

Most Immediate.

Government of Pakistan  
Finance Division  
(Regulations Wing)  
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Director Finance Office  
Dy No. 1138 Date 11/1/2016

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ED-PRM  
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No. 12(9)-Reg.6/2012.pt1453.

Islamabad, the 5<sup>th</sup> January, 2016.

The Governor,  
State Bank of Pakistan,  
G-5/2, Islamabad.

Subject: - VALIDITY OF PENSION PAYMENT THROUGH DIRECT CREDIT SYSTEM (DCS).

Dy/c  
8/1  
D/BPRD

Sir,

I am directed to enclose herewith Copy of SOP for Direct Credit System of pension payments with the request to get the same implemented in true letter and spirit with special emphasis on the following points on top priority basis;

- a) Get life/ non-marriage certificates from pensioners and endorse copy to AGPR offices. The relevant AGPR officers may also be informed about non- submission of such certificates. In case of personnel appearance, the bank managers may personally verify the pensioner's existence.
- b) Render the pensioner's account dormant if life/ non-marriage certificate is not received after every 6 months or if the pensioner fails to draw pension for consecutive, 6 months. This is to be intimated to AGPR office so that further pension payment could be stopped.
- c) Undrawn pension for consecutive 6 months or over is to be withdrawn from pensioner's account and credited to the Government Account C02-Receipts from Civil Administration and other function, C02246-Receipts of undisbursed pension Deposited by Commercial Banks, immediately and further pension will be ceased to be credited to the pensioner's account.
- d) Cooperate with the accounts offices for reconciliation and send a month statement to AGPR office, showing pension credited into pensioners' accounts.

Yours faithfully,

(Muhammad Khalil)  
Section Officer (R.6)

STANDARD OPERATING PROCEDURE

Subject: PAYMENT OF PENSION SYSTEM THROUGH ALL COMMERCIAL/ SCHEDULED BANKS THROUGH BANK ACCOUNT.

Pursuant to Supreme Court's Order dated 17-09-2007 in case of Suo-Moto Notice in respect of Pensioners in Human Rights case No.2492 of 2007 and Circular No.11 dated 6<sup>th</sup> June, 2009 of State Bank of Pakistan issued to banks, it has been decided to credit pension direct in the Pensioner's bank account opened in any Scheduled Bank including National Saving Centers for this purpose. It will enable a pensioner to draw monthly pension without preferring a pension payment claim at the bank. This revised system is generally in line with the provisions of Direction 4.7 of Accounting Policies and Procedure Manual (APPM) of New Accounting Model. It will be applicable to both retiring as well as existing pensioners already drawing pension from treasuries/ branches of National Bank of Pakistan.

Responsibilities of the Pensioner

Government servants retiring after issuance of these orders and who intend to draw pension from a Scheduled Bank including National Saving Centers by direct credit in their banks account opened in Scheduled Banks/National Saving will furnish with their pension application an option for direct credit of pension specifically mentioning bank name, branch of the bank, branch code, full title of the bank account i.e. specific for pension and account number to which pension is to be credited direct by the Accounts Office. The bank account shall not be a joint account. The option will be verified and attested by the DDO of the department of retiring Government servant. **In case of new civil retirees of Federal Government drawing pension through AGPR and its sub-offices, the Direct Credit System has been made mandatory w.e.f. 1<sup>st</sup> August, 2014.**

3. The existing Pensioners whose PPOs were issued and who opt for payment of pension by direct credit in their bank account shall provide following documents to the Accounts Office:

- f) An 'option' for direct credit of pension' specifically mentioning bank name, branch of the bank, branch code, full title of the bank account i.e. specific for the pension and account number to which pension is to be credited direct by the Accounts Office.
- g) A copy of CNIC.
- h) Original PPO.
- i) Name of NBP branch/ GPO from where pension was being drawn.
- j) In case of Military Pensioner, shall provides the following documents: (i) Army Number (ii) Rank (iii) Centre (iv) Name of pensioner (v) Father name (vi) Bank Name and District

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(vii) Bank Account No. (viii) P.P.O. No. (ix) Date of Discharge (x) Date of Birth (xi) Religion (xii) Rate of Gross Pension (xiii) Computed Pension (xiv) Net Pension (xv) CNIC No. (xvi) Name of next kin (xvii) Existing PSB Account No. and GPO.

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- f) The Pensioner shall produce an Indemnity Bond on judicial paper of Rs.20(twenty) irrespective of monthly pension drawn to keep the bank indemnified about liabilities with all sums of money whatsoever including mark-up of his/her Pension Account. The pensioner would further undertake that his/her legal heirs, successors, executors shall be liable to refund excess amount, if any, credited to his/her Pension Account either in full or in installments (as agreed mutually) equal to such excess amount.

4. The Pensioner drawing pension through direct credit shall be bound to produce a life certificate (under rule 343 of FTR-Annexed) to pension disbursing bank branch in person or through representative on or before 10<sup>th</sup> March, and 10<sup>th</sup> September of each year. In case of family pension, the widow/widower, unmarried daughter or sister, as the case may be, shall produce a non-marriage certificate on or before 10<sup>th</sup> March and 10<sup>th</sup> September of each year.

5. In case of transfer of bank account from one bank/branch to another, the pensioner shall open the bank account at a place from where he/she wants to draw his/her pension, route his/her application for processing through the new scheduled bank, pensioner shall also mention that his/her previous bank account has been closed.

6. In case of death of pensioner, the same procedure/ responsibility on the part of persons, if the pension is transferred to his/ her legal heirs, receiving pension shall become due.

7. The pensioner should report to Pension Paying bank branch and Accounts Office any over payment or discrepancy regarding payment of pension in his/her account immediately.

#### **Responsibilities of the Accounts Offices.**

8. The responsibilities of Accounts offices for direct credit of pension in Pensioner's bank account shall be as under:

- v. After scrutiny of pension papers of retiring person, the pension book prepared by the Accounts Office will be sent to pensioner at his/ her mailing address given in the pension application form under intimation to the DDO. The fact of payment of pension by 'direct credit in bank account' will be distinctly recorded in the pension book. The second copy of pension book (disburser's half) presently prepared for NBP will not be prepared for pensioners opting for direct credit in bank account.
- vi. The particulars of the pensioner will be noted in the Pension Register maintained manually or electronically by Accounts Offices duly

authenticated by the gazetted officer. The pensioner's particulars will also be updated on computer on the basis of information contained in Pension Register. 71

- vii. In respect of existing pensioners, the concerned NBP branch will be asked by the Accounts Office to return 'disbursers half' lying with the NBP branch. On receipt of disbursers half, the particulars of the pensioner will be updated in Pension Register. The pensioner's particulars will also be updated on computer on the basis of information contained in Pension Register. The disburser's half received between 1<sup>st</sup> and 15<sup>th</sup> of a month will be included in the monthly Pension Roll to be generated through system for disbursement of Pension.
- viii. Disbursement of pension through system shall be as under:
  - p. Monthly Pension Roll will be processed and printed on computer by 24<sup>th</sup> of every month. In addition, an exception report of pension exceeding an authorized amount will also be produced on computer for use of Pension Section for verification and corrections of data, if any.
  - q. The Officer In-charge Pension Section will review and verify the pension roll by 26<sup>th</sup> of the month.
  - r. Detailed bank/ branch wise list of pensioners will then be prepared through computer with a summary of total amount to be paid to main branch of each Scheduled Bank (region-wise). A sealed copy along with pay order duly signed by the authorized officer will be sent to Cheque Section for preparation of a consolidated cheque in favour of main branch of scheduled bank as is done in case of payroll payments. (The bank/ branch wise lists will also be placed on designated website on last working day of the month).
  - s. Simultaneously the cheque section will send the sealed authority stated above to the concerned branch of SBP/ NBP in the accounting jurisdiction of the Accounts Offices. The SBP/ NBP shall credit the amount to the branch of concerned commercial bank as authorized in the sealed authority. The concerned Accounts Office shall forward the attested specimen signature of the officer who is authorized to sign the sealed authorities and the cheques of the pension payment to concerned SBP/ NBP branch. SBP/ NBP will intimate the credit/ transfer of pension payment to the concerned Accounts Offices as laid down in the rules for other Govt. financial transactions.
  - t. The consolidated cheques along with branch-wise lists will be delivered through courier to main branch of that bank at least two days before the last working day of the month. The pension will be credited to the accounts of the pensioner on last working day of the month.



- u. In case of incorrect pension payments, adjustments will be made in next month's Pension Roll on the authorization of Branch Officer (Pension).
- v. While adjusting the pension, the Accounts Office shall inform the bank and pensioner, the particulars of adjustment through a letter.
- w. The expenditure on account of Pension Roll payment will be recorded in the General Ledger on last working day of the month by computer system and included in monthly accounts.
- x. The Accounts Office, in case it receives intimation from the bank that Life Certificate regarding any pensioner is not received, shall stop the pension, inform the bank branch about this change and send a letter at pensioner's address informing pensioner or person receiving the letter and the Indemnifier regarding stoppage of pension."
- y. To avoid any overpayments, the Accounts Office would also develop and adopt suitable internal controls.
- z. Concerned Accounts Office will ask for statement of credits / debits of pension periodically, as deemed necessary, to ensure that amount credited into the pensioners' accounts, is paid to the pensioners against authorized documents and it is not withheld with the concerned bank.
- aa. In case, a pensioner fails to present a life certificate in time but produces the same subsequently, the Accounts Office, in accordance with laid down procedure, will authorize the pension including arrear to the concerned bank under intimation to the pensioner.
- bb. In case of revision & increase of pension by Government, the Accounts Office will authorize and include the increased pension including arrears, if any, in the monthly pension of pensioner authorized to bank through monthly Pension Roll explained above.
- cc. The Accounts office will arrange internal audit of pension on regular intervals.
- dd. If required, the concerned Accounts Office will request SBP to inspect and report on particular pensioner's account.

#### **Responsibilities of the Bank**

- 9. In case of direct credit of pension to Pensioner's account, the bank:
  - x. The bank shall open an Account i.e. Profit & Loss Sharing Account or Current Account as the case may be for credit of pension direct in Pensioner's Account. The accounts of Pensioners shall be exempted from Services Charges.

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- xi. The concerned bank branch on receipt of intimation/advice from main branch of the concerned scheduled Bank/ National Saving Centre in which the Pensioner is maintaining his/ her account, shall credit the amount of pension into Pensioners Account on last working day of the month.
- xii. The bank shall get an Indemnity Bond as laid down in section 3(f) of this SOP.
- xiii. The banks will retain with themselves the life certificates and in case of family pension, the widow/widower, unmarried daughter or sister, as the case may be, non-marriage certificate submitted by the pensioners and inform the concerned Accounts Offices through letter if "life certificate" or "non-marriage certificate" is not received; for further action by Accounts Office.
- xiv. If a pensioner drawing pension through direct credit system fails to submit the life certificate or non-marriage certificate, as the case may be, after every six months or does not draw his/ her pension for consecutive six months, his/ her account will become dormant.
- xv. An account becoming dormant may be restored only by making request to bank in person or submitting life certificate issued by a person authorized under rule 343 of Federal Treasury Rules (Annexed) or non-marriage certificate, as the case may be.
- xvi. Un-drawn pension for consecutive six months or over will be debited to Pensioner's account and credited to respective head of account Major Object C02 Receipts from Civil Administration and other functions, Minor Object C022 Receipts from Civil Administration and other functions, Detailed Object (New) C02246 Receipts of undisbursed Pension Deposited by Commercial Banks immediately and his/ her pension will cease to be credited to his/ her account.
- xvii. A statement of credits/debits stated will be furnished to the concerned Accounts Office and the Treasury officer as the case may be.
- xviii. Banks will cooperate with Account Offices for reconciliation and will send a monthly statement to the Accounts offices showing the pension credited into Pensioners account and mentioning therein the date of transfer.

**Reconciliation between Banks and Accounts Offices:**

10. The Banks (Main Branch or dealing Wing) and Accounts offices shall carry out reconciliation on quarterly basis regarding new pension issued, pension transferred to heirs, pension transferred to other places, pension stopped/restored, pension

discontinued, pension amended, on the basis of full details and particulars of pensioners. Reconciliation statement shall be signed by the officers of B-17 or above/equivalents in Banks and copies shall be retained as permanent record. Any discrepancy shall be resolved within six weeks. The responsibility for disciplinary action and reporting to crime investigation agencies, if needed, will rest with the end where fraud, etc is detected.

**Removal of Difficulties:**

11. In case any difficulty arises in implementation of SOP, the matter may be referred to Finance Division by SBP or CGA for further amendment/decision.

**Federal Treasury Rule – 343**

A pensioner of any description, who produces a life certificate signed by some person exercising the power of Magistrate under the criminal procedure code, or by any registrar or sub-registrar appointed under the registration Act, 1908, or by any pensioned officer who, before retirement, held a Gazetted appointment or exercised the power of Magistrate or any Gazetted officer, or by a Munsif, or by Member of the Central or Provincial Legislature Assemblies, or by Manager of the Bank in cases where the agent is a scheduled bank and the pensioner is the resident of Pakistan is exempted from personal appearance.