



Ministry
of Defence

The Indian Central Pay Commission and the Gurkha Pension Scheme (GPS)

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What is
the CPC?



Indian Army

What is the CPC?

The Indian Government reviews the pay, pensions and allowances of its employees every 10 years by way of a Central Pay Commission (CPC).

Each CPC has traditionally formed the basis for a review of the GPS rates, by linking them to the highest comparable pension bands in the Indian Army.



Gurkha

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GPS rates
historically

GPS rates historically

The pension is based on representative rates of pay for each rank using Indian army pay rates. Hence, the rates are expressed in Indian Currency Rupee (ICR) and then exchanged into Nepalese Currency Rupee (NCR) when the pension is paid in Nepal.

In 2000, after a thorough examination, the MOD decided to increase Gurkha Pension Scheme (GPS) rates by 100% to factor in the extra benefits Indian Army Gurkhas were being given (this was known as the doubling up policy).

In the 6th CPC in 2006, the Indian Government brought in new terms and conditions for its Gurkhas who retired after 1 January 2006.

The MOD could not do the same as GPS was a closed scheme by then, and there is also a longstanding principle of 'no retrospection'. However, GPS rates were reviewed and, where required, increased to 200% of the comparable Indian rate.

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The present
day

The present day

In the 7th CPC (2016), the rates decided by the Indian Government for the legacy GPS were based on several retrospective changes it had made to pensions between 2010 and 2015. UK ministers decided that 140% of the Indian rates, with a minimum of 10% for those already above 140%, was the most appropriate level to implement the 7th CPC for the legacy GPS.

A consultation was held in December 2020 so that all views could be considered. Following the consultation, the views were analysed and the original decision was implemented. The government cannot retrospectively apply changes to closed pension schemes. It is extremely complex and is a principle of public service policy that the government does not.

As part of the UK government's consideration of Gurkha veterans' issues, HMG committed to providing an additional £25 million over 10 years for the purpose of providing medical support to Gurkha veterans in Nepal.

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Backdating
the change

Backdating the change



The percentage increases decided in March 2019 had to be backdated to January 2016 to bring them into line with the 7th CPC.

Arrears were paid for the period from January 2016 to May 2019, with the arrears and the new rate set by the 7th CPC April 2019 implemented in June 2019.

This was not a retrospective change to GPS.





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Visit the MOD YouTube Channel to learn more about the Gurkha Pension Scheme.

www.youtube.com/defenceheadquarters