



EARNED LEAVE ENCASHMENT ON LTC

Rule 38-A

CCS (LEAVE) RULES, 1972

In this Video:

- 1. Provisions of Rule 38-A**
- 2. Calculation of 10 days EL encashment**
- 3. EL encashment with LTC is beneficial or Not**

Rule 38-A: Encashment of Earned Leave alongwith Leave Travel Concession while in service.

A Government servant may be permitted to encash earned leave **up to 10 days** at the time of availing of Leave Travel Concession while in service, subject to the conditions that:

- (i) Earned leave of at least an equivalent duration is also availed of simultaneously by him; (This condition removed w.e.f. 03/06/2009)
- (ii) A balance of **at least 30 days** of earned leave may be available to his credit after taking into account the period of encashment as well as leave;
- (iii) The total leave so encashed during the entire career **does not exceed 60 days** in the aggregate;

(iv) The cash equivalent shall be calculated as follows namely:

$$\text{Cash equivalent} = \frac{\text{Basic Pay + DA (on the date of LTC)}}{30} \times \text{No. of EL (max. 10)}$$

No House Rent Allowance or City Compensatory Allowance shall be payable;

(v) The period of leave encashed shall be deducted from the quantum of leave that can normally be encashed by him.

DoPT O.M. F.No. 31011/4/2008-Estt.(A) dated 23/09/2008

Government officers are allowed to encash 10 days earned leave at the time of availing of LTC to the extent of 60 days during the entire career.

The leave encashed at the time of LTC will not be deducted from the maximum amount of earned leave encashable at the time of retirement.

It is further clarified that where both husband and wife are Government servants, the present entitlement for availing LTC shall remain unchanged, and **encashment of leave equal to 10 days at the time of availing of LTC will continue to be available to both, subject to a maximum of sixty days each during the career.**

Date of effect of these orders: 01/09/2008

DoPT O.M. No. 14028/4/2009-Estt.(L) dated 03/06/2009

Point 2: The matter has been examined in this Department in consultation with the Ministry of Finance and it has now been decided to permit Government servants encashment of earned leave upto 10 days at the time of availing LTC **without any linkage to the number of days and the nature of leave availed while proceeding on LTC.**

Date of effect of these orders: 03/06/2009

DoPT O.M. No. 14028/2/2012-Estt.(L) dated 09/02/2015

Point 2: It is clarified that the Government servants governed by the CCS (Leave) Rules, 1972 and entitled to avail LTC may encash earned leave upto 10 days **at the time of availing both types of LTCs, i.e. 'Hometown' and 'Anywhere in India'.**

However, when the one and the same LTC is being availed of by the Government servant and his family members separately in a block year, encashment of leave would be restricted to one occasion only.

Example 1: Calculation of 10 days EL Encashment

| | |
|-----------------------------------|----------------------------|
| Basic Pay at the time of LTC | : 70,000/- |
| DA @31% | : 21,700/- |
| Total Emoluments (BP + DA) | : 91,700/- |
| EL Encashment (for 10 days) | = [(BP+DA)/30] x No. of EL |
| | = (91700/30) x 10 |
| | = 30,566.67 |
| | = 30,567/- |

**Example 2: 10 days Earned Leave encashment is beneficial if
Total Earned Leaves are less than 300??**

| | |
|--|---------------------------------------|
| Total EL at Retirement | : 270 |
| Total HPL at Retirement | : 160 |
| Max. Leave Encashment at Retirement | : 300 (including EL & HPL) |
| Basic Pay at Retirement | : 70,000/- |
| DA @31% | : 21,700/- |
| Total Emoluments (BP + DA) | : 91,700/- |

Case 1: No EL encashment with LTC

EL Encashment with LTC : NIL

EL authorized at Retirement : 270

HPL authorized at Retirement : 30 (out of 160)

EL Encashment at Retirement = $[(BP+DA)/30] \times \text{No. of days of EL}$

$$= (91700/30) \times 270$$

$$= \mathbf{8,25,300/-}$$

HPL Encashment at Retirement = $[(BP+DA)/60] \times \text{No. of days of HPL}$

$$= (91700/60) \times 30$$

$$= \mathbf{45,850/-}$$

Total Leave Encashment = 8,25,300 + 45,850 = 8,71,150/-

Case 2: 60 days EL encashment with LTC

EL Encashment with LTC : 60 (1,50,000/-)

EL authorized at Retirement : 270 – 60 = 210

HPL authorized at Retirement : 90 (out of 160)

EL Encashment at Retirement = $[(BP+DA)/30] \times \text{No. of days of EL}$
= $(91700/30) \times 210$
= 6,41,900/-

HPL Encashment at Retirement = $[(BP+DA)/60] \times \text{No. of days of HPL}$
= $(91700/60) \times 90$
= 1,37,550/-

Leave Encashment at Retirement = 6,41,900 + 1,37,550 = 7,79,450/-

EL Encashment with LTC = 1,50,000/-

Total Leave Encashment = 7,79,450 + 1,50,000 = 9,29,450/-

Comparison:

| Particulars | | No Encashment with LTC | EL Encashment with LTC |
|--------------------------------|-------------------|------------------------|------------------------|
| EL Encashment with LTC | | NIL | 60 |
| EL encashment at Retirement | | 270 | 210 (270 – 60) |
| HPL encashment at Retirement | | 30 (out of 160) | 90 (out of 160) |
| Actual Leave encashment | | 270 EL + 30 HPL | 270 EL + 90 HPL |
| Leave encashment Amount | EL with LTC | NIL | 1,50,000 |
| | EL at Retirement | 8,25,300 | 6,41,900 |
| | HPL at Retirement | 45,850 | 1,37,550 |
| | TOTAL | 8,71,150 | 9,29,450 |

Important to Note:

Leave Encashment while in Service is Taxable.

Leave Encashment on Retirement is Tax-Free.