

Dated Shimla-2, the 10<sup>th</sup> June,2005.

OFFICE MEMORANDUM

Subject:- Merger of 50% Dearness Allowance with basic pay to Government employees.

1. The Undersigned is directed to say that the matter regarding merger of Dearness Allowance equal to 50% of pay with basic pay of the employees of the State Government was under consideration of the Government for sometime past. Now the Governor, Himachal Pradesh is pleased to order that with effect from 01-04-2004, Dearness Allowance equal to 50% of existing pay shall be merged with basic pay and shown distinctly as Dearness Pay (DP), which would be counted for calculating Retirement Benefits and Dearness Allowance and NPA to Allopathic Doctors. Consequently, Dearness Allowance from 01-04-2004 would be payable at the rate of 11%.

2. However, all other allowances and entitlements will continue to be calculated on the basis of Basic Pay alone without taking into account the element of Dearness Pay. Dearness Pay will also not be counted for the calculation of NPA to Ayurvedic and Veterinary Doctors.

3. The maximum ceiling of Rs.25,500/- for basic pay plus NPA as prescribed earlier for doctors will remain as such and the Dearness Pay will not be taken into account for reckoning this limit. In other words, the maximum limit of Rs.25,500/- per month will comprise of Basic Pay plus NPA only.

The following examples are given for ready reference :-

Employees

Basic Pay = 7000/-

Dearness Pay (DP) =  $7000 \times 50\% = 3500$

DA @ 11% on Basic plus (DP) = 1155/-