

Leave Salary: RBE 79/1990 – Cash Equivalent

No.F(E)III/88/LE-1/2, dated 22.05.1990

Sub: Admissibility of various types of allowances for encashment of leave.

1. As per Rule 550 R-I, cash equivalent of leave salary in respect of leave on average pay at the credit of Railway employee is payable on retirement subject to conditions laid therein. The term 'leave salary', as defined in Rule 544 R-I is equal to the pay drawn immediately before proceeding on leave on average pay. This includes basic pay, special pay/ personal pay and any other emoluments which may be specifically classed as pay by the President. This was the position before 01.01.1986 and still continues to be so after implementation of the recommendation of the IVth Pay Commission.
2. After 01.01.1986 pensionary benefits are to be calculated on the basis of pay as defined in Rule 2003 21(a)(i) R-II which the Railway servant was receiving immediately before his retirement or on the date of his death, which means basic pay only. In view of this, doubts have been expressed by various Railways as to whether leave encashment is also to be determined on the basis of basic pay only or should include special pay/ personal pay as well. Clarifications are also being sought whether the various allowances introduced after 01.01.1986 also qualify for the purpose of leave encashment or not.
3. The matter has been examined in consultation with the Department of Personnel and Training and it is clarified that payment of encashment of leave at the time of retirement/ death of the employee is a leave benefit and not pensionary/ retirement benefit. This benefit is compensation for leave on average pay not availed of during service. Therefore, it cannot be linked with any changes made in pensionary/ retirement benefits by the IVth Pay Commission. Accordingly, it is clarified that leave encashment is payable on the basis of basic pay, special pay/ personal pay. In addition appropriate dearness allowance as indicated in Rule 559(1)(C) R-I is also payable. However, no other allowance of any type shall be taken into account for calculating the leave encashment.
4. It is also clarified that Doctor's Special (Annual) Allowance has not been classified as pay under the Rules. In view of this, it is allowed during leave on average pay as an allowance and not as a leave salary. Being in nature of allowance, this also does not qualify for leave encashment.

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