on or after 1 April 2010. These rates will not be required after 1 April 2019 as there will then be no pensioners eligible for the death element of the Death cum Retirement Gratuity.

8. **7th Indian Central Pay Commission.** The results of the Indian 7th Central Pay Commission have not yet been promulgated by the Indian Government. Changes to the the comparator for the Gurkha Pension Scheme will then be studied and any changes necessary will be implemented effective from 1 January 2016.

9. **Gurkha Pay and Pensions Manual.** Reference B is to be amended to reflect the changes promulgated above.

10. **Pension Credits to Individual Accounts.** The new rates of pension will be applied to the Far East and Nepal Administration System for the pensions run for April 2016. Pensioners paid in cash at the Pension Paying Offices will have the new rates due available from 1 May 2016. Banking pensioners will have their accounts credited by the end of April 2016, although this may be later depending on location and the bank used. Payments in cash from Area Welfare Centres will be made in May/June 2016 according to the programme published by Headquarters British Gurkhas Nepal.

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Annexes:

- A. Gurkha Commissioned Officers – Rates of Retirement Pension.
- B. Gurkha Service Pension Rates for Queen’s Gurkha Officers Granted Honorary Rank.
- C. Gurkha Service Pension Rates for Queen’s Gurkha Officers, Honorary Queen’s Gurkha Officers and Gurkha Other Ranks.
- D. Gurkha Disability Element Pension Rates.
- E. Gurkha Family Pension Rates.
- F. Indian Army Pay Rates for Gratuities.

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HQ Brigade of Gurkhas
HQ British Gurkhas Nepal
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Information:

HM Treasury (DDI)
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