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Dear Comrade,

The draft of JCM Memorandum to 7th CPC is placed on National Council JCM website www.ncjcmstaffside.com you are requested to send your suggestions if any positively before 28th June 2014. We will be submitting our memorandum on 30th June. Please treat it most urgent.

With greetings,

Yours sincerely,

(Shiva Gopal Mishra)

PREFACE

The 6th CPC submitted its report in March 2008. It made major changes in the structure of pay scales by introducing the concept of Grade Pay. Their recommendations were implemented with effect from 1.1.2006. There were plethora of anomalies, common as well as department specific. None of these anomalies were removed despite several rounds of discussions.

On 1.1.2011, the percentage of DA entitlement crossed over 50%. Since the erosion of the value of wages by that time had become enormous, the demand for merger of DA was raised by the employees. Some of them demanded setting up of the 7th CPC on the plea that the residency period of any wage structure must not exceed 5 years, especially in the background that the pay revision in most of the PSUs takes place at the interval of 5 years. They also pointed out that unlike the 5th CPC the 6th CPC had not suggested as to when the next wage revision must be attempted. The Government ignored those demands, despite well knowing that the inflation and abnormal price rise of food and other essential commodities had reduced the purchasing capacity of the government employees significantly.

Government refused to discuss these demands either bilaterally or at the forum of JCM. A section of the employees went on a day's strike action, while the industrial workers took the strike ballot. Climate of confrontation emerged. Taking note of these developments, Government in September 2013 announced the setting up of the 7th CPC. The Standing Council of JCM, National Council met on to discuss various issues connected with the finalisation of the terms of reference. The following suggestions were made for incorporation in the Terms of Reference (TOR):

a) The Commission should have a labour representative.
b) DA (the extent of percentage as on 1.1.2014) to be merged and treated as pay for all purposes.
c) To include GDS within the ambit of 7th CPC.
d) To grant Interim Relief @ 25% of Pay + GP.
e) To ensure that the 7th CPC recommendation will be effective from 1.1.2014.
f) To ensure parity in pension for all pensioners as per the 5th CPC recommendation.

In spite of holding out assurance, no further discussions were held. The Government unilaterally notified the Terms of Reference. The Staff Side has now submitted a memorandum to 7th Central Pay Commission on the twin issues, i.e. the need to grant interim relief and merger of Dearness Allowance.

It will be the endeavour of the Staff Side to bring about commanity of approach on all issues concerning the wages, allowances and other relevant matters, as was the case in the previous occasions. We are hopeful that all the Associations/ Federations/Unions of Central Government employees will endorse this memorandum, prepared by the Staff Side, National Council, JCM on their behalf. No doubt they will submit separate memorandum on department specific issues.

With this introduction, we submit this memorandum to the 7th CPC for their consideration.

Chapter II
Employment under Central Government

We have relied upon two Governmental sources to prepare the requisite data needed to analyse the trend of growth or decline in the number of personnel employed by the Government of India. The Pay Research Unit, functioning under the Department of Expenditure has published the brouchure carrying data up to the financial year 2011-12. The Director General, Employment and Training has published the Census of Central Government Employees which carries details for the year 2008-2009 (31.3.2009). The tables appended to this chapter are sourced from the above mentioned Brouchers.

Table 2-1 depicts the sanctioned and working strength group-wise , for a period covering 7 years from 2005-06 to 2011-12, whereas Table 2.2 indicates the position in 1995-96 and 2011-12. The sanctioned strength as in 1995-96 (for all groups together) which stood at 4215932 shrunk to 3684543 in 2011-12. The reduction effected through abolition of posts or whole scale conversion of Department in to PSUs was of the order of 531389 (12.6%), when it is viewed with reference to the working strength (men in position), the reduction was 808248 (20.7%). The difference between the sanctioned strength of 1995-96 and working strength of 2011-12 was as huge as 1131402. In other words, the government was functioning with almost 27% less man power, even though the man power requirement in the 16 years between 1995-96 to 2011-12 had enormously increased due to the expansion of Governmental activities both extensively and intensively. The canard that was spread through out the period that the government had accumulated a lot of fab in the post independent era, unfortunately gathered momentum, which led the government to set up the Expenditure Commission, in the wake of 5th CPC wage revision. Not being satisfied with the speed of abolition of posts, Government issued an executive fiat in 2001, whereby two-third of all vacant posts was directed to be abolished. The posts are normally created in government after a procrastinated inter-departmental study. The Cabinet has to give its assent for the proposal for creation of posts to materialise. In the process of implementation of the said executive fiat, which was in currency from 2001 to 2009 (nine years continuously), the posts created after such thorough deliberations and with the seal of approval from the highest political forum was simply ordered to be abolished arbitrarily. This created a void, which affected adversely the very functioning of some departments, making it necessary for the heads of organizations either to outsource the functions or contract it out or engage personnel on fixed time period contract basis, giving room for plethora of administrative problems. The efficacy, built assiduously over the years by the Departments was destroyed. The Citizen Charter prepared by these Departments, remained only as an ornamental piece on the walls of Government offices.

Incidentally, it may be noted from Table 2.2 that there had been no reduction or abolition in Group A posts but reduced the sanctioned strength of Group B (Gazetted) posts which, however, have no element of direct recruitment. The entire 1237682 Group D posts were either abolished or upgraded as Group C.

The illogical directive, conceived by the Department of Personnel as a means to speed up the process of pruning brought in its wake the undesirable practice of exploiting the job seekers. They were driven to the doors of unscrupulous contractors for pittance of wages. What we would like to bring to the notice of the Commission is that the existence of a large array of personnel employed by the Government through contractors and other methods in violation of the laws of the land, whose number is invisible in the statistical data, we have reproduced in this chapter. Though reprehensible, it is a fact that there had been a concerted effort on the part of the Government to push a major segment of the governmental functions into informal sector where employment need not be in consonance with the existing rules and regulations.

We fervently hope that the Commission will be able to collect the data of such informal employment by each department; data of the functions outsourced; and the expenditure incurred thereon to get a fair view of the number of persons actually employed by the Government of India in carrying out its day to day activities.

From the figures depicted in Table 2.3, it could be seen that Railways continue to be the biggest employer engaging the largest number of Government employees. As on 1.3.2012 Railways had on their rolls, 1305700 persons, of which 1288400 are Group C employees. Ministry of Home Affairs, under whom the para-military forces function, has taken the second position with 830276 persons employed as on 1.3.2012. They have pushed the Defence Ministry to third position. During the period between 1995-96 and 2011-12, unlike in many other organization, there had been no abolition of posts in para-military services. In fact there had been a constant increase in their number. In the year 1995-96, the Ministry of Home Affairs had 5.7 lakh employees. As on 1.3.2012 it rose to 9.3 lakhs.

Defence civilian employees number about 368594 with a percentage share of 11.95. Postal employees are 211107 (6.84%), Revenue 98787 (3.2%) and others 270066 (8.76%). These figures clearly indicate that large majority of Central Government employees (88%) are either industrial or operational staff. Hardly 10% constitute the administrative, technical, professional and clerical staff. Vast majority of the employees is deployed in those organizations providing goods and services. The general impression that the wage bill of Central Government is for administrative purposes is , therefore, ill-covered.

Woman Employees

As per Table No.2.4, of the total number of regular employees as on 31.3.2009 (for which the figures are available) the number of woman employees were 311002, i.e., 10.04%. Railways have 28.66% with reference to total woman employees and just 6.43% with reference to railway workers. The respective figures for Communication Ministry is 11.10 and 15.78 for Defence civilians, 12.66 and 10.79 and in the case of others 47.58 and 13.11.

The largest number of employees as on 31.3.2009 was in the Grade Pay bracket of 2400 and 2800. 802194 persons (25.89%) were either with Grade Pay of Rs. 2400 or Rs.2800. Location-wise, largest concentration of Central Government employees was in Delhi, i.e., 203051 (6.55%) due to the fact that all Central Ministry headquarters are located at Delhi.

Table No. 2.7 reveals the declining trend of regular employment in Central Government. In 1990, as per the census of Central Government Employees prepared by DGET the number of regular employees was 37.74 which got reduced to 30.99 in 2009 (Figures are available upto 2009). The index (Base Year 1971 = 100) has come down from 141.27 (in 1991) to 114.82 (in 2009). The DGET has highlighted the following indicators that emerged from the census:

> 1). As per the result of Census Enquiries, the total regular employment under Central Government as on 31st March, 2009 was 30.99 lakh as against 31.12 lakh on 31st March, 2008. The employment has, thus, recorded a decline of 0.42% in 2009 over 2008.
>
> (2).Employment in Ministry of Railways was the highest (44.74%) followed by the Ministry of Home Affairs (24.14%), Defence civilian (11.77%), Communications & IT (7.06%) and Finance (3.49%). Other Ministries/Departments collectively shared the rest of 9% of the total Central Government regular employment.
>
> (3).Out of 30.99 lakh regular employees, 3.11 lakh were women. The proportion of women in the total employment is almost static, around 10% in the year 2009, 2008 and 2006.
>
> (4).About 95% of regular Central Government employees were Non-Gazetted. The overall ratio of Gazetted to Non-Gazetted employees was 1:19. In the case of Ministry of Railways, however, this ratio was 1:114.
>
> (5) Amongst regular Central Government employees, 63% were holding Group-'C' posts and 26% were in Group-'D' posts. About 8% were holding Group-'B' posts whereas employees holding Group –'A' posts were only about 3%.

(6).About 90% of regular Central Government employees were found in the Grade pay of Rs. Up to 1800 to Rs. 5400 which mainly consists of Group ‘B’, Group ‘C’ and Group ‘D’ posts. Only 0.16% employees were in the highest scale i.e. HAG + Apex & Cabinet Secretary level.

(7).Amongst regular Central Government employees, 18% were working at offices located in ‘X’ class cities and 29% in ‘Y’ class cities. The percentage of employees in all the cities/areas other than class X and Y cities was 53%.

(8).Amongst States and Union Territory Administrations, the highest number of regular Central Government employees was in the State of Uttar Pradesh (9.51%) followed by Maharashtra (9.06%), West Bengal (8.54%), Delhi (6.55%), Andhra Pradesh (5.97%), Tamil Nadu (4.79%) and Madhya Pradesh (4.07%). In remaining States/U.Ts the proportion was less than 4%.

In the chapter dealing with the state of economy of the country, we have given a Table 3.4 indicating the declining trend in the percentage share of wages and allowances with reference to both revenue receipts and expenditure. The 3rd CPC has gone on record to state that a fall in the percentage share of wages and allowances against the revenue receipts/expenditure will provide the requisite leeway for the Government without placing any undue strain on the exchequer. One of the oft-repeated contention is that increase in the wages of government employees would generate demand-pull inflation, which ultimately reduce their purchasing power to the levels before the said revision. This is not only fallacious but mischievous too. As observed by the National Commission on Labour (in the context of grant of Dearness Allowance) the inflationary pressure due to wage increase is extremely insignificant. With every organized sector of the economy securing benefits through collective bargaining it is unethical to single out the government employees and that too on an untested hypothesis of demand pull inflation. In fact as mentioned elsewhere in this memorandum, the central government employees had been bearing the brunt of the consequences of inflation. When the avowed objective of public policy is to expand employment opportunities and raise the level of productivity, protection of existing real wages and normal rates of growth of such wages cannot be portrayed by any stretch of imagination as anti-development.

Table 2.1

Gr.A

Year	Number of sanctioned posts	Number of incumbents in position	Number of vacant posts	Percentage of vacant posts to total sanctioned posts in the group
2005-06	91414	79005	12409	13.57
2006-07	91750	78987	12763	13.91
2007-08	93360	79469	13891	14.88
2008-09	93616	80663	12953	13.84
2009-10	96504	82926	13578	14.07
2010-11	98977	84474	14503	14.65
2011-12	100869	87960	12909	12.80

B(G)

Year	Number of sanctioned posts	Number of incumbents in position	Number of vacant posts	Percentage of vacant posts to total sanctioned posts in the group
2005-06	87038	80150	6888	7.91
2006-07	83147	76093	7054	8.48
2007-08	81701	74177	7524	9.21
2008-09	88890	79446	9444	10.62
2009-10	91307	80405	10902	11.94
2010-11	86657	76479	10178	11.75
2011-12	86840	76724	10116	11.65

B(NG)

Year	Number of sanctioned posts	Number of incumbents in position	Number of vacant posts	Percentage of vacant posts to total sanctioned posts in the group
2005-06	71960	60086	11874	16.50
2006-07	73253	62500	10753	14.68
2007-08	73906	60833	13073	17.69
2008-09	102075	78626	23449	22.97
2009-10	115086	95483	19603	17.03
2010-11	142098	116249	25849	18.19
2011-12	144454	113477	30977	21.44

C(NG)

Year	Number of sanctioned posts	Number of incumbents in position	Number of vacant posts	Percentage of vacant posts to total sanctioned posts in the group
2005-06	2343081	2071299	271782	11.60
2006-07	2343359	2075497	267862	11.43
2007-08	2346621	2091793	254828	10.86
2008-09	2337494	2094655	242839	10.39
2009-10	3299398	2809545	489853	14.85
2010-11	3335797	2804736	531061	15.92
2011-12	3352380	2806369	546011	16.29

Gr.D

Year	Number of sanctioned posts	Number of incumbents in position	Number of vacant posts	Percentage of vacant posts to total sanctioned posts in the group
2005-06	932985	818445	114540	12.28
2006-07	955024	816193	138831	**14.54**
2007-08	966600	810560	156040	16.14
2008-09	942208	773953	168255	17.86

Unclassified

Year	Number of sanctioned posts	Number of incumbents in position	Number of vacant posts	Percentage of vacant posts to total sanctioned posts in the group
2005-06	**291**	**289**	**2**	**0.69**
2006-07	**4**	**4**	**0**	**0**

Table 2.2.

Statement showing sanctioned and working strength Group-wise in 1995-96 and 2011-12 of civilian employees of the Government of India. (including para- military force personnel)

Group A

Year	Sanctioned Strength	Working Strength	Vacant Posts	%of Vacant Posts
1995-96	89262	76891	12371	13.86
2011-12	100869	87960	12909	12.80

Group B(G)

Year	Sanctioned Strength	Working Strength	Vacant Posts	%of Vacant Posts
1995-96	95652	86694	8958	9.77
2011-12	86840	76724	10116	11.65

Group B(NG)

Year	Sanctioned Strength	Working Strength	Vacant Posts	%of Vacant Posts
1995-96	93166	87203	7963	8.55
2011-12	144454	113477	30977	21.44

Group C

Year	Sanctioned Strength	Working Strength	Vacant Posts	%of Vacant Posts
1995-96	2674836	2476146	198690	7.42
2011-12	3352380	2806369	546011	16.29

Group D

Year	Sanctioned Strength	Working Strength	Vacant Posts	%of Vacant Posts
1995-96	1237682	1142788	94894	7.66

2011-12	0	0	0	0

Unclassified

Year	Sanctioned Strength	Working Strength	Vacant Posts	%of Vacant Posts
1995-96	25334	23056	2278	9.38
2011-12	0	0	0	0

Total

Year	Sanctioned Strength	Working Strength	Vacant Posts	%of Vacant Posts
1995-96	4215932	3892778	325154	7.71
2011-12	3684543	3084530*	600013	16.28
Reduction	531389	808248	(-)274859	
	12.6% w.r.to s/s/95-96	20.7%w.r.to w/w of 95-96		

*The difference between the sanctioned strength of 1995-96 and the men in position in 2011-12 is 1131402, which works out to 26.83% with reference to the S/S of 1995-96

Source: Brochure on Pay and allowance of Central Government Civilian Employees 2011-12 and 1995-96.

Note: During the period between 1995-96 and 2011-12 (16 years) the total number of posts abolished in all categories works out to 531389 which is 12.6% of the SS of 1995-96 and the vacancy position rose from 325154 to 600013 i.e. from 7.71% to 16.28%. The brunt of the reduction had been borne by Group B Non-gazetted and Group D.

Table 2.3

GROUP WISE & STATUS-WISE NUMBER OF CENTRAL GOVT. CIVILIAN REGULAR EMPLOYEES AS ON 1.3.2012. IN MAJOR MINISTRIES/ DEPARTMENTS

		A*	B(G)	B(NG)	C	Total
1	**Railways**					
	S/S	8748	7652	0	1560388	1576788
	Percentage	8.67	8.81	0	46.55	42.8
	W/S	9228	8072	0	1288400	1305700
	Percentage	10.49	10.52	0	45.91	42.33
2	**Home Affairs**					
	S/S	18953	2390	42776	864815	928934
	Percentage	18.79	2.75	29.61	25.8	25.21
	W/S	14817	1763	32921	780775	830276
	Percentage	16.85	2.3	29.01	27.82	26.92
3	**Diffence(Civilian)**					

	S/S	13773	12213	14518	443233	483737
	Percentage	13.65	14.07	10.05	13.22	13.13
	W/S	13185	11847	11174	332328	368594
	Percentage	14.99	15.44	9.85	11.84	11.95
4	**Posts**					
	S/S	610	1155	5639	203703	211107
	Percentage	0.61	1.33	3.9	6.08	5.73
	W/S	610	1155	5639	203703	211107
	Percentage	0.69	1.51	4.97	7.26	6.84
5	**Revenue**					
	S/S	8255	24144	31355	74569	138323
	Percentage	8.18	27.8	21.71	2.22	3.75
	W/S	5881	20885	23353	48668	98787
	Percentage	6.69	27.22	20.58	9.74	3.2
6	**Others**					
	S/S	50530	39286	50166	205672	345654
	Percentage	50.1	45.24	34.73	6.13	9.38
	W/S	44239	33002	40390	152435	270066
	Percentage	50.29	43.01	35.59	5.43	8.76
	S/S total	**100869**	**86840**	**144454**	**3352380**	**3684543**
	W/S Total	**87960**	**76724**	**113477**	**2806369**	**3084530**

* includes some non guzetted posts also.

Source. Page No. 25 of Brochure on Pay and Allowances of Central Govt. Civilian employees 2011-12 (Brochure-34)
by Pay Research Unit Department of Expenditure Minisry of Finance New

Delhi

S.No.	Ministry	Women employment as on 31st March, 2009		
		Number	percentage share to the Total regular employees in the respective organization.	Percentage share to the total women employees in Central Government.
1	2	3	4	5
1.	Communication & IT	34525(of218788)	15.78	11.10
2.	Railways	89128(1386123)	6.43	28.66
3.	Defence (Civilian)	39353(364718)	10.79	12.66
4.	Others	147996(1128878)	13.11	47.58
Total		**311002(3098507)**	**10.04**	**100**

Source: Table: 3 . Page 5. Census of Central Government Employees: DGET

Table 2.5

Estimated distribution of regular central government employees according to various grade pay:

	As on 31st March 2009	
Grade Pay in Rs.	No. Of employees	Percentage to total
Upto Rs. 1800	792677	25.58
Rs. 1900 and Rs. 2000	544426	17.57
Rs. 2400 and Rs .2800	802194	25.89
Rs., 4200, 4600 Rs. 4800	731877	23.62
Rs. 5400	84266	2.72
Rs. 6600 and Rs. 7600	71500	2.31
Rs. 8700 and Rs. 8900	39286	1.27
Rs. 10,000 Rs.12000	27323	0.88
HAG + Apex and Cabinet Secretary	4958	0.16
total	3098507	100.00

Source: Table: 7 . Page 10. Census of Central Government Employees: DGET

Table 2.6

Location wise Dispersal of employees in different class of cities

	Employment in 2009	
Class/ City	**Number**	**% to total**
"X"class Cities		
Bangalore(UA)	31565	1.02
Chennai(UA)	68392	2.21
Delhi(UA)	203051	6.55
Greater Mumbai(UA)	101389	3.27
Hyderabad(UA)	60461	2.92
"Y"Class Cities	895570	28.90
All the Cities / Area other than Class X and Class Y Cities	1647646	53.18
Total	**3098507**	**100.00**

Source: Table: 8 . Page 11. Census of Central Government Employees: DGET

Table 2.7

Trend in Central Government regular employment during 1990-2009

	Central Govt. employment(regular)		
As on 31st March	Number (in lakh)	% increase/ decrease over previous available year	Index of employment(Base 100 in 1971)
1990	37.74	0.69	139.8

1991	83.13	1.03	141.27
1992-94	-	-	-
1995	39.82	4.43	147.54
1996-2000	-	-	-
2001	38.76	(-)2.66	143.61
2002-2003	-	-	-
2004	31.64	(-)18.37	117.23
2005	-	-	-
2006	31.16	(-) 1.53	115.45
2007		-	-
2008	31.12	(-) 0.13	115.30
2009	30.99	(-) 0.42	114.82

- Data not available
- Source: Table: 10 . Page 14. Census of Central Government Employees: DGET
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Table 2.8

Statement showing Sanctioned Posts and Men in position department-wise

Year	Railway	Defence	P&T	Other Deptts.	Home Affairs	Total Sanctioned strength	Total Men in Position
1	2	3	4	5	6	7	8
1995-96	17.1 15.9	5.9 5.1	7.5 7.2	6.0 5.4	5.7 5.4	4217932	3892778
1996-97	17.0 15.0	5.9 5.1	7.5 7.3	6.1 5.5	5.9 5.4	4218194	3894948
1997-98	15.6 14.5	5.8 5.0	8.6 7.9	6.0 5.3	5.9 5.7	4192735	3847049
1998-99	15.1 14.0	5.8 5.0	7.7 7.1	6.0 5.3	6.0 5.7	4067049	3729274
1999-00	16.8 15.8	5.8 5.0	7.7 7.1	5.3 4.7	6.1 5.8	4172031	3855316
2000-01	15.6 15.5	5.8 5.0	3.0 2.8	5.2 4.7	6.4 6.1	3606482	3426018
2001-02	16.3 15.1	4.7 3.5	2.9 2.7	5.1 4.5	7.3 6.9	3633006	3289849
2002-03	16.3 14.8	4.7 3.5	2.8 2.6	5.1 4.5	7.3 6.9	3620183	3236503
2003-04	16.2 14.5	4.7 3.5	2.3 1.9	5.2 4.5	7.2 6.9	3560433	3128134
2004-05	16.0 14.3	4.7 3.5	2.3 1.9	5.1 4.4	7.5 6.8	3559831	3088009

2005-06	15.8 14.1	4.7 3.6	2.3 2.3	4.8 4.1	7.5 6.9	3526769	3109274
2006-07	15.7 14.1	4.8 3.6	2.2 2.2	4.9 4.2	7.7 7.0	3546537	3109274
2007-08	15.7 13.9	4.8 3.6	2.2 2.1	4.9 4.0	8.0 7.4	3562188	3116832
2008-09	15.8 13.8	4.8 3.6	2.2 2.2	4.8 3.9	8.1 7.5	3564283	3107343
2009-10	15.8 13.6	4.8 3.6	2.1 2.1	4.8 3.8	8.6 7.6	3602295	3068359
2010-11	15.8 13.3	4.9 3.8	2.1 2.1	4.8 3.7	9.1 8.0	3663529	3081938
2011-12	15.8 13.1	4.8 3.7	2.1 2.1	4.8 3.7	9.3 8.3	3684543	3084530

- Figures in columns 2 to 6 are in lakhs rounded to one decimal point and actual figures given in Column 7 & 8 representing total figures.
- Figures given in second line represent men in position in each year.
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Chapter III
State of the economy
and financial resources of the government.

As per the terms of reference of the 7th Central Pay Commission, the Commission is required to work out the frame work for an emoluments structure taking into account;

(i) The economic conditions in the country and the need for fiscal prudence;
(ii) The need to ensure that adequate resources are available for developmental expenditure and welfare measures;
(iii) The likely impact of the recommendations on the finances of the State Governments, which usually adopt the recommendations with some modifications;
(iv) The prevailing emolument structure and retirement benefits available to employees of Central Public Sector Undertaking and
(v) The best global practices and their adaptability and relevance in Indian Conditions.

It is, therefore, necessary to deal with briefly the state of Indian economy and the financial resources available to meet out our demands for wage revision without compromising the need of funds for developmental activities and welfare measures. We shall also briefly mention in this chapter the likely impact of the recommendations on the finances of various States. The last two issues viz;. The prevailing emolument structure available to the employees of the Central Public Sector undertakings and the best global practices adopted in the governance shall be dealt with in subsequent chapters.

It is often stated that the Government of India had to adopt the liberalisation, privatisation and globalisation process of management of economy in the year 1991 to redeem the country from the brink of an economic disaster and later graduate to the pursuance of the neo liberal policies to spur the economic growth. Whether the policies really brought about prosperity to the millions of our countrymen or left them worse off may be a debating issue, it is certain that the policies had brought about an annual economic growth of sometimes even beyond 9%. It can be emphatically stated that the Indian Corporate houses, benefited immensely from these policies, that they could rise to the position of challenging the world famous transnational corporation and even to the extent of gobbling up some of the international giants. The spurt in the economic growth in our country was phenomenal and unprecedented. None of the developed nations with the exception of China could match the rate of growth of Indian economy.

The National economic growth no doubt got reflected in its revenue resource mobilisation. The revenue receipt of the Government of India rose from Rs. 66047 Crores in 1991-92 to Rs. 1031174 crores in 2012-13 registering an increase of nearly 16 times. The increase registered during the period 2005-06 to 2012-13 is almost three times. Despite the lowering of tax rates, India's tax collection rose at an extra-ordinary pace. When we submitted our memorandum to the 6th CPC in December, 2006, the receipt from indirect taxation was higher than the direct tax collection indicating the painful fact that our economy despite the phenomenal growth had not crossed the barrier between a developing and developed economy, for an increased revenue receipt from indirect taxes is not considered an indicator of a developed economy. The following table indicate the tax collection in the years between 2005-06 to 2012-13. What is depicted in the table tells us a different story altogether, especially when viewed from the fact that the direct taxes rates have remained static since 1994.

Table 3.1

Financial year	Direct tax receipts	Indirect Tax receipts	Total	Direct Taxes as a percentage to total tax receipts.
2005-06	165216	199348	364564	45.32
2006-07	230181	242066	472247	48.74
2007-08	314330	279031	593361	52.97
2008-09	333818	269433	603251	55.34
2009-10	378063	245367	623430	60.64
2010-11	446935	345127	792062	56.43
2011-12	493959	391738	887071	55.78
2012-13	556965	474209	1031174	54.01

Having been consistently registering an increased percentage till 2009-10, the direct taxes collection began to decline as a percentage to the total tax revenue of the Government in the subsequent years, for the Government was perforce to widen the service tax net to combat the ever increasing fiscal and revenue deficit to abide by the provisions of the fiscal responsibility and budget Management Act 2003.

Despite the global financial crisis that engulfed most of the capitalist economies in 2008 it must be said with pride that the crisis did not impact the Indian economy as it affected other developing Nations. The global crisis no doubt decelerated our economic growth as could be evidenced from the table of GDP growth rate as depicted in the Economic Survey of 2013-14.

Table 3.2

Growth in GDP at Factor Cost at 2004-05 Price (Per cent)

	2005-06	2006-07	2007-08	2008-09	2009-10 *3R*	2010-11 *2R*	2011-12 *1R*	2012-13 *AE*
Agriculture, forestry & Fishing	5.1	4.2	5.8	0.1	0.8	7.9	3.6	1.8
Mining & quarrying	1.3	7.5	3.7	2.1	5.9	4.9	-0.6	0.4
Manufacturing	10.1	14.3	10.3	4.3	11.3	9.7	2.7	1.9
Electricity, gas & water supply	7.1	9.3	8.3	4.6	6.2	5.2	6.5	4.9
Construction	12.8	10.3	10.8	5.3	6.7	10.2	5.6	5.9
Trade, hotels & restaurants, transport & communication	12.0	11.6	10.9	7.5	10.4	12.3	7.0	5.2
Financing, insurance, real estate & business services	12.6	14.0	12.0	12.0	9.7	10.1	11.7	8.6
Community, social & personal services	7.1	2.8	6.9	12.5	11.7	4.3	6.0	6.8
GDP at factor cost	**9.5**	**9.6**	**9.3**	**6.7**	**8.6**	**9.3**	**6.2**	**5.0**

Source: Central Statistics Office (CSO)

Notes: 1R- First Revised Estimate 2R-Second Revised Estimate 3R- Third Revised Estimate AE-Advance Estimate

Table 3.3

Quarterly Estimate of GDP Growth (year-on-year in per cent)

	2010-2011				**2011-2012**				**2012-2013**	
Sector	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Agriculture, Forestry & Fisining	**3.1**	**4.9**	**11.0**	**7.5**	**3.7**	**3.1**	**2.8**	**1.7**	**2.9**	**1.2**
Industry	**8.3**	**5.7**	**7.6**	**7.0**	**5.6**	**3.7**	**2.5**	**1.9**	**3.6**	**2.8**
Mining & Quarrying	6.9	7.3	6.1	0.6	-0.2	-5.4	-2.8	4.3	0.1	1.9
Manufaturing	9.1	6.1	7.8	7.3	7.3	2.9	0.6	-0.3	0.2	0.8
Electricity, Gas & Water Supply	2.9	0.3	3.8	5.1	8.0	9.8	9.0	4.9	6.3	3.4
Construction	8.4	6.0	8.7	8.9	3.5	6.3	6.6	4.8	10.9	6.7
Services	**10.0**	**9.1**	**7.7**	**10.6**	**10.2**	**8.8**	**8.9**	**7.9**	**6.9**	**7.2**
Trade, hotels, transport &communication	12.6	10.6	9.7	11.6	13.8	9.5	10.0	7.0	4.0	5.5
Financing, insurance, real estate business services	10.0	10.4	11.2	10.0	9.4	9.9	9.1	10.0	10.8	9.4
Community, Social & personal serives	4.4	4.5	-0.8	9.5	3.2	6.1	6.4	7.1	7.9	7.5
GDP at factor cost (total 1 to 8)	**8.5**	**7.6**	**8.2**	**9.2**	**8.0**	**6.7**	**6.1**	**5.3**	**5.5**	**5.3**

Instead of we asserting the success story of the Indian economic growth, it would be better to refer to the observations of the Honourable Finance Minister, made while he presented the Budget for 2013-14 and again when the vote on account for 2013-14 was placed before the Parliament.

> "I shall begin by setting the context. Global economic growth slowed from 3.9 percent in 2011 to 3.2 percent in 2012. India is part of the global economy: our exports and imports amount to 43 percent of GDP and two-way external sector transactions have risen to 108 percent of GDP. We are not unaffected by what happens in the rest of the world and our economy too has slowed after 2010-11. In the current year, the CSO has estimated growth at 5 percent while the RBI has estimated growth at 5.5 percent. Whatever may be the final estimate, it will be

below India's potential growth rate of 8 percent. Getting back to that growth rate is the challenge that faces the country.

Let me say, however, there is no reason for gloom or pessimism. Even now, of the large countries of the world, only China and Indonesia are growing faster than India in 2012-13. And in 2013-14, if we grow at the rate projected by many forecasters, only China will grow faster than India. Between 2004 and 2008, and again in 2009-10 and 2010-11, the growth rate was over 8 percent and, in fact, crossed 9 percent in four of those six years. The average for the 11th Plan period, entirely under the UPA Government, was 8 percent, the highest ever in any Plan period. Achieving high growth, therefore, is not a novelty or beyond our capacity. We have done it before and we can do it again.

In September, 2012, Government accepted the main recommendations of Dr. Vijay Kelkar Committee. A new fiscal consolidation path was announced. Red lines were drawn for the fiscal deficit at 5.3 percent of GDP this year and 4.8 percent of GDP in 2013-14.

Government expenditure boosts aggregate demand and it has both good and bad consequences. Wisdom lies in finding the correct level of government expenditure. In the budget for 2012-13, the estimate of Plan Expenditure was too ambitious and the estimate of non-Plan Expenditure was too conservative.

Faced with a huge fiscal deficit, I had no choice but to rationalise expenditure. We took a dose of bitter medicine. It seems to be working. We also took some policy decisions that had been deferred for too long, corrected some prices, and undertook a review of certain tax policies. We have retrieved some economic space.

<u>AGRICULTURE</u>

Thanks to our hard working farmers, agriculture continues to perform very well. The average annual growth rate of agriculture and allied sector during the 11th Plan was 3.6 percent as against 2.5 percent and 2.4 percent, respectively, in the 9th and 10th Plans. In 2012-13, total food grain production will be over 250 million tonnes. Minimum support price of every agricultural produce under the procurement programme has been increased significantly under the UPA Government. Farmers have responded to the price signals and produced more. Agricultural exports from April to December, 2012 have crossed 138,403 crores.

<u>Green Revolution</u>

Bringing the green revolution to eastern India has been a remarkable success. Assam, Bihar, Chhattisgarh and West Bengal have increased their contribution to rice production.

Any economist will tell us what India can become. We are the tenth largest economy in the world. We can become the eighth or perhaps the seventh largest by 2017. By 2025, we could become a $ 5 trillion economy, and among the top five in the world. What we will become depends on us and on the choices that we make.

<u>2014-15 Vote on account.</u>

World economic growth was 3.9 percent in 2011, 3.1 percent in 2012 and 3.0 percent in 2013. Those numbers tell the story. Among India's major trading partners, who are also the major sources of our foreign capital inflows, the United States has just recovered from a long recession; Japan's economy is responding to the stimulus; the Euro zone, as a whole, is reporting a growth of 0.2 percent; and China's growth has slowed from 9.3 percent in 2011 to 7.7 percent in 2013.

Let me begin with the good news. The fiscal deficit for 2013-14 will be contained at 4.6 percent of GDP, well below the red line that I had drawn last year. More importantly, the Current Account Deficit, that threatened to exceed last year's CAD of USD 88 billion, will be contained at USD 45 billion, and I am happy to inform the House that we expect to add about USD 15 billion to the foreign exchange reserves by the end of the financial year. Analysts and rating agencies had acknowledged our efforts some months ago and no longer speak about a downgrade. I hope that domestic experts will now agree that the UPA Government meant what it said when it put fiscal stability at the top of the agenda. Last year, when I read the Budget speech, WPI headline inflation stood at 7.3 percent and core inflation at 4.2 percent. Through the year, inflation saw its ups and downs. At the end of January 2014, WPI inflation was 5.05 percent and core inflation 3.0 percent. Both the Government and the RBI have acted in tandem. While our efforts have not been in vain, there is still some distance to go. Food inflation is still the main worry, although it has declined sharply from a high of 13.6 percent to 6.2 percent.

Agriculture

We are proud of the stellar performance of the agriculture sector. Food grain production in 2012-13 was 255.36 million tonnes and the estimate for the current year is 263 million tonnes. Estimates of production of sugarcane, cotton, pulses, oilseeds and quality seeds point to new records. Agriculture exports in 2012-13 stood at USD 41 billion versus imports of USD 20 billion. In 2013-14, agriculture exports are likely to cross USD 45 billion. Agricultural credit is likely to touch 735,000 crore, exceeding the target of 700,000 crore. Agricultural GDP growth increased to 3.1 percent in the five year period of UPA-I and further to 4.0 percent in the first four years of UPA-II. In the current year, agricultural GDP growth is estimated at 4.6 percent.

Ten years ago, we produced 213 million tonnes of food grains; today, we produce 263 million tonnes of food grains. Ten years ago, the installed power capacity was 112,700 MW;today, it is 234,600 MW. Ten years ago, coal production was 361 million tonnes per year; today, we produce 554 million tonnes per year. Ten years ago, there were 51,511 km of rural roads under PMGSY; today, we have 389,578 km. Ten years ago, the Central Government's expenditure on education was 10,145 crore; this year, we allocated 79,451 crore. Ten years ago, the Central Government spent 7,248 crore on health; this year, it will spend 36,322 crore. Just as there are business cycles, there is a cycle around the trend growth rate of an economy. Over a period of 33 years, the trend growth rate in India has been 6.2 percent. Average annual GDP growth during the period 1999-2004 was 5.9 percent that is below the trend rate. In the next five year period 2004-2009, it was 8.4 percent and, in the period 2009-2014, going by the CSO's estimate, it will be 6.6 percent. UPA-I and UPA-II have delivered above the trend growth rate.

I wonder how many have noted the fact that India's economy, in terms of the size of its GDP, is the 11th largest in the world. There are great things in store. There is a well-argued view that in the next three decades India's nominal GDP will take the country to the third rank after the US and China. Just as the fortunes of the developed countries affect the emerging economies today, the fortunes of China and India will, in the future, have a significant impact on the rest of the world. "

From the table given below it could be seen that the expenditure on pay and allowances over the years had been decelerating as a percentage to the revenue receipt and revenue expenditure. Even if the percentage of expenses to Revenue Receipt is maintained at the 2009-10 level i.e. 12.75% an amount of Rs. 23510 crores will become available for the Government to defray the additional expenses that might arise on account of wage revision. In its report on comparative Public Administration, (Report No. 50, July, 24, 2002) the World Bank observed:

"In order to deliver quality public services governments will need to spend money on goods and services as well as wages and salaries. As a rule of thumb, when this ratio rises over 25%, Govt. risks reducing their effectiveness by squeezing non wage expenditure."

Table 3.4

Expenditure of pay and allowances of central Government Civilian employees including the employees of the Union territories as a percentage to revenue receipts and revenue expenses.

Year	Expenditure on Pay and Allowances of Civilian Employees of Central Government & Union Territories	Revenue Receipts of the Central Government	Revenue Expenditure of the Central Government	Expenditure on pay and Allowances and Allowances of of the Central Expenditure as percentage of	
				Revenue Receipts	Revenue Expenditure
1999-00	33978	181513	249109	18.7	13.6
2000-01	33986	192624	277858	17.6	12.2
2001-02	31407	201449	301611	15.6	10.4
2002-03	33317	231748	362140	13.1	9.5
2004-05	38653	376871	455571	10.26	8.48
2005-06	40418	430940	540637	9.38	7.48
2007-08	46230	649426	734861	7.12	6.29
2008-09	67464	653847	1010224	10.32	6.68
2009-10	89860	704523	1057478	12.75	8.50
2010-11	88650	932685	1186115	9.50	7.47
2011-12	95291	910556	1305195	10.47	7.30
2012-13	95983 (provisional)	1055891	1422087	9.09	6.75

Table 3.5

Table indicating the expenses on pay and allowances of Central Government civilian employees on crucial occasions i.e., 1975-76, 1986-87, 1997-98 and 2009-10 i.e. the years in which the third, fourth, fifth and sixth pay Commissions recommendations were implemented.

year	Revenue receipts	Revenue expenses	Pay and allowances	%to revenue receipts	%to revenue expenses
1975-76	8075	7189	1887	22.0	22.8
1986-87	33083	40860	6100	18.4	14.9
1997-98	133901	180350	27430	20.5	15.2
2009-10	704523	1057478	41770	12.75	8.50

It is seen that the present rate of expenditure on pay and allowances both with reference to its revenue receipts and revenue expenses is far below the limit indicated by the world bank. Only in the years, 1975-76, 1986-87 and again in 1997-98, the percentage crossed over 15. These are the years in which the 3rd, 4th and 5th CPC recommendations were implemented. The demand for interim relief, which normally accedes to by the Government as and when the Pay Commission is set up, was not considered in 2006 either by the Government or by the 6th Central Pay Commission. This naturally resulted in the entitlement of about 32 months additional salary as arrears. Despite the defraying such huge expenditure, it could be seen from the table that the pay and allowances disbursed in the year 2009-10 amounted to only 12.75% with reference to revenue receipts and just 8.5% with reference to revenue expenses. We, therefore, hasten to add that there is no justification for the apprehension that the wage revision might have an adverse impact on the availability of resources either for developmental expenses or welfare measures. This apart as indicated by us in our submission to the questionnaire and in detail elsewhere in this memorandum, wage revision based on the need based minimum wage concept cannot be denied with any sense of justification on the specious plea of the available resources or capacity of the Government to pay.

We may pointedly draw the attention of the Commission to the observations made by the6th Central Pay Commission in their report in Chapter 1.3 (Page s 16 to 27) in which they have detailed the performance of the Indian Economy in the postal liberal era. They have concluded and we quote:

> As such in view of the revenue receipts expected in the future, the Central Government should be in a position to meet the additional expenditure consequent to this Commission's recommendations.

We must also reiterate that the resources of the Government cannot be construed to mean only what it has chosen to raise but also the potential resources which it is capable of tapping but chosen not to do so in consonance with the political ideology of the ruling party. The substantial reduction of the rate of tax especially in the corporate tax segment and the enormous amount of tax concession to the Corporate houses, (the tax forgone in 2011-12 being Rs. 533,582 crores), abolition of wealth tax while widening the service tax (taxing the common man) , the continuous lowering of the tax-GNP ratio and above all the unwillingness to unearth black money generated over the years are indicative of the political ideology that prohibited the tapping of resources. The various expert committees set up by the Government have indicated the enormous amount of black income generation in the country, which is estimated to be not less than one fourth of the GDP. Despite the abysmally low rate of taxation and the huge concessions, exemptions, deduction offered to the Corporate houses, the fact is that the tax receipts of the Government of India had been rising year after year on an average incremental rate of 20 to 25%.

As per the terms of reference, the 7th CPC is also required to look into the likely impact of its recommendations on the finances of the State Governments. To the reply to the Question No. 7 of the 7th CPC questionnaire, we had indicated that most of the State Government employees presently have a better pay, perks package than available to the Central Government employees. It is also however a fact that none of them has been provided with a pay packet based upon the norms of the need based minimum wage. The question of capacity to pay must arise only if the wages are to be computed on a pedestal higher than the minimum wage concept. Our case before the Commission rests on the need to compute the wage structure basing upon the need based minimum wage concept evolved by the 15th ILC in 1957, which is yet to become a reality even after the lapse of 56 years. The 6th CPC in their report in para 1.3.31 (pages 26 and 27) has dealt with this question. In fact the Government had raised this matter both before the 5th and 6th Central Pay Commissions. Both the Commissions had deliberated upon it and made their recommendations. These recommendations were accepted and acted upon. We, therefore, submit that the issue does not merit any further consideration of the 7th Central Pay Commission in the light of the observation of both 5th and 6th Pay Commissions.

Chapter IV
Principles of Wage Determination

The First Pay Commission, which was set up on 1946, submitted their report on 30th April, 1947. Dwelling at length, the principle that must govern the determination of salary in civil service, the Commission pointed out the difficulty in adopting the Islington Commission's suggestions which had been the basis in determination of pay of civil servants in U.K. and the Colonial India. They quoted the criticism, perhaps rightly made, on the dictum of Islington Commission as Ricardian in spirit and based on Capitalistic outlook of 19th century. In sum and substance, the Islington Commission had advocated the law of supply and demand with certain modification, when they said that:

> "Govt. should pay so much and so much only to its employees as was necessary to obtain recruits of the right stamp and to maintain them in such degree and comfort and dignity as would shield them from temptation and keep them efficient."

The First Pay Commission, though agreed with the criticism took the stand that the law of supply and demand must not be totally ignored. The Commission concluded (by elaborately dealing with the concept of living wage) that the test formulated by the Islington Commission is to be liberally interpreted and to be qualified by the condition that in no case should a man's pay be less than the "living wage".

The Second Pay Commission examined various contentions raised before them, viz., supply and demand for labour; Government being treated as a model employer; combining social and economic considerations, fair comparison, factoring the per capita national income, the report of the fair wage committee, etc. In depth the Commission considered the merits and demerits of each of the above principles. Some of their comments are relevant in the reappraisal of the principles, which the 7th CPC has been asked to undertake by the Government.

On the concept of fair comparison, the 2nd CPC commented that:

"if the emoluments in the public service taken with the other conditions bear fair comparison with those persons with similar qualifications, duties and responsibilities in outside employment, the Government should, a priori, be certain of getting recruits of the required standard and of keeping them contented and efficient. But the converse of this, namely the government cannot get recruits of the requisite standards and keep them contented unless they pay rates of remuneration comparable to those outside, may not be true.

At the lowest level on the other hand the outside rates maybe too low for maintaining the efficiency of an employee, even though with so much unemployment and underemployment in the country the Government may have no difficulty in recruitment so long as they pay the central rate. (Para 8 Page 19 2nd CPC)

We may explain that comparison, if instituted, would have to be limited to rates of remuneration and conditions of employment in undertaking known to be giving fair wages; to be following sound employment and management practices and to be generally maintaining good relations with their employees. In other words, the comparison would be with good employers. (Para 22 Page 26 Chapter IV)

They dismissed the idea of Government being a model employer if that is conceived to make the Government to pay higher wages and salaries than other good employers for comparable work. The Commission feared that the Government acting as a model employer in the above mentioned manner, would be exposed to a well founded criticism of extravagance. (Para 12 Page 20-21 Chapter IV)

They concluded that "while the model employer" principle in the sense explained in Para II is not a sound one, the social principles and standards which government have laid down for or commented to employers generally should be taken into account in determining the emoluments and conditions of service of central government employees.

They reframed from adopting fair comparison with outside rates as a principle suitable for free and detailed application, but recognized it as one of the important factors to be taken into account. They opined that comparison with outside rates should be used as an aid and corrective.

In the ultimate conclusion of the discussion of various principles for wage determination, the 2nd Pay Commission stated that:

> "the social and ethical as well as economic consideration are relevant to the determination of the minimum and maximum salaries, that the internal relativities should be determined with care and should be sound and fair, and that the whole structure of the remuneration and conditions of salaries should be fair to the community as well as to the employees. We have in fact formulated not one but a number of principles. The principles supplement one another: but there is no fixed order in which they are to be applied. There may, in fact, be cases in which the principles, if applied independently would lead to divergent conclusions, but they are not intended to be so applied. We look at the principles essentially as a statement of the basic consideration which have to be taken into account together and harmonised to the utmost extent possible. Further the principles are to be applied against the background – among other circumstances – of the economic conditions in the country and the implications and requirements of developmental planning".

The 3rd CPC dealt in detail the various principles of pay determination. They made a critical analysis of each of the principles propounded by the earlier Commissions. Some of the views and principles noted by the 3rd CPC were:

a) Characteristic of a sound pay structure
b) Supply and demand consideration
c) Equal pay for equal work
d) Fair comparison
e) Job evaluation
f) Wages and productivity
g) The concept of model employer.

The 3rd CPC gave primacy to the discussion on the major characteristic of a sound pay structure. According to them, inclusiveness, comprehensibility and adequacy are the pre-requisites of a sound pay structure. By inclusiveness, they meant that the pay structure and career adopted for the civil service proper should also be adopted by autonomous, quasi-governmental organizations. They wanted the pay scale proper should provide a free and comprehensible picture of the total remuneration given to the government employees. They also advocated that the remuneration must be adequate internally and externally. Due cognizance of the individuals attributes and the need to protect a reasonable standard of living were to be taken in to account while determining remuneration. On adequacy of the remuneration they commented that "while it is not argued that the payment of high salaries by itself is a guarantee for the honesty and integrity of the public service, it can be confidently stated that payment of a salary which does not satisfy the minimum reasonable needs of a government servant is a direct invitation to corruption".

After examining the various principles, they concluded that while disproportionate importance should not be attached to private salaries, it was nevertheless necessary to take note of the rate of pay and other conditions of service prevalent outside government as a corrective. In particular, they pointed out that since the supply of unskilled labour was abundant, the wages to be paid to such workers should be related to essential psychological needs rather than condition of supply and demand. They, as was the case with the 1st and 2nd CPC rejected the principles that Government should act like a model employer. They found if advisable to bear in mind several principles and conditions while determining the pay structure. They adopted the concept of minimum wage to determine the pay of the lowest level of employees with certain modifications of the Dr. Aykhroyd formula. In respect of organized Group A services, their primary consideration was to ensure that the terms offered should be attractive enough to enable a person with calibre to make a life time career in the Government.

The terms of reference of 4th CPC had not stipulated that commission to go into the principles of pay determination. The government must have thought that the three earlier commissions, having dwelt upon the issue at length and depth, 4th CPC need not be saddled with a repetitive task. However, the 4th CPC took upon itself to effect a re-appraisal of the principles in view of the 42nd amendment effected to the Constitution of India whereby the preamble was amended to incorporate the words “socialist secular” in between sovereign and democratic republic. They stated that the amendment had made a visible change in the complexion of the constitution. They noted that the said amendment was to express a concern for a social welfare of the oppressed, the unfortunate and the disadvantaged. They quoted the Supreme Court to state that the objective was to strive to set up a vibrant ‘’throbbing socialist welfare society” in place of a “wholly feudal exploited” society.

They went on to analyse of the meaning and purport of the concept of “Living Wage” “Directive principles of state policy” fair wage commission’s recommendations concept of ‘’model employer” the report of the Megaw Committee which inquired in to requirements of civil service of U.K, performance related pay, etc. Some of their observations being relevant are reproduced:

> “Principal object in enacting the directive principles appears to have been to set standards of achievements before the legislature and the executive, the local and other authorities”.

> “Concept of a living wage is not a static concept, it is expanding and the number of constituents and their respective contents are bound to expand and widen with the development and growth of economy”.

In para 7.29 the 4th CPC stated that "Pay determination is a mixture of the effort to settle the principles as well as the system on which it is based and implemented. The need for it arises for the simple reason that without it the normal rule of supply and demand would operate harshly in a developing economy like ours – particularly as the central government is virtually in the position of a monopolist employer in several fields, in an overflowing labour market. If the inexorable law of supply and demand were to operate, the employer, in a country like ours, would give no more than starvation wage to as many as possible".

The 4th CPC justified the periodical wage revision to take note of changes that may have taken place in the relevant facts and circumstances bearing on pay scales but also to rectify or fill any errors or omissions that may have occurred in the earlier pay determination. They also said that such periodical pay revision will avoid conflict with the employer. They also opined that the terms of reference of the pay commission is to be decided in consultation with the employees organizations.
Their observations can be summarised as under:

1. Pay structure determination is to be judgemental and not arithmetical or mechanical. It must be based on fair and sound evaluation of the relevant data with the fairest possible mind.
2. Pay of a post should be such as to attract persons of the required qualifications and calibre to fill it.
3. Pay should be sufficient and satisfactory. It is in the interest of the Government to make the employee contented. A dishonest employee not only sells his authority away he sets a wrong example, undermines the value of his office, does injustice to others and very often puts Government to financial loss for pittance.
4. The salary structure should be coherent and should adequately reflect the substantial differences in the nature and responsibilities of various posts.
5. Efforts should be to provide as far as possible comparable emoluments for comparable work.
6. To hold out an assurance to the employee that his emoluments will not erode by increase in the cost of living.
7. Pay scales may not always be enough to fit in every kind or category of employment. We think that a suitable system of "Special Pay" or allowance can take care of such cases.
8. The capacity of the employer to pay its employees is a factor to reckon with.

The 5th CPC which was set up in April 1994 and it submitted its report in January 1997. The 5th CPC was also asked to evolve principles which should govern the structure of emoluments (1(a)) . In Chapter 40 under the caption "Pay determination A Conceptual Frame", the Commission has briefly dealt with the subject. In the initial paragraph itself the Commission stated that the earlier Pay

Commissions has gone into the matter with varying result and they do not intend to traverse in same ground. They however, noted certain emerging trends in the functioning of the Government on account of a perceptible change in the economic policies of the government and surmised to state:

a) Less governance : emphasis will be to facilitate and regulate rather than directly involving in activities.
b) Decentralization of Governmental activities due to the strengthening of Panchayat Raj Institutions.
c) Right (down) sizing the bureaucracy drastically
d) Increased trade union activities of Government employees to force the Government to pay them on par with outside rates.
e) Drastic reduction of supporting and auxiliary staff and bring about officer oriented administrative set up.
f) Professionalization of Government and consequential jacking up of wages of professionals like Doctors, Scientists, etc.

They discussed the concept evolved by the earlier Commissions, viz., characteristics of a sound pay structure, supply and demand considerations, equal pay for equal work, fair comparison, productivity, model employer, etc.

On the concept of equal pay for equal wages and in anticipation of the adequacy criterion, the 5th CPC suggested that the Government must set up a permanent Pay Body so that the intrinsic value of job assigned to each cadre could be studied. As a transitory measure they evolved "although it is not very scientific or conclusive, we feel that as a primary step towards rationalization, the entry qualification could provide a fairly relative clue. The pay scales they constructed on the premise brought about various anomalies which had to be later set right through executive actions.

On fair comparison concept they concluded that "greater responsibility devolves upon any Pay Commission to be reasonable and pragmatic and try to bridge the widening gap between the compensation packages of the Central Government and the rest of the economy.

Apart from the above concepts, the 5th CPC adopted the following criteria in deciding upon the pay structure.

a) Intrinsic value of a job
b) Linking the smaller entities to larger entities
c) To delink pay from the position in the hierarchy
d) The need to have similar approach towards the lowest and highest paid functions.
e) Actual reimbursement of expenses.

f) Capacity of Government to pay

6th CPC

Even though the 6th CPC which was set up in October, 2006 was asked to examine the principles that should govern the structure of pay vide the Government's terms of reference {in No. 5/2/2006-E-III(A) dated 5.10.2006}, the Commission did not attempt an elaborate discussion on the subject as was done by the earlier Pay Commissions. The issue was partially addressed in Chapter 2.1 & Chapter 2.2 (Pages 28 – 70). In Chapter 2.1 the Commission examined comparison with the public and private sectors. They noted that as on 31.3.2006 there had been 245 central PSUs (52 in Schedule A, 87 in Schedule B, 54 in Schedule C and 7 in Schedule D and the rest unclassified) out of 16.49 lakh employees 86% were workers covered by IDA pattern. Among the pay packages in these PSUs the Commission noted:

1) In many PSUs pay scales at lower levels are open ended and have percentage based increments.
2) Most of the PSUs have introduced performance related incentive scheme.
3) DA instalments are quarterly.
4) HRA on percentage basis and CCA on Government pattern
5) Besides, PSU workers are given canteen subsidy, conveyance reimbursement, professional development allowance, night shift allowance, uniform/washing allowance, leave travel concession, etc.
6) Interest subsidy scheme on house building allowance, vehicle loan, computer loan, children education assistance and medical benefits.

The Commission then came to the conclusion that:

1. There are variations in job content and service conditions
2. Objectives of PSU are not comparable with Government.
3. The autonomy of each PSU makes comparison impossible

They ultimately observed that instead of attempting to make any comparison the Commission would devise a package incorporating the best practices.

In respect of private sector comparison the 6th CPC was of the view that the main consideration in the private sector being profit and an equal comparison with the government is impossible. However, taking note of the facts the same rule of manpower provides the source of recruitment and the need to attract the talented persons for Group A and technical posts the Commission finally recommended higher starting salary for Group A posts. The Commission also recommended the introduction of performance related incentive in the Government as was obtaining in the private sector.

In consonance with the observations they suggested to have variable increment rate for the Group A officers in pay band which was not acted upon by the government, having felt impracticable. But the higher pay packet suggested to the officers of this level was later improved by the government further.

In so far as the minimum salary is concerned the 6th CPC relied upon the necessity of computing the same on the 15th ILC norms. But the actual computation was made on a distorted version of the formulae and simultaneously departing from the retail rate of commodities suggested by the Staff Side without indicating what the real rates were on 1.1.2006. The Commission went on to manufacture an artificial rate of retail prices by adding just 20% over the whole sale price, thereby depressing the minimum wage by half. Against the Staff Side computation of Rs.10,000/- the 6th CPC worked out a figure of Rs. 5478.5 but adopted another figure of Rs.4860. The Commission inter-alia recommended.

a) Contractual appointments
b) Running pay bands to avoid stagnation
c) Grade pay at 40% of the maximum of the 5th CPC scales as fitment formula.
d) Introduce MACP scheme for time bound promotion.
e) Recommended full pension after 20 years to facilitate contractual appointments
f) Advocated cadre review which has not been carried out in most of the departments.

In fine, we may state that the Commission's recommendations on pay structure were sans logic and without factoring some of the principles considered by earlier pay commissions. Naturally the acceptance and implementation of the recommendation brought about innumerable anomalies which could not be resolved after repeated discussions in the National anomaly Committee.

In the succeeding chapters we shall enumerate the reasons as to why 7th CPC should adopt the need based minimum wage formula at the minimum level. The intrinsic value of the assigned job at the intermediary level, the necessity to keep the relativity both at horizontal and vertical level and the need to provide a comparable salary for the top bureaucrats, taking into account the perks, privileges, benefits, allowances and concessions that go with the posts.

Chapter V
Minimum Wage

In this Chapter-V of this memorandum we have detailed the principles adopted by the earlier Pay Commissions on determination of pay. All those Commissions were of the firm opinion that wages cannot be determined on any single principle but has to be based upon a combination of all the enunciated principles or those principles are to be factored into the process of quantification. Since the Government as an employer had not been able to grant the need based minimum wage to its own employees till date we are of the firm opinion that the 7th CPC must endeavour to compute the wage structure on 15th ILC norms. We suggested two other principles to be factored in to the qualification of pay beyond the minimum level. We enumerate hereunder the factors to be taken into account:

1) The Need-Based Minimum Wage concept to compute pay at the minimum level.
2) The intrinsic value of the job content of each grade and post at the intermediary level to be assessed by an expert committee. Pending finalization of such a study, the Commission may maintain the presently existing vertical and horizontal relativities.
3) To take into account the outside rates to determine the pay package at senior levels of bureaucracy but maintain the ratio between the minimum and maximum at 1 : 8 (MTS: Secretary to Govt. of India).

We make the above suggestion, being just and reasonable on the following grounds:

1. The Fair Wage Committee has held that an industry which is incapable of paying minimum wage has no right to exist.
2. 86% of Central Government Employees are industrial or operational workers.
3. The need based minimum wage concept formulated by Dr. Aykhroyd and approved by 15 ILC was considered the most important principle in computing salary of Government employment especially of those lower level functionaries, by the 2nd, 3rd, 4th and 6th CPC.
4. It is only the fear of a heavy financial implication and the incapacity of the Indian economy at the relevant point of time, to meet the extra expenses the 2nd, 3rd and 4th CPCs were constrained to alter the formula itself with the opinion of certain nutritional experts. The legitimacy provided to Dr. Aykhroyd formula by the 15th ILC (in which the representative of Labour, Employers and Government participated) was not available for any other conceptual frame work proposed by any other "experts". The 4th Pay Commission cited the per capita net national product increase over the years to justify lower minimum wage than what could have been as per the ILC norms. It could be seen that the earlier Pay Commissions had adopted a different principle other than the Dr. Aykhroyd formula due to financial constraints.

5. Despite elaborately ...... detailing the concept of living wage and the ...... and amendment to the preamble of the Indian Constitution, the 4th CPC not only computed the pay structure on the basis of need based minimum wage on the specious plea that the per capita net national income increase if factored would not allow them to fix the minimum wage at a higher level than Rs.750/-.
6. Even though no specific reference on the adoption of the concept of need based minimum wage was made by the Government the 5th CPC did dwell upon it. They advocated that the 25% addition suggested by the Supreme Court to enable the worker to meet the expenses, viz., children education, medical requirements, social obligation connected with festivals, marriages, etc. must be added to arrive at the minimum wage. However, they computed the minimum wage discarding the same principle but made the percentage increase of the per capita net national product over a period of ten years as the base (or the constant relative income criterion as the most equitable norm). In order to arrive at the minimum pay, the Commission added 30.9% over the emoluments of a lowest paid employee as on 1.1.2016.
7. The 6th CPC adopted the 15th ILC norms to compute the minimum wage but made several changes to the concept Viz., the retail prices of the commodities, which goes into the reckoning was altered; the stipulated 10% for housing and 25% for social obligations, medical, children education, etc. were discarded on the specious plea that separate allowances had been granted. Dy. Aykhroyd had factored 7/5/% as housing component in the computation of minimum wage. The question of incorporating the cost of requirement for medical, education and other social obligation was the subject matter of litigation before the Supreme Court. The Hon"ble Court directed that 25% of the minimum wage so computed must be added as a factor for the above requirement of a worker, which had not been taken into account by the ILC norms.

   The contention of the 6th CPC that since children education allowance, Medical and house rent allowances are specially granted to the Central Govt. employees, the same must be taken out of the reckoning is not only wrong but also amounts to contradiction of a stand taken by the Highest judiciary of the country- Supreme Court. The 6th CPC has failed to take note of the fact that the allowances, be it HRA, Children Education allowance or Medial, granted are awfully insufficient to meet the requisite expenses. Had it not been the case, the 3rd CPC also ought to have taken the similar stand adopted by the 6th CPC. The computation appearing in page No. 60, Chapter 6 (3rd CPC report) establishes our view in the matter.

We have given in Table (.5.1..) the computation of minimum wage as per 15th ILC norms. The retail prices of the commodities/articles are the average of the retail prices ruling as on 1.1.2006 at the following cities:

1. New Delhi
2. Mumbai
3. Chennai
4. Kolkata
5. Hyderabad
6. Bhubaneswar
7. Trivandrum
8. Bangalore

The minimum wage as per our computation works out to Rs.20,856/-. This must be the minimum wage for the unskilled worker as per the ILC norms. In Central Government employment presently there are no unskilled labour. The lowest level of employment is multi-skilled worker/employees. The minimum educational qualification prescribed is either ITI or matriculation (10th Standard). The percentage increase of the wages of a skilled worker to that of an unskilled worker on an average had been more than 25% all throughout (Please see Table ......). We have therefore added 25% to arrive at the minimum pay for the lowest employee in Government service, which comes to Rs. 26,071/- , i.e. Rs. 26,000/- when rounded off.

Incidentally, we may mention that the minimum wages at the level of an unskilled worker as per recent wage agreement in Coal India Ltd. Is Rs.29697/-. as per details given hereunder:

The per-capita Net National Product increase at factor cost between - (2004-05 - 2011-12) years as per the Economic Survey for 2012-13 presented to Parliament is 57.55..%. This, if applied to the present wage at the lowest level shall work out to Rs.22857/-.

For the reasons stated in the preceding paragraphs and more specifically for the reason that the Government has presently the capacity to pay as detailed in Chapter .... of this memorandum, we request the 7th CPC to recommend the minimum pay to be assigned to the lowest level of Group C functionary in Government of India service at Rs. 26,000/-.

Table 5.1

	Basic Pay		Rs. 15, 712
	Dearness allowance	29.6%	
	Special allowance	4.0%	
	Special DA.	1.795%	
	Attendance bonus	10%	
	Total:	49.395%	Rs. 7132.46
	Total salary:		Rs.22844.46
	At the MTS level 22.844.46 x 130%		Rs.29697.

Table 5.2

A. Per Capita NNP at constant price for 2004-05	Rs. 24,143
B. Per capita NNP at constant price for 2011-12	Rs. 38,037
C. The increase registered over 8 years.	Rs. 13,894.
D. Percentage increase over 2004-05	57.54877.
E. Emoluments as on 1.1.2014	Rs. 14,000
F. 57.55% of Rs. 14,000.	Rs. 8,857.
G. Wage to be fixed as on1.1.14.	Rs. 22857.

Chapter VI
Highest Salary

The First Pay Commission considered that the maximum salary should not be Rs.2,000/- p.m. but allowed however, certain posts to continue in the pay scale of Rs. 2250/- and more than Rs. 3000/-.

The Second Pay Commission took note of the point raised by the staff associations that huge disparity between the highest and lowest salaries were incompatible with the government's avowed socialist objectives causing dissatisfaction amongst the low paid employees. According to them in 1939-40 the ratio was 1 : 257, which got reduced in 1947-48 as a result of First Central Pay Commission recommendation to 1 : 38.

The Second Pay Commission conceded that ratio of 1: 28.5 (in 1957-58) was disproportionately wider than in the government services of the countries. In UK it was 1 : 15, in US Federal service 1:5, in Canada 1: 6, in Australia 1: 13.6 and in Japan 1 : 4.7 all having no socialistic pretentions. The Commission did not make any recommendation to bring down the ratio.

The maximum salary of Rs.3000/- remained unchanged even after Second Pay Commission and till the year 1965 when the Government further raised the maximum salary to Rs. 3500/-.

The Third Central Pay Commission rejected the claim for further increases in the highest salaries on the ground that it might neither be socially acceptable nor administratively prudent especially in the background of the financial stringencies and developmental needs. The Commission concluded that no reduction in the maximum wage would also be justified as it would affect the morale of senior civil servants adversely. The maximum salary therefore continued at Rs.3500/-.

The Fourth Central Pay Commission noted that the ratio had been changing over the years as under:

Pay Commission	Disparity Ratio
1st CPC (1947-48)	1 : 41.2
2nd CPC (1959-60)	1 : 28.5
3rd CPC (1972-73)	1 : 11.9

They also expressed the view that efforts should be made to further reduce the rate of disparity in the lowest and highest wages. The 4th Central Pay Commission recommended full neutralization rate of DA to senior officers. Prior to the implementation of the 4th Central Pay Commission DA formula, there had been 100% neutralization for employees 75% and 65% neutralization for senior officers. The said recommendation also enormously raised the salary level of others. The phenomenon of gradual reduction of the rate of disparity due to different rate of DA compensation was halted. The ratio between minimum and maximum remain static thereafter. With the advent of the drastic reduction of rates of personal income taxation, the inherent compression of emoluments of senior officers also disappeared.

The ratio of minimum and maximum pay prevailing in some selected countries is as under:

Malaysia	1 : 3
Sweden	1 : 4
France	1 : 6.6
Indonesia	1 : 6.9
Australia	1 : 7.7
China	1 : 8
Thailand	1 : 9
Honkong	1 : 40

The Fifth Central Pay Commission for the first time discarded the approach of fixing maximum salaries on the basis of predetermined minimum-maximum disparity ratio and charactering the practice as arbitrary. They wanted certain norms to be evolved for bench marking the maximum wage on the same pattern as need based norms serve as bench marking for minimum wage. The visible change in the attitude was the product of the neo-liberal economic policies of the Government. The 5th CPC entrusted the job of evolving such a norm to the Indian Institute of Public Administration(IIPA), a body mostly consisting of retired senior bureaucrats.

The IIPA computed the average consumption level of senior officers at Rs. 14,839/-. This was estimated to be 49% of the salary. Accordingly they fixed Rs.

36,000/- for Secretary level officers and Rs.40,000/- for Cabinet Secretary. But 5th CPC determined the highest wage of Rs.30,000/- for Cabinet Secretary.

The 6th CPC computed the maximum wage by a multiplication factor of 3 whereas the multiplication factor in the case of lowest paid worker was fixed by 2.2 times at the inter-mediatory level.

From the above review, it becomes amply clear that so far there has been no established norm for fixing the maximum wage of a civil servant.

We suggest that this ratio should be 1 : 8.

Except in the case of Hongkong, which like our country was a colony of the British empire like ours, no country has a ratio beyond 1 : 7. Once the minimum is computed on a widely accepted norm (15th ILC), the scientific and acceptable approach must be to have a pre-determined multiplication factor for fixing pay at the top and inter mediatory levels. In the background that there is presently no distinction between officers and employees in the matter of neutralization of rise in prices and cost of living, it is not desirable that the maximum must go beyond 8 times of the sum. We, therefore, suggest the maximum salary at Rs. 2,10,000/- for a Secretary level officer which roughly works out to 1 : 8.07 and at the level of Cabinet Secretary at Rs. 2,40,000/- (1 : 9.23).

Chapter –VII

Proposed Pay Structure and Rate of Increment

The preceding chapters we have dealt with the various principles of pay determination as was enunciated by the successive Pay Commissions. The 6th CPC introduced the new concept of Pay Band and Grade Pay. We are not able to comprehend any logical methodology having been adopted by the 6th CPC in constructing the Pay Band and Grade Pay. In the ultimate analysis, we found that there had been no uniform multiplication factor. It varied from 2.2 time to 3. The changes effected by the Government while implementing the recommendations of the 6th CPC further compounded the confusion. The 6th CPC in the body the report stated that they have upgraded certain pay scales having appreciated the contention made by the employees organizations. They merged certain other pay scales in an effort to delayering the functions. But the new pay that emerged from such upgradation/merger was not equivalent to the higher pay scales in the said group. For instance, the erstwhile pay scales of Rs.5000-8000, 5500-9000 and 6500-10500 were merged. The multiplication factor for pay band construction was 1.86 times of the minimum. Therefore the pay band for the pre merged pay scales was deferred to begin at Rs.9300/-. Having merged, the pay band must have begun at 12,090/-, i.e. 1.86 times of 6500/- in which the other pay scales were merged.

The manner in which the Grade pay was devised is also questionable. At the lower level the Grade Pay progresses @ Rs.100/- ,i.e. 1800, 1900, 2000, etc. The pay in the Band + Grade Pay at the entry level is 5200 + 1800 = 7000. An employee is entitled for 3% increment every year. He gets a financial benefit of Rs. 210 every year on account an increment whereas on promotion his grade pay gets increased by just Rs.100/- only. The Grade Pay was devised at 40% of the maximum of the pre revised time scale of pay. The maximum of any time scale of pay will depend upon the rate of increment and the span of the scale of pay. The ratio between the minimum and the maximum of all pay scales was not uniform, rather it could not be uniform. Therefore prescribing Grade Pay as a percentage of such variable maximum in our opinion was erroneous. Normally fitment benefit represent the gap between pre revised minimum and the revised minimum. The 6th CPC recommendation of Grade Pay did not serve this purpose also. Having been expressed in absolute quantum amount it gave varied benefit in different pay bands as also at different stages in the same pay bands.

The Grade Pay system brought about various anomalies, which were raised at the NAC but found no resolution despite discussions on several occasions in the last 6 years. We are of the firm view that the 7th CPC should revert to the Pay Scale System which has been time tested. We have constructed the pay scales maintaining the relativities with the time scale of pay suggested by both 5th and 6th CPC.

While constructing the pay scales we have taken the rate of increments at 5% instead of 3% presently available. We have done so on the ground that most of the PSUs including the banking industries provide the incremental rate at 5% and over a period of time it raised the salary level of the personnel. We therefore request that the 7th CPC may recommend the rate of annual increment at 5%. Incidentally we may also state that the uniform date of increment prescribed by the 6th CPC has encountered certain problem and anomalies. We therefore suggest that the 7th CPC may recommend, for administrative expediency, two specific dates as increment dates, Viz. 1st January and 1st July. Those recruited/appointed/promoted during the period between 1st January and 30th June will have their increment date on 1st January and those recruited/appointed/promoted between 1st July and 31st December will have it on 1st July next year. This apart we request the Commission to specifically recommend that those who retire on 30th June or 31st December are granted one increment on the last day of their service.

We have also felt that a further reduction in the number of pay scales is needed. While constructing the pay scales we have removed those pay scales pertaining to Grade Pay of Rs.1900, 2000, 2400, 4600, 8700 and the scale of pay of Rs. 75500-80000. We are of the opinion that the instrument of Special Pay which was in operational earlier should be brought back to address the need of intermediary grades in certain organizations.

Presently, functional promotion is made to the next hierarchical position whereas MACP promotion is Grade Pay based, irrespective of the fact whether a particular Grade Pay exist in the hierarch or not in the concerned department. Our suggestion to reduce the number of pay scales go a great extent to obviate the difficulty encountered due to the dual system of promotion.

We have constructed the pay scales up to S- with a time span of 20 years and the pay scales S- with a span of 10 years. The pay of the Secretary and the Cabinet Secretary has been kept as a fixed amount as has been the recommendation of the 6th CPC. With our suggestion made elsewhere in this memorandum four time bound promotion the question of stagnation is unlikely to occur. Even if it happens in the most rarest of the rare case it can be addressed by the suggestion of an automatic grant of Stagnation Increment allowing the pay of the concerned employee to cross over the maximum. The pay scales constructed by us are given in Table-

Chapter –VIII
Fitment Formula

The fitment formula suggested by all the earlier Pay Commissions was not reflective of the actual revision of wages. The employees who were on rolls on the date of implementation of the Commission's recommendation comparatively received lesser benefit than the new entrants. Amongst the existing employees also, more benefit accrued to persons with lesser service period. This happended due to the rejection of the demand of the Staff Side to have point to point fixation.

The emerging anomolus situation was addressed during the discussion the Staff Side has with the Group of Ministers in September 1997 on the recommendation of the 5th CPC. In the place of 20% of the emoluments recommended by the 6th CPC as fitment formula the Staff Side could negotiate and settle it at 40%. The said agreement brought about near total parity in the revision benefit amongst all sections of employees. The said 40% benefit brought about uniform multiplication factor too.

Taking these in to consideration, we suggest that a uniform multiplication factor (26000/ 7000 = 3.7) may be applied uniformly in all the cases to arrive at the revised pay in the new scale of pay.

Chapter – IX
Grameen Dak Sewaks

We solicit the kind reference of the 7th CPC of the observation made by the 4th CPC in Page No.4 Part-I, Vol-I of their report, which is reproduced for ready reference:

“The matter is however beyond controversy after the decision of Supreme Court in Gokulananda Das Case (1957 1SCR679) where it has been declared that an extra Departmental labour is not a casual worker but “holds a post under the administrative control of the state” and that while such a post is outside the regular civil services, there is no doubt that it is a post under the “state”. In view of the pronouncement, we were unable to accept the contention that the Extra Departmental Employees were outside the purview of the terms of our Commission. They no doubt has their own peculiar condition of their own service and in that sense their case is some what special. We therefore could not exclude them from our consideration, but we accepted the Government suggestion for the setting up of a one man committee to look into their conditions of service as was done in the 2nd and 3rd Pay Commission. Accordingly, a one man’s Committee under Shri R.R. Savoor was set up vide DGPNT’s Resolution No. 6/29/83 PA.II dated 5.11.1984.”

The argument advanced by the postal demand that they are outside the civil service except for the purpose of CCS(CCA) Rules (disciplinary purposes) is an untenable interpretation. That being so, the Gramin Dak Sevaks deserves to be in the purview of the 7th CPC terms of reference. The experiment of getting their wages revised through a one man Committee in the past had resulted in a total deprivation of all benefits other than pay which as civil servants all employees of the Government of India have been bestowed.

The organizations in the Postal Department who represent the Gramin Dak Sevaks will be submitting an elaborate memorandum containing the proposal for wage revision, revision of the existing benefits and allowances including grant of pensionary benefits. We request that the 7th CPC to consider their memorandum and make appropriate recommendation. We also request that the Commission not to agree with the probable suggestion of the Government to set up a separate committee as was done earlier.

Chapter – X
Fixation of Pay on promotion.

In the case of Promotion from one grade to another in the revised pay structure, the fixation is presently done as under:-

(a) One increment equal to 3% of the sum of the Pay in Pay Band and Grade Pay will be computed and rounded off to the multiple of 10. This will be added to the existing Pay in the Pay Band.
(b) However, the Pay so fixed must not be less than the minimum of the Pay Band to which he is promoted.
(c) The individual so promoted will get the Grade Pay assigned to the cadre to which he is promoted.

Exception to the general rule is,

(a) When promotion takes from PB 4 to HAG scale of Rs.67000 – 79000, after adding one increment, pay in the Pay Band and existing Grade Pay will be added. To the figure so arrived at a sum of Rs.2000/- will be added. The pay so fixed is subject to a minimum of Rs.67000 and a maximum of Rs.79000
(b) The promotion from the Grade of Under Secretary/equivalent to the Grade of Deputy Secretary/Equivalent. The pay of the other will be fixed by granting an amount equal to two increments. i.e., 6 % of their Basic Pay. The figure so arrived at, a sum of Rs.1000 i.e., the difference between the Grade Pay of Under Secretary and Deputy Secretary (7600-6600) will be added .

We suggest, the financial benefit on promotion must not be an insignificant amount. In most of the Departments promotion is based upon a qualifying Exam or skill test or effect after very many years of the stipulated residency period in the Feeder Cadre under the Recruitment rules. After undergoing the rigours of the exam/test or after prolonged period of service in the feeder cadre, if the financial benefit is pittance, if only brings about a sense of desperation and frustration. In most of the field formations, the promotions are accompanied by transfer from one place to another. The financial benefit he received on account of promotion officer gets washed away in the increased expenses involved in setting down at another location. We suggest that the benefit on promotion should be:

> "Two increments in the feeder cadre with a stipulation that the amount of benefit so arrived at must not be less than the difference of the minimum of the scale of pay of the feeder cadre and the minimum of the scale of the cadre to which one is promoted

Chapter – XI
Date of effect.

Uptill the 5th CPC made its recommendation to have decennial wage revision, there had been no specified time limit fixed for effecting a reappraisal of the pay structure in Government Service. However, on an average, such revision has taken place once in 10-12 years.

India chose the IMF prescribed economic policies for faster growth in 1991. In the neo-liberal economic regime, old values, social ethos, standard of living underwent vast stride. Profit in any manner or at any cost became the slogan for the private enterprises to survive. In a competitive business world, the public sector could not remain an island of uprightness. In order to compete with the private sector, public sector, perhaps per force to charter the course of reducing cost of production by casualisation of their workforce. The Government had to change its recruitment policies, shed many of its functions, outsource, contractorise etc. to reduce its expenditure and consequently the fiscal and revenue deficits.

The point, we would like to mention, is that such changes, coming in quick succession brought about an urgency for the reappraisal of the principles of wage determination and other service conditions. The new enterprises employing and administering sophisticated technological innovations did offer hefty pay packets to the few talented and skilled workforce, throwing the subtle wage structure in the society out of balance.

This apart, the Indian economy experienced a heavy thrust of inflation. The prices of articles, especially of food and other consumable registered enormous increases. The Government either failed or became ineffective to arrest the spiralling rise in prices. This hurt the fixed wage earners and devastated the middle class employees, who were to maintain a certain standard of living and status in the society. We may in this connection cite the observation of the 3rd CPC (of course made in a different context) and the 4th CPC to bring home the necessity of periodical wage revision.

> *"A dispirited public service can never be expected to function satisfactorily and to rise to the occasion, when a crisis occurs. It should not be forgotten, as pointedly referred to again by the Priesley Commission, that the process of deterioration arising from a sense of grievence on the part of the staff may be a slow one, particularly in a service with high traditions. By the time the tendency manifests itself, irrepairable damage may have been done. We may add that because of the cadre system, the full impact of deterioration in the calibre and the competence of the new recruits will be felt by the country after a time lag of 20-25 years, when they will be moving to the top and playing a vital role in the governance, of the country, as during the interval, their senior colleagues may be shouldering the burden. At that stage,*

restoration of administrative standards, may be well high impossible in the short time, as public servants in the top echelons take time to train and to mature".

The pay structure has therefore to be satisfactory all through and has to be formulated on a consideration of all the relevant factors.

At the same time, it is necessary to revise the pay scales as and when necessary. The aim of such revision is not only to take note of changes that may have taken place in the relevant facts and circumstances bearing on pay scales, but also to rectify or fill any errors or omissions that may have occurred in the earlier pay determination. Where pay revision are announced at specified periods of time that gives hope to the employees who can look forward to a better deal on the next occasion. Periodic revision or review of pay scales thus serves to avoid conflict with the employer and enables the employees to prepare, with the reasonable hope that their grievances and claims would be gone into once again in a determined and honest manner. It generates the sense that there is hope for them in time to come and that it would be unnecessary to take the path of agitation or confrontation. The terms of reference of such review bodies are often decided in consultation with representatives of employees so that matters agitating their minds, or of particular interest to them, may fall within the purview of the review body and be adjudged in a satisfactory manner.

In the organised private sector wages are on the basis on an agreement reached between the workers and employers through bilateral discussions. The tenure of their agreements is not for more than 3 years. It is not only to cater to the needs of workers, such short tenure is assigned to the agreements but the employer too, wanted the wage and other issues reviewed periodically.

Public sector managements are not free or autonomous enough to decide upon the wage and other service conditions of the worker. The Bureau of public enterprises and other Governmental agencies do make intervention on certain policy issues and ensure that no wide disparity exist in the matter among the public enterprises.

In most of the PSUs, the workers have asserted the need for a 5 year wage revision, despite the directive to the contrary of the Bureau of Public enterprises. Government and the management of PSUs had to succumb to this demand.

In January, 20102 the percentage increase over 306.33 all India Consumer Prie Index (12 monthly average) was 50% i.e., exactly after the 6th year, the wage revision of 5th CPC was given effect to. In January, 2011, the percentage increase over 115.76 all India Consumer Price Index (12 monthly average) crossed over 50% mark, i.e./, exactly after 5 years from the date on which the 6th CPC recommendations were implemented. The real erosion of wages would be much more than 50%(Pl. See our memorandum on Interim Relief submitted on ------) As on

1.1.2011, the real value of erosion was about 174% if the retail prices of the commodities as on that dates are taken into account. It was in realisation of this indisputable fact that the 5th CPC suggested for merger of DA with Pay to treat the DA component as pay for all purposes, so that the employee will have an immediate relief from the erosion of the value of wages.

Neither we could elicit a decision from theGovernment to merge DA with pay on 1.1.2011dueto the absence of a specific recommendation from the 6th CPC nor ould we make them to agree to set up the 7th CPC. We had to resort to collective trade union action to impress upon the necessity of wage revision. The Government's response, though, belated did asvoid a confrontation, which was brewing and gathering momentum amongst the rank and file of the Central Government employees.

We, therefore, request the 7th CPC to make the following recommendations to the Government:

1.To merge DA and treat the same as pay for all purposes and ad when the DA entitlement reaches 50%

2. To set up the next wage revision body or Pay Commission sufficiently before the expiry of five years.

3. To implement their recommendations with effect from 1.1.2014 especially in the background that the desirable tenure of the earlier Commission's recommendations expired on 1.1.2011.

Chapter XII.
Dearness allowance.

The neutralisation envisaged under the present system of computation of dearness compensation is supposed to be cent per cent, but in reality it is not the case. Actual consumer price index is much higher than the level at which DA is calculated on the basis of 12 monthly average. The average is always lower than the actual cost of living.

The calculation of consumer price index, its basis, the basket of goods on which it is based, are questionable and has become a matter of dispute. Since the Pay Commission being not the forum at which these issues could be taken, we do not propose to go into the details of this aspects.

We suggest, therefore, that the existing formula of computation of DA and its payment with effect from 1st January, and 1st July, may continue.

Chapter XIII
House Rent allowance.

The present scheme of HRA is based on the recommendation of the 6th CPC, which is as follows:

Population criteria	classification	Rate as a % of pay + Grade Pay + MSP +NPA
50 lakhs and above	X	30%
50 to 5 lakhs	Y	20%
Below 5 lakhs	Z	10%

We reproduce hereunder the recommendation made by the third Central Pay Commission in the matter of grant of house rent allowance. (Para 29 Part I. Vol. IV.Chapter 56), which would be the best if implemented even today.

> While we find it difficult to accept the kind of parity suggested above, we are aware of the acute problem caused by the lack of adequate government housing and by the inadequate government housing and by the inadequacy of the existing rates of house rent allowance and recommend as follows:-
>
> (i) Government should take houses on long lease and make residential accommodation available to its employees on payment of 10% of their pay.
>
> (ii) Government should lay down appropriate house rent allowance rates in different cities and towns based not on population criteria, but on an actual assessment of the prevailing levels of rent in different cities and towns. Alternatively, certain notional rents for different types of accommodation meant for officers and personnel of specified pay groups should be laid down for particular cities after studying the actual conditions in that city. The difference between the actual rent paid and 10% of pay should be reimbursed subject to a maximum of the difference between the notional rent and 10% of the pay. The existing norms in regard to entitlement of accommodation, size of rooms etc. could, if necessary, be reduced depending on the housing situation and the norms usually adopted by different income groups in renting accommodation in the various cities. Such notional rents should, to start with, be applied to all stations falling under the description of classified cities for purposes of House Rent Allowance, Additions could also be made to the list later on by including other cities deserving similar treatment.
>
> (iii) Till the Government is able to make arrangements recommended in the preceding sub-paragraphs, the rates of HRA should be as follows:-

Class of city/town	**Rate of HRA**
1. A, B-1 and B-2	15% of pay subject to a maximum amount of Rs.400 as house rent

	allowance.
2. C class	7 ½ % of pay subject to a maximum amount of Rs.200 as house rent allowance

The above said recommendations is still to be acted upon by the Government and the transitory provisions suggested by them i.e. payment of allowances at a pre-determined rate on the basis of classification made of the cities depending upon the population continue to be employed. The non-implementation of the above recommendation of the third CPC , has without exception, gone to depress the wage of all sections of Central Government employees as they are perforce to spend more than what they receive as HRA for obtaining and retaining the accommodation The rates prescribed by the 6th CPC, though an improvement over its predecessor Commission, it has not improved the situation. The real estate value throughout the country has skyrocketed and owning an accommodation within the city/Municipal limit has become impossible for Government employees. There is not a single town/village where the real estate boom has remained unaffected. The phenomenal increase in the value of land has naturally impacted the rent, one is to pay on leasing house/flat. The house rent allowance does not bear even a small percentage of the rent. The 7th CPC may recommend to the Government to act upon the suggestion made by the 3rd CPC without any further delay. Pending action on the part of the Government, the Commission may suggest the following rates of House Rent allowance;

X classified cities:	60%
Y classified towns	40%
Z classified places	20%

Chapter XIV
Compensatory City allowance.

The Compensatory City allowance has been granted to Central Government employees since the First Central Pay Commission. This allowance was sanctioned to compensate for the high cost of living in bigger cities classified as such for grant of house rent allowance. Upto erd CPC it used to be certain percentage of pay for difference pay ranges and different classified towns. 4th and 5th CPC, however, recommended lumpsum amounts being paidf as CCA. 5th CPC in para 106.10 (Pge 1582) of their report has commented that

> "We also do not support the demand for making CCA a percentage of basic pay because this amounts to admitting a firm and casual relationship between CCA and income."

When it is admitted that CCA is essentially an allowance given to offset the imperfection in Dearness allowance as a measure of relative expensiveness of classified Cities, it really becomes an additional DA.When the DA is at a percentage of Pay, how can CCA not be fixed as a percentage of pay. The basis on which the lumpsum amount of CCA was recommended by the 4th and 5th CPCs had also not been disclosed and therefore, it appears to be an arbitrary decision. The 6th CPC on the other hand recognised that the only two factors viz. Accommodation and transportation contribute to high cost of living in classified towns. They, recommended the revised HRA and Transport allowance to adequately compensate for relative expensiveness of the classified cities. In view of that contention, they stated that the CCA stands subsumed in Transport allowance. We are unable to agree with the idea of subsuming CCA in Transport allowance recommended by the 6th CPC on the consideration that the relative expensiveness in a bigger city is not only on account of problems of accommodation and transportation. There are various other factors due to which the expensiveness of a particular city either increases or decreases. CCA was a component in determination of overtime allowance prior to the 6th CPC recommendations were implemented. By allowing this to be subsumed in the transport allowance, it became difficult to factor the CCA component in the computation of over time allowance.
For these reasons, we propose the Commission to recommend the following rates of City Compensatory allowance:

Pay Range	X classified city	Y classified towns.
Pay upto Rs. 50,000	10% of pay	5% of pay
Pay of more than Rs. 50000	6% of pay subj\ect to a minimum of Rs. 5000	3% of pay subject to a minmum of Rs. 2500

As the relative expensiveness asffects middle class employees more severely we have provided higher rates of CCA for those in the pay range below Rs. 50,000. We have not proposed grant of DA on this allowance.

Chapter XV
Transport allowance.

The 5th CPC had introduced transport allowance for employees working in classified towns on account of various factors like unprecedented growth of city limits, increase in volume of traffic and non availability of residential accommodation at reasonable rents near offices, which are usually located in the heart of cities. If these were the factors it appears that the 5th CPC did not take into account that it is usually a low paid employee who finds residence at a very long distance from his office whereas officers are offered residences very near to their offices. If, therefore, transport allowance was meant to defray the transportation charges from residence to office and back the higher rates should have been recommended for the low paid employees who were residing at a distant places. Since the 6th CPC's recommendation in this regard was implemented, there had been several rounds of increase in the fuel charges making a cascading impact on the public transport fares. Taking these factors into account, we suggest that the following rates of transport allowance may please be recommended.

Pay Range	X classified city	Y classified towns.
Pay upto Rs. 75,000	Rs. 7500 + DA	Rs. 3750 +DA
Above Rs. 75,000	Rs. 6500 +DA	Rs. 3500+ DA

OVER-TIME ALLOWANCE

Overtime Allowance is seldom granted to the Government employees in case of emergency and in the contingency in which the work cannot be postponed.

The third, Fourth, Fifth and Sixth Central Pay Commissions had recommended for the discontinuance of Over Time Allowance except in the case of Industrial employees, Staff Card drivers, and operational staff. However the Government continued to pay over time allowance calculated on the basis of notional pa in the pre revised based pay of IV Central Pay Commission. There is no change in the rates.

The matter was referred to Board of Arbitration in C. A. Reference No. 2 of 2004 on 06.09.2005', the award was given to the effect that overtime allowance to all employees entitled thereto shall be calculated on the basis of actual pay in the Fifth CPC revised Pay scales. This award has neither been placed in the form of a resolution in the parliament so far not has it been implemented. has not been implemented so far.

The result is that Rs 15.85 per hour which is 10 times lesser than rate fixed in Railways and Defence is being paid in postal and other Departments.

We propose that over time allowance shall continue to the paid and calculated on the basis of actual pay, DA and Transport Allowance from time to time. The rate of overtime Allowance should be refixed as and when the DA is increased and there shall be no ceiling on amount of overtime which became payable.

NIGHT DUTY ALLOWANCE

The Nigh Duty Allowance as granted now is very meagre and required revision. It is pertinent to mention that considering the charges in the payment of Dearness Allowance and price escalation, the Ministry of Railways which has revised the amount to the extent of from Rs. 57.90 to Rs. 21.03.20.

Though the V CPC recommended that the relaxation of the ceiling for Night Duty allowance be restricted to only those categories of Railways then availing themselves of this benefit, the Board of Arbitration has given a categorical award that the ceiling of Rs. 2200 (with reference to IV CPC may be lifted (Excluding Railways).

We therefore request this Commission to do away with ceiling of Pay for all Departments where employees are in receipt of NDA.

The Govt. had not revised the rate of Night Duty Allowance on the basis of revised pay both while implementing the recommendations of the IV, V, VI Pay Commissions. The Board of Arbitration has also given award that NDA should be calculated on the basis of current rates of pay including DA & CCA.

We therefore, urge upon the VII CPC recommend that rates of NDA for all should be computed on the basis of revised pay recommended by VI CPC and it should be reviewed annually in order to include the DA Admissible.

Transfer Policy

Government employees by virtue of the terms and conditions of employment are liable to be posted anywhere in India. The Group C employees in larger organisations have the facility of such transfer being restricted to a pre defined area or region or zone. But in smaller departments, they are transferred from one corner of the country to another. Transfer, though inevitable, especially when one is promoted from one grade/cadre to another, is painful for it involves dislocation of the family with concomitant difficulties. The Departments with public dealings has to transfer personnel periodically to maintain objectivity and impartiality in the decision making process. While transfer is unavoidable in civil service, it can be regulated with certain set of rules, procedure, principle and guidelines. Such guidelines will enable the employees to initially prepare him for the eventuality as also to repose his family to face this difficulties. It is common knowledge that higher authorities often invoke the power to transfer as a potent weapon to punish their subordinates or to mentally harass him with the threat of transfer. Since the transfers are said to be made in "public interest" a phrase with wider purport, the malafide transfers can be questioned with success even in courts. The 5th CPC's recommendation on this issue were worth considering. But the Government did not act upon the suggestion. We reiterate some of the suggestion made by the Commission as under:

a) ***the Group-C & D employees, taking into account the fact that their emoluments do not even enable them to make the both ends meet, should not be transferred at all except on their request/compassionate ground;***

b) ***If transfer becomes necessary on promotion, or due to other administrative exigencies, the same should be subjected to a policy evolved in the Departmental Councils. Every department should therefore, evolve a transfer policy on mutual agreement being reached at the respective Departmental Council or through bilateral discussions. The Official Side in the Counsel will place an item for discussion in the Counsel on transfer guidelines.***

c) ***No transfer be permitted, which is violative of such an agreement or in the absence of such an agreement having reached in the Council. If such transfers are made sans such an agreement, it shall be instantly cancelled by the Head of Department or Secretary to the Ministry concerned on receipt of a representation for the concerned employee.***

d) ***In case, no agreement is reached in the Departmental Council, the same should be referred to the Standing Committee of the National Council, JCM, whose decision is to be treated as final.***

e) ***In respect of other category of officials, the Department of Personnel must be asked to issue instruction in clear terms as per the above quoted recommendation of the 5th CPC.***

We request the 7th CPC that our following suggestions in the matter may please be recommend to the Government.

Additional Monetary Incentive for Personnel Posted in N E Region

In consideration of the peculiar situation prevailing in the North Eastern States i.e insurgency, high cost of living, inaccessibility etc., the staff side in the National Council raised the demand for a special allowance to be granted to employees posted in North Eastern States. The Government agreed to set up a committee to look into the grievances. The committee suggested for a grant such an allowances. However, when the Government issued orders, the allowance was infact granted only to those personnel with an all India transfer liability or only for Officers in Group A services. The said decision generated resentment amongst the other segment of employees. The North Easter region witnessed timultous agitations. Some employees approached the Court and obtained favourable orders. But the Government refused to implement those court orders in a uniform manner.

The matter was brought before the 6^{th} CPC. The 6^{th} CPC recommended extension of the said benefit to all sections of the employees, ultimately the Government issued orders to cover all employees with the special duty allowance in 2008 by which all personnel posting in N E Region become entitled for special duty allowance at 12.5%.

On 10^{th} February, 2009, the Government suo moto issued an O.M (F.No.14017/4/2005 AIS(11) according to which an additional monetary incentive to others belonging to North East Cadres of the All India Services @ 25% of their basic pay + Grade Pay was granted. The additional monetary incentive was given the nomenclature “Special allowance for Officers belonging to North East Cadres of all India Services”. If the grant of the allowance is justified on the ground of remoteness, arduousness environment, endemic insurgency etc, how their it could be denied to the employees who are to face the situation throughout their service career. The order is discriminatory and repetition of the efforts of DOPT while granting SDA earlier, which had to be rescinded on the recommendation of 6^{th} CPC. We request the 7^{th} CPC to recommend that in the light of the above cited order dated 10-2-2009 the employees may be granted Special Duty Allowance @ 37 ½ % of pay.

Leave Travel Concession

Leave Travel Concession is a facility extended to the Government employees, which enables scheme to avail holidays and undertack travel as a tourist with his family. The facility provides him with an opportunity to be away from the monotonous daily routine and be with his family without the botherisation of the official duties. It is an established fact that if employer is encouraged to take such holidays they will reform rejuvenated and the employer is benefitted through his increased productivity.

Over the years, on representation from employees, the concession has been widened. However, some aspects of this facilities require certain further relaxations/improvements. We enumerate those as under:-

1. Permission for air journey for all categories of employees to and from NE Region.
2. Permission for personnel posted in NE Region for a journey within NE Region.
3. To increase the periodicity of the LTC once in two years.

4. Explore the possibility of allowing an employer to undertake tour outside India once in his life time in lieu of the LTC.

We request the 7th CPC to consider recommending our suggestion for improvements to the Government.

Secretariat & Field Offices

Since the British days these has been a categorisation of different offices of Central Government viz., Secretariat Attached offices participating with secretariat attached offices not participating with secretariat and subordinate offices. The Higher pay structure was provided for employees working in the secretariat and attached offices participating with secretariat (called Headquarters) and employees of subordinate offices (field offices) were placed in comparatively lower pay scale structure.

Over a period of time, LDC working in Headquarters and the field offices were granted the same pay scale treating them as common categories but disparities in the pay scales of higher staff in the secretariat and subordinate offices continued to exist.

The sixth Central pay commission pleading that in the changed scenario “field offices have become the cutting end of Administration” and determines “whether a particular policy turns out to be a success or failure in terms of actual benefit to the consumer”, has concluded that “the time has crime to grant parity between similarly placed personnel employed in field offices and in the secretariat”. However the conclusion was applied by the VI CPC only in the case of Assistant (LDCs and UDCs in the field and secretariat offices already being in the identical pay scale).

The VI CPC observed “This parity will need to be absolute till the grade of Assistant “Beyond this”, it may not be possible or even justified to grant complete parity because the hierarchy and career progression will need to tbe different takeing in view the functional considerations and relativities across the Board”

Viewed from the fact that the parity in pay scales does not between Central Secretariat and field formation from the level of Deputy Secretary and above, the continuation of the VI CPC that higher pay scales is justified in the case of section officer and the under secretary is incomprehensible.

The same VI CPC which advocates for on strengthening the delivery lines (meaning field offices) contradicts itself by pointing out the unexplained “functional consideration and relativities across the Board “and pleads inability to extend parity beyond the Assistants.

According to us the only reason the secretariat staff were placed at the higher pedestal was that they were in the “Saturn Sanctorum”. This is proved from the fact that whenever the parity was extended to the certain posts senior Auditors/Senior Accountants etc., with Assistants, the Department of personnel and Training further upgraded the pay scales of Assistants of CSS retrospectively and even during the pendency of VI CPC, Assistants par with the pay scale of section officer which was promotion post for Assistants. The parity granted to posts in field office with the pay band and Grade pay of Assistants by merging pay scales 5000-8000, 5500-9000 in to 6500-10500 granting Grade Pay of Rs.4200 has been again disturbed by upgrading the pay scales of Assistants of Central Secretariat in PB 2 by granting Grade Pay of 4600/-

We, therefore propose that VII CPC may take note the above developments to ensure that the parity of pay structure obtaining in the secretariat anbd the field offices sis maintained and it is extended to all pay scales beyond that of the Assistants upto the level of under secretary. Corollary of this would be that pay structure evolved by the VII CPC would apply for various cadres of both of the secretariat as also the field offices.

We are proposing the revised pay structure which is to be assigned to the equivalent posts both in the secretariat and field offices.

<u>Need for a Effective Grievance Procedure</u>

Joint Consultative Machinery and Compulsory Arbitration has been instituted and has been functioning since 1966.

This scheme covers all regular civil employees of Central Government:

a. The Class I (now Group A) Services
b. The Class II (now Group B) services other than central secretariat services and other comparable services in the Headquarters organisation of the Government.
c. Persons in industrial establishments employed mainly in managerial or administrative capacity and those who being employed in supervisory capacity draw salary going beyond the 575
d. Employees of union territories and
e. Police Personnel.

It would be seen that Group B officials of the Headquarters Organisations have been covered under this scheme which is discriminatory as the Group B officers of all field offices have been left without the facility of anygrievance procedure.

In the case of item ‘C’ above an amendment had been made by the Department of Personnel and Administrative Reforms taking (vide their OM No.S/14/74-JCA dated 11-06-74) taking note of the fact that in full III CPC wage structure all whose pay scales going beyond Rs.900 would be in Group B service, therefore in order to ensure that these who were already covered by the scheme continue to be so recover the limit of Rs.575/- was altered to all these who were in Group C post with reference to II Pay Scale as their pay scales were below Rs.575(maximum).

The present situation is that many other categories of employees who were Group 'C' employees have since become Group 'B' employees and therefore have been rendered out of the covering of JCM.

It is therefore necessary that for the purposes of JCM coverage, all these employees may be treated as Group 'C' employee. In the present context all employees upto the Grade Pay of PB2 Grade Pay 4800 will have to be under the coverage of the JCM if this is not done a time will come when all employees would be Group B Officers and non would be left under the coverage of JCM. Alternatively all civil servants belonging to Group 'C' and Group 'B'Officers be declared Non-executives and brought under the coverage of the JCM.

The scope of the National Council of JCM includes matters affecting Central Government employees generally such as minimum remuneration, dearness allowance and pay of common categories etc., besides all maters relating conditions of work, welfare of employees and improvement of efficiency and standard of work.

If we review the issues taken up for settlement in this forum it would be observed that issues of minimum wage, revision of wage structure, Dearness Allowance merger of DA with pay , interim Relief, Revision of wages could not be resolved through peaceful discussion. Every time the employees Organisations had to unite and decide to resort to strike and then only the Government was compelled to settle these demands. This very categorically discloses that the Government does not believes in a peaceful bilateral settlement of wages, allowances like issues this has converted the JCM fora in which issues could be debated but not settled. When such issues are not settled in the fora of JCM, a situation of rising discontent is built up over a long period and when it reaches its peak point, it burst into a confrontation. During this long period of rising discontent the efficiency of the Administration is severely affected.

It is therefore necessary that the Government is made to accept that all issues which come up for settlement before the JCM are settled promptly instead of keeping these pending until such time that they are confronted.

This scheme provides that the official side (representing the Governement) would conclude matters at meetings of th councils and will not reserve them for later decision by the Government.

In other words there has to be spot settlement of all issues which come up for consideration in the councils of JCM.

In practice it has been seen that issues raised by the staff side have been kept pending for a long time.... result of this it has become a very sluggish system of negotiations.

This has to be reiterated that issues raised shall be concluded promptly as and when raised at no time these would be reserved for a later decision by the Government.

This also disclose that the official side does not obtain a brief from the Government and therefore they have to keep the issues pending.

There used to be a system of referring issues on which agreements could not be reached to sub committees for further examination and report. This practice has been forgotten.

There is a provision in the scheme that agreements reached between the two side will become operative, ofcource subject to final authority of the cabinet which is presumed to be there. What actually is happening is that the Department of Expenditure decides not to implement the agreement. This is a clear violation of the provisions of this scheme and has to stop.

Compulsory Arbitration has been provided if on the matters relating to pay and Allowances weekly hours of work and leave there is a disagreement in the councils. On the issue of DA on which disagreement had been reached in 1968, the Government refused to refer the matter Arbitration and this resulted in strike by Central Government Employees on 19.9.68.

It has been laid down that subject to overriding authority of parliament recommendations of Board of Arbitration will be binding on both sides. It has also been agreed that Government would decide whether to accept the award or to refer it to the parliament for modification/rejected within a period of six months.

The Government have kept more than a dozen awards pending for several years ranging from 25 to 10 years now. The credibility of this scheme has been hit and employees are totally frustrated. The Government have to respect an award and give benefit of it to its employees.

Even the frequency of meetings of the council which has ben fixed as once in four months i.e., atleast 3 meetings in an year has not been observed. In last 47 years of its existence even the 47nd meeting of the National Council has yet to be held when as per ;the schem 130 meetings should have been held.

When it comes to the Departmental councils, it is observed that there have ceased to exist since 1995. Repeated directions from the nodal Authority for JCM & Department of Personnel and Training to revise these councils have not been needed by most of the Ministries/Departments. As at present except in Railways, Defence and Postal, Departmental councils in none of the ministries are functioning. We need not place on record how many grievances have piled up with no forum to voice them seek settlement. Adverse impact of this situation on the efficiency of work in offices can very well be visualised.

To sum up we request the VII CPC to consider and devise ways and means whereby the Government is advised to adhere to the laid down processes and to implement the objectives for which JCM Scheme was operationalised in particular

a. All Group C and Group B Central Government employees should be brought; under coverage of JCM.
b. These should be spot settlement in the councils of JCM important issues relating to wages etc should not be evaded / rejected precipitating a situation of confrontation
c. The schedule of 3 meetings in a year is fully observed.
d. Departmental councils should be revived in all Departments without fail.
e. Arbitration Awards may be implemented and in no case kept pending for more than six months time. Before referring any award for rejection by the parliament, it should be discussed with the staff side with a view to reach some modified form of agreement
f. System of refering the matters on which immediate agreement was not possible to sub committees for separate discussion and report should be revived.

<u>Equal Pay for Equal Work</u>

It is the parliament which has to enact a law to regulate recruitment and conditions of service (including wage structure) of Government employees under Article 309 of the Constitution. The President has, until such time that the parliament enacts such a law, been empowered to make rules regulating recruitment and the conditions of service of Central Government employees under proviso to Article 308 of the constitution. Again the President after consultation with the speaker of the House of people or the Chairman of Council, as the case may be, making rules regulating the recruitment and conditions of services of staff of Lok Sabha/Rajya Sabha (Article 98(3) of the Constitution). In respect of staff working under comptroller and Auditor General of India the President in consultation with the CAG makes Rules regulating recruitment and conditions of service (Article 148(2) of the constitution). Further it has been provided under Article 146(2) of the constitution that conditions of service of officers and servants of the Supreme Court shall be such as may be prescribed by rules made by the Chief Justice of India of his nominee. Ofcourse subject to approval of the President as regards salaries allowances etc.,

The result is that wage structure of staff of Supreme Court of India and that of staff of Lok Sabha / Rajya Sabha when compared to wage structure prescribed by rules framed by the President in respect of rest of the Central Government employees are at the higher levels.

For example the pay of Group D employees (now Gr C) in Supreme Court and in Lok Sabha / Rajya Sabha secretariats is higher than that of Group D employee (now Gr C). Job profiles of this personnel is same, the only difference which is visible is that generally a Group D employee wears a very shabby uniform. Group D employees of the Supreme Court is very colourful and regal in look. This has happened at the expense of another constitutional principle of equal pay for equal work upheld several times by the Supreme Court.

We propose that the VII CPC may devise a mechanism under which these wages determining Authorities do coordinate and ensure that the principle of equal pay for equal work is kept in view and ensured.

Anomalies relating to Sixth CPC wage structure

National and Departmental Anomalies have been constituted soon after the recommendations of the VI CPC were implemented. It was agreed that staff side would submit the list of 8 details of these anomalies within 6 months and thereafter these committee would consider and settle these anomalies within a further period of six months. It was also agreed that unresolved anomalies would be referred to an Arbitrator appointed by the Government.

Most of these anomalies still remain unsettled or rejected by the official side. However the next step to refer these unsettled/rejected anomalies for Arbitration has not been taken. The course of referring these anomalies to the VII CPC on the same lines as was done on previous occasion's i.e, V or VI CPCs would also be infructuous. The V CPC decline to consider the IV CPC anomalies treating them out of their purview and the VI CPC said that whichever anomalies referred to them has been resolved in the form of upgrading the affected pay scale would be applicable only with effect from 1.1.06 and not from the earlier date is 1.1.96

We therefore request the VII CPC to consider these matter and ask Government through an Interim Report to refer all the unresolved anomalies for Arbitrationby appointing an Arbitrator to consider them and give awards in all case within a period of next six months.

Scrap New Pension Scheme

The defined benefit scheme of pension also called 'Payer you go' which is obtained even now in most of the countries was introduced in India replacing the existing contributory pension fund system decades back. The Government decision to reconvert this social security measure into a defind contributory scheme "New Pension Scheme" is not only going backwards but an illegal step in the light of the Supreme Court Ruling that Pension is as good as Right to Property and is enforceable.

The specious plea of the Government is that this has been done taking into account an emerging situation where out flow on pension was bound to increase year after year and may become even higher than the total wage bill. But the avowed objective of denying a self financing NPS appears to have been defeated because for next about 35 years to come the expenditure on pension which includes the matching contribution to contribution made by employees and the liability towards existing and structure pensioner is bound to increase as would be apparent from the table given below.

The above study had submitted the following estimated pensionery outgo which tends to increase during the period from 2014-2038. It is only after 2043 that it starts declining and will be reduced to zero only in 2088. The table is given below:

Table showing estimated pensionery outgo Year	Employee Pension Payout (in Rs Crores)	Family Pension Pay out (in Rs.Crores)	Total pension payout (in Rs.Crores)
2004	11300.69	2983.38	14284.07
2008	13532.84	3572.68	17105.52
2013	16549.07	4368.94	20918.02
2018	21862.54	5771.79	27634.33
2023	27723.68	7319.11	35042.80
2028	34076.27	8996.13	43072.41
2033	39321.68	10381.01	49702.69
2038	45164.50	11923.41	57087.90
2043	41747.23	11021.30	52768.53
2048	35011.92	9243.18	44255.10
2053	25405.44	6707.07	32112.51
2058	16303.15	4304.07	20607.22
2063	8179.51	2159.39	10838.90
2068	3159.88	834.19	3994.07
2073	800.68	211.34	1012.02
2078	110.26	29.17	139.43
2083	3.52	0.97	4.49
2088	0.00	0.00	0.00

The above study had also pointed out that expenditure on pensions of civil servants of high income OECD countries on an average is 2% of GDP (less than 1% in Ireland and more than 3.5% in Austria*)(* Source: OECD Social Expenditure Database). But in the 8 South Asian countries it is less than 1% of GDP (Source: World Bank Data base). However, in India between 1964-65 and 2004-05 on an average pension payments (Civil Service pension paid by Central Government) have constituted 0.51% share of GDP. The Pension liability would continue to increase and reach 0.54% level by 2024-25 and remain at that level till 2014-25 after which they would decline as a percentage of GDP according to the same study conducted by Dr.Gayatri at the instance of VI CPC. These figures argue themselves in favour of continuation of the Defined Benefit Pension Scheme for all Central Government employees instead of throwing a section of them to market based NPS. According to 2011 census 62.8% are in the age group of 15 to 60 and only 8.2% are above the age of 60.

From the above projection it is very clear that the benefit of NPS will commence only after 44 years i.e. in 2044. And during the period it will increase exponentially as because in addition to the Statutory pension liability the Government will be contributing to the NPS also @ 10% of annual salary bill of the CG Employees who have entered service on or after 1.1.2004.

It is quite surprising to note that the Government was include all unholy haste to introduce NPS in the manner as they did that the recommendations of a committee headed by Sri. Bhattacharya, the then Chief Secretary of Karnataka State to the effect that the Government should consider introducing a hybrid system by which employees will have either a defined benefit through contributory scheme are opt for higher return through stock exchange investment was totally ignored.

India is a young country and the expenditure on statutory pension has remained over a long period not more than 5% of GDP which the country/Government can afford to spend. The scrapping of PFRDA Act is required for the following solid reasons:

(a) The new pension scheme is going to make social security in old age uncertain and dependent on market forces.

(b) The scheme has been compulsorily imposed on a section of employees and hence it is discriminatory.

(c) Such scheme had been a failure in many countries including Chile, UK and even USA. In USA entire pension wealth has been wiped out leaving pensioners with no pension. In Argentina the contributory scheme which was introduced at the instance of IMF was replaced with the defined benefit pension scheme.

(d) The PFRDA Act has provisions empowering the Govt. and the Authority to cover employees now left out and to amend the existing entitlements of pension benefits.

(e) In majority of the countries, "pay as you go" is the system of pension.

(f) The contributory scheme does not give any guarantee for a minimum pension of 50% of the pay drawn at the time of retirement of the employee. Nor does it provide for the protection of his family members in the form of family pension in the event of death

The Supreme Court had declared pension as one of the fundamental rights. The government should therefore retrace from its avowed position, which is detrimental to the interest of the employees and ensure that the employees recruited after 1.1.2004 is covered by the existing statutory defined benefit scheme and scrap the PFRDA Act.

The recent decision of the Cabinet to allow FDI in pension fund operations has made the real intent of the PFRDA Act unambiguously clear. The FDI will facilitate the mutual fund operators to invest the funds outside India thereby making Indian Savings available for development of a foreign country. It is now clear that the decision behind the contributory pension scheme was the pressure imposed by imperialist powers and more specifically IMF.

The VII CPC is requested to review the NPS in the light of the observations made above and recommend scrapping of or PS and the PFRDA Act.

<u>Career progression: Grant five promotions in the service career</u>.

For the efficient functioning of an institution, the primary pre-requisite is to have a contended workforce. It is not only the emoluments, perks and privileges that motivate an employee to give his best. They are no doubt important. But what is more important is to provide them a systematic career progression. The present system of career progression available in the All India Services and the organised group A Civil services attracts large number of young, talented and educated persons to compete in the All India Civil Service Examination. No different was the career progression scheme available in the subordinate services in the past. Persons who were recruited to subordinate services were able to climb to Managerial positions over a period of time. The situation underwent vast changes in the last two decades. In most of the Departments, stagnation has come to stay. It takes decades to be promoted to the next higher grade in the hierarchy. It was the recognition of the lack of promotional avenue in the subordinate services that made the 5th CPC to recommend a time bound two career progression scheme. The three time bound scheme of MACP instead of improving the situation has been found less beneficial and has therefore not gone to address the inherent problem of de-motivation that has crept in due to the high level of stagnation. In most of the Departments, the exercise of cadre review which was considered important was not carried out. Any attempt in this regard was restricted to Group A services. The discontent amongst the employees in the matter is of high magnitude today. The VII CPC therefore, should recommend that the cadre revies are undertaken wherever not done sofar to ensure five hierarchical promotions to all employees in their career on the pattern obtaining for Group A Officers.

Training:

In chapter 20 (page No. 177), of their report of the 5th CPC deal with the need for in-service training for Govt. employees elaborately. Some of these recommendations were implemented by the Government in a few Departments. The need for the in-service training to equip the personnel for increasing the productivity and efficiency need require no emphasis. However, this has not been universally applied is a fact. At the lower levels, the need for training in the face of induction of new technology, through acknowledged by the concerned authorities are seldom addressed. The most important stumbling block is the financial constrains. Unless funds are earmarked separately on the basis of the proposal from the field formations and proper evaluation of the training programme, the training aspect will continue to remain a “least priority area”. We suggest that th annual budget drawn up for each department must have sufficient allotted specifically for training purposes. We request that the VII-CPC may kindly make recommendations on the need for in-service training and setting up training programmes by all Departments.

Leave entitlement, holidays and working hours.

Presently the holidays are deferred for each year by the DOPT. However, they permit the high power welfare committee of each State to finalise, taking into account the loca conditions, three among the listed holidays. We suggest that this may be recommended to be increased to six. This apart, we may bring to the notice of the commission that only Government of India has refused to recognise the importance of May Day. May Day is not a holiday for the Central Govt. employees. We request the commission to recommend for the declaration of May days as a holiday.

Lave Entitlement:

The Govt. reduced the Casual leave from 12 to 8. The number of days as 12 was conceived to be a day per month. Taking into account the various contingencies one has to face, the increasing social obligations, we request that the number of Casual leave may be increased to 12 per year.

Special Disability leave:

The Special disability leave is sanctioned for treatment in the case of an employee who gets injured in an accident. The Govt. has imposed a ceiling on this leave of maximum of 24 months. During the leave period he will be entitled for full salary for 120 days and rest at half pay rate. Our suggestion in the matter is that such leave must not have any restriction on the number of days bit left to the Doctor treating the employee.

Earned leave:

At present there is a ceiling limit for accumulation of earned leave. Govt. employees are entitled for 30 days EL on an average every year. Due to the running of the age of Superannuation to 60 years, generally Govt. employees are in service for 35 year and more. The total EL that goes into the credit of the employee is of the order of 1050 days, 50% of which comes to 525 days. In that background, the ceiling limit of 300 days can be reasonably raised to 400. The Govt. employee may be permitted to encash part of such accumulated leave say 50% to meet certain financial exigencies if he has put in 20 years of service or more.

On a humanitarian consideration, w may make a novel suggestion of gifting leave to a needy employees. Due to prolonged illness or hospitalisation requiring prolonged treatment an employee will be unable to attend office and might have exhausted all entitled leave at his credit. We suggest that in such extreme circumstances, either his spouse or is colleagues may get certain number of days leave at his credit to the suffering employee. This will help the suffering employees to take over the financial difficulties which he is compelled to be in leave on medical grounds.

We request the Commission to recommend these suggestions to the Government.

Chapter XV
Transport allowance.

The 5th CPC had introduced transport allowance for employees working in classified towns on account of various factors like unprecedented growth of city limits, increase in volume of traffic and non availability of residential accommodation at reasonable rents near offices, which are usually located in the heart of cities. If these were the factors it appears that the 5th CPC did not take into account that it is usually a low paid employee who finds residence at a very long distance from his office whereas officers are offered residences very near to their offices. If, therefore, transport allowance was meant to defray the transportation charges from residence to office and back the higher rates should have been recommended for the low paid employees who were residing at a distant places. Since the 6th CPC's recommendation in this regard was implemented, there had been several rounds of increase in the fuel charges making a cascading impact on the public transport fares. Taking these factors into account, we suggest that the following rates of transport allowance may please be recommended.

Pay Range	X classified city	Y classified towns.
Pay upto Rs. 75,000	Rs. 7500 + DA	Rs. 3750 +DA
Above Rs. 75,000	Rs. 6500 +DA	Rs. 3500+ DA

Chapter XVI
Classification of Posts.

Except the 2nd CPC, all other earlier Commissions had recommended for the retention of the four Groups of classifications. The 2nd Pay Commission was of the opinion that the grouping of Central Government employees into four categories served no practical purpose. Rather, they commented that it had only created an unhealthy psychological effect. The 4th CPC therefore suggested for abandoning the classification of civil servants in 4 groups. They had examined the practice followed by other countries including those with a large and complex civil service, where it had not been found necessary to super impose upon their civil service grade and occupational groups.

During the last six and half decades, our country has moved quite far away from the colonial system of governance in substance and form. The 3rd CPC justified the grouping on an assumed equivalence of the work content in different levels of the various occupational groups. Over the years, changes in the scale of pay of many grade and cadres have taken place, even though there had been no change in the value or level of responsibility of the assigned jobs. Ddespite having no such addition to the level of responsibility to assigned jobs, the grades had to move from one group to another, because of the pay scale based grouping.

It is the view of he Department of Personnel on classification that has ultimately survived. It may not be out of place to mention that the service condition of Government employees are still governed by the rules enunciated, whether country was a British Colony. Despite the specific provision in the constitution (Article 309) making it incumbent upon the parliament to enact the legislation to govern the service conditions of civil servants the fact remains that no Government which took over the reins of governance in the country could find time to introduce a Bill in the parliament for that purpose. It is not therefore surprising that the DOPT stuck to the conservative position of maintaining the status quo. The four grouping which presently refers the classification, we must sadly state has taken the shape and content of "varnashram". In almost all the PSUs, the classification is "Executive and Non Executives". In our opinion all cadres, which were characterised as "Gazetted" in 1960s may be placed in the Group of Executive and the rest in non-executive. We, therefore, request the 7th CPC to make recommendation on classification of posts on the basis suggested by us.

Chapter XVII
Special pay:

As was defined in F.R. 9(25), the special pay system was evolved, mainly to arrest the proliferation of pay scales. In the past, it had been granted to meet the following exigencies.

1. When one is assigned duties which are arduous in nature;
2. When one is assigned duties which entail additional responsibilities.

Elsewhere in this memorandum, we have noted the need for de-layering and consequent reduction of pay scales. The reduction in the number of pay scale may bring about certain administrative problems for certain departments. The grant of special pay will take care this difficulty. Once the duty list is recast the smooth switch over will become possible and the No. of persons in special pay will gradually reduce. The recommendation of the 4th CPC to replace the special pay with special allowance has only gone to deprive the employees of the benefit of certain allowances, had it been pay. We, therefore, request the 7th CPC to bring back the system of special pay to curtail the number of pay scales.

Chapter XVIII
Deputation duty allowance.

In our memorandum submitted to the 6th Central Pay Commission, we had pleaded for doubling the Deputation(Duty) allowance . Presently the rate of the allowance is 5% when one is drafted for deputation in the same city and 10% if posted outside. Our plea in this regard was not accepted by the 6th CPC. In quite a number of Departments of Government of India, there is need for taking personnel on deputation to ensure that certain specialised jobs are carried out efficiently as it could not be undertaken by the in-house talent. The personnel will volunteer for deputation only when it is found to be financially lucrative. The present rates are not so and quite a number of ex-cadre posts are reported to be lying vacant. We, therefore, request that the 7th CPC may recommend to double the rate of Deputation duty allowance i.e. 10% of pay when posted in the same station and 20% when posted outside.

Chapter XIX
Income tax on salary.

The 5th CPC had engaged the Fiscal Research Foundation to conduct a study to explore the possibilities of exempting Government employees from payment of Incometax on their salary income. Alternate suggestion was to treat the salary and allowance of the Government employees as net of tax. Salary, once it is declared net of tax, the Government being the employer will have to undertake the responsibility of paying tax on behalf of its employees. In Sri Lanka, the salary of Government employees are exempted from tax. Though the Fiscal Research Foundation suggested the same treatment to be meted out to the Government employees as is available for the employees in Sri Lanka , the 5th CPC for good and sound reason made only a modest suggestion of treating the allowances in the case of employees and in the case of pensioners, the pension and other pensionary allowances as net of tax. The Commission cited Section 195A of the Incometax Act,1961 whereby the allowances receivable by an employee of the External Affairs Ministry on foreign posting is treated as net of tax.

The 5th CPC recommendation was not accepted by the Government. In our memorandum to the 6th CPC we pleaded that they might reiterate the suggestions made by the 5th CPC in the matter. However, the 6th CPC did not make any mention of it in their report.

In this connection, we may bring to the notice of the 7th CPC that the Government had been allowing certain percentage of salary income in respect of all wage earners as a deduction in the computation of income under the I.T. Act. The said provision was introduced in 1974-75 for the logical reasoning that an employee has to incur certain expenditure which could be considered as incidental to his earning the salary. In the initial years, it was a lump-sum amount but later raised to a specified percentage of the salary subject to certain maximum quantum ceiling limit. Finally before it was withdrawn the entitled deduction was 30% of the salary income. With effect from.1.4. 2006, the Government removed the provisions of Section 16(1) and consequently the deduction of 30%, thereby increasing the tax liability of the salaried class of employees whereas the deduction admissible for the business community and other provided for in the section 28 to 42 was retained. In the light of the 5th CPC recommendation, the Government ought not have increased the tax liability of the Government employees. Salaried class of employees are the honest tax payers in the country and the tax due from them is deducted from source even before it becomes assessable. We, therefore, request the 7th CPC to recommend to the

Government for the reintroduction of the provisions of section 16(1) and allow deduction of 30% of the salary income to arrive at the taxable income. We also request that the Commission should suggest exempting the pension and allowances in the case of retired personnel fully from the purview of income tax.

Chapter XIX
Liabilities of a person who Die in harness.

Thenumber of persons who die in harness in Government service has been increasing every year. Whether it is a universal phenomenon or a peculiar situation in Government Service is not known. We have dealt with, to some extent, the agony and awful experience of the family members of those who die in harness, while dealing with the compassionate appointment elsewhere in this memorandum. The Government having curtailed the compassionate appointments to the extent of 5% of the vacancies, the family members of the deceased employee are left in a great distress. At the time of death the Government might have been in debt to the Government on various accounts. It becomes next to impossible for the family members to discharge the liabilities, without further entering into the debt trap of the unscrupulous money lenders. Such a situation, if allowed to develop, will ruin that family.

We, therefore, propose that the 7th CPC may recommend to the Government for the waiver of all governmental dues in the case of an employee who died in harness.

Chapter XX

Women Employees

The 5th CPC recognised the need for provision of special facilities for women employees and recommended certain measures viz., flexi time, Sub-reservation, increasing the age of recruitment, Public convenience facilities, Separate women's hostel etc.,

Most of these recommendations have not even been considered by the Government. These are - Introduction of flexi time and flexi place work schedules even on experimental basis in some offices; serving women be given option to work half time for a maximum of six years in a career; identification of certain professions to be manned only by women employee; Enhancing age of recruitment to 35 years, construction of more single women's hostels; creation of earned leave bank so that wife could avail earned leave at her husband's credit etc. We request the VII CPC to insist that these recommendations are considered and where possible, implemented by the Government.

Further, the guidelines for posting husband and wife in the same station is not being observed particularly in case of Gr C women employees. The guidelines should be made mandatory. Further it is needed to implement the recommendations of the National Women's Commission for 30%, sub-reservation which will automatically enthuse women to equip them and be in the mainstream. A large number of women employees are facing problems like removal of uteruses etc.,(Hysterctomy) after attaining the age of 40 years or more which requires special rest. The women employees may be granted one month special leave for such purposes.

Chapter XXI
Downsizing / Outsourcing / Contractorisation

To overcome the difficulties emanated from the total ban on recruitment and creation of posts and more specifically impacted by the 2001 executive fiat of the Govt. of India, many departments had to resort to outsourcing its functions; contractorisation of jobs. The VI CPC had recommended the contractorisation of class IV jobs. This has led to a situation in which some offices were virtually closed down and a few others were privatised or contractorised. The large scale outsourcing and contractorisation of functions had a telling effect on the efficacy of the Government departments. The delivery system was adversely affected and the public at large suffered due to the inordinate delay it caused in getting the requisite service.. The financial outlay for outsourcing of functions of each department increased enormously over the years. The quality of work suffered. In order to ensure that the people do get a better and efficient service from the Government departments and to raise the image of the Government employees in the eyes of the common people, it is necessary that the present scheme of outsourcing and contractorisation of essential functions of the Government must be abandoned. The practice of outsourcing and contractorisation is nothing but a cruel exploitation of the alarming situation of unemployment. The system of outsourcing of the functions seeks to informalise the workforce. The contract/casual workers get not even one third of the salary of the regular work force. They have no social security benefits like pension, provident fund gratuity etc.

We, therefore request the pay commission to recommend for scrapping of Outsourcing/ Contractorisation /Downsizing of Central Government functions

Chapter XXII
Regularisation of Casual / Contingent / Daily Rated Workers

The practice of employing daily rated (called contingency paid) employee was resorted to in 1980s. Almost all departments where no new posts were being created though the volume of work had been increasing. The Department of Personnel and Training in response to a court directive issued a scheme under which all such contingency workers who had worked for 204 days in a year for two years consecutively were granted temporary status placing them in Regular Pay Scale and with certain other benefits. They were then required to be regularized against the vacancies .As their regularization took long time, it was agreed by the Government in the National Council of JCM that 50% of the service rendered by them between the grant of Temporary Status and regularization will count as service qualifying for pension. This scheme was however applicable only in respect of those casual workers who were in service upto September, 1993.

Despite strict instructions from DOPT to stop the practice of engaging casual workers it continued for all the years thereafter and intensified between 2001 and 2009. This was because of the reason that the Government issued executive instruction not to create any posts and abolish 2/3 vacant posts every year and there should be no right of regularisation for them. None of these workers were even granted temporary status and no steps were taken to regularize them. Supreme Court has again directed that the practice of casual employment should end. The court also directed that those casual workers who have already completed 10 years of service on the date of their judgement may be regularized. The result is that there are still a large number of such employees who had not completed 10 years of service on the above crucial date. For them there is no hope of regularization.

The very fact that such employees have continued in service for a long period establishes that they are needed in the interest of the work. They are therefore, to be regularised and extended all the benefits which are available to regular employees.

We, therefore propose that regularization of such contingency paid employees should be ensured from the date they have completed two years of continuous service (ignoring the interruption imposed by the administration every year to ensure that they do not have continuity) if necessary by creating supernumerary or shadow posts for the period till a vacancy in the cadre takes places..

Alternatively entire service rendered by such staff after first two years may be deemed as regular service not only as qualifying service for pension but also for extension of all other benefits, entitlements admissible to a regular employee. In no case, such employee be thrown out of service to be substituted by a worker provided by a contractors.

Chapter XXIII
Assured Career Progression/
Modified Assured Career Progression

The 5th CPC evolved the assured career progression scheme, which was adopted by the Government with certain modifications. The scheme ultimately evolved was a modified version of the in situ promotion or financial up-gradation. In the case of Group C and D cadres, the financial up-gradation is offered twice in the career with a residency period of twelve years. As per the scheme, one is entitled for the financial up-gradation, only if he is otherwise eligible for functional promotion. The ACP Scheme was replaced by modified ACP Scheme on the recommendations of the Sixth Pay Commission in which three financial upgradations viz after 10,20,30 years have been provided for. The Department of personnel, while issuing the order stipulated that the said MACP will operate on grade pay hierarchy and not the promotional hierarchy which was the case with ACP..

Taking cue from the system of 5 time bound promotion available to Group A offcers,we propose that there should be five financial upgradation in service career of an employee, on completion of 8,7,6,5 and 4 years of service (i.e., first after 8 years of induction, second on completion of 15 years, third on completion of 21 years, fourth on completion of 26 years and fifth on completion of 30 years of service.) The 5 MACPs should be granted on promotional hierarchy as ordered by the Supreme Court. The Supreme Court dismissed the SLP No. 7467/2013 field by the Government against the CAT order which had been upheld by the High Court Chandigarh in CWP No. 19387/2011. They clarified that the financial upgrdation must also be granted in the promotional hierarchy.

The existing principle of cadre review once in five years has not been implemented in many C. G. Department. We also propose that periodical cadre review on the lines it had been done the Railways by creating 5 levels of pay scale may be recommended.

The VII CPC may kindly consider our proposals and devise appropriate schemes to ensure five financial upgradation.

Chapter XXIV
Bonus

The evolution of Bonus has been dealt with by the V CPC. We therefore are not reiterating those developments.

In our view. since Productivity Linked Bonus has been granted on the basis of a bilateral agreement, this is out of the purview of review of any commission.

It is only the Adhoc Bonus to those Central Government employees who are not covered by any productivity Linked Bonus agreements which is being reviewed by us in this chapter and to suggest the measures which should be taken to evolve an appropriate Bonus to such employees.

A Group of Officers under the Chairmanship of Shri. Bazle Karim, the then secretary (Co-ordination) in Cabinet Secretariat was set up to consider the long pending demand for grant of Bonus to those Central Government employees who were not covered by the PLB Schemes. This group in their report expressed the view that the Government Departments constitute a single infrastructure for economy as a whole and felt that there should not be any sense of discrimination resulting in demoralization among them as a group when the service conditions were uniform all along. The Group suggested the evolution of PLB Scheme for Central Government employees as a whole. The group suggested that pending evolution of a single scheme of Bonus for all employees, the remaining employees who were not covered by the PLB were to be paid exgratia (Adhoc) Bonus equal to 15 days salary in 1982-83

The report of this group has not been published . It was not given even to the VCPC on demand. The confederation of Central Government Employees and Workers, however, could supply only an extract from the said report alongwith their memorandum to the V CPC.

Even to get the Adhoc Bonus equal to pay of 15 days salary in 1982-83, leaders of the Confederation had to start an indefinite fast which lasted for 7 days when the Government sanctioned Adhoc Bonus equal to 15 days salary.

The number of days for which Adhoc Bonus has been paid to Central Government Employees not covered by PLB Scheme since 1982-83 is indicated in the following table:

Year/s	No. of days
1982-83	15 days
1883-84	18 days
1984-85 &1985-86	23 days
1986-87	25 days
1987-88 to 1989-90	27 days
1990-91 to 1993-94	30 days
1994-95 to 2013-14	30 days.

The confederation's representatives had been pressing the demand for evolution of PLB Schemes on the basis of parameters framed by the Government after discussion in the respective departmental councils. But so far the Government has not been able to frame these parameters. This item is still pending in the agenda of National Council JCM.

The staff side had demanded increase in Adhoc Bonus on the basis of increases In PLB Schemes every year and that was why the Adhoc Bonus from 15 days salary during 1982-83 was increased to 30 days salary in year 1994-95. For last 20 years no further increase has been allowed.

The V CPC recommendation that the Adhoc Bonus Schemes should be replaced by a Productivity Linked Bonus to be evolved by each department in consultation with experts in the field and the departmental council of JCM within a period of 9 months remains on paper because Government have not issued the Notification to this effect for last 16 years.

In the meantime the Sixth Pay Commission has made a sweeping suggestion that the Adhoc Bonus Scheme should cease immediately and be replaced by what they have called PRIS- Performance Related Incentive Scheme.

Since this Performance Related Incentive Scheme recommended by VICPC in their Chapter 2.5 (pages 144-157) still remains to be considered by the Government in consultation with the Staff Side of National Council of JCM. the Adhoc Bonus is also continuing.

We are opposed to the PRIS and Government too does not appear to be in a mood to consider and implement it, we propose that VII CPC may recommend that all departments initiate negotiations in their Departmental Councils to evolve an appropriate productivity linked bonus scheme after consulting experts in the field within a period of one year from the date of Report of VII CPC is submitted to the Government. Pending finalization of such PLB Schemes the Adhoc Bonus equal to the average increase in the number of days sanctioned under the PLB Scheme.

Chapter XXV
Housing facilities and House Building Advance

The non-availability of housing accommodation in all towns and cities of India has become acute. The rent per month even for a modest accommodation is beyond the capacity of the Government employees. Elsewhere in the memorandum, we have suggested for increase the rate of HRA. The acceptance of our suggestion, on acceptance will also not change the situation significantly. We want the 7th CPC to look into the various suggestions made by the 5th CPC in the matter of housing facilities and house building advance, which were not acted upon by Government. Had the Government been good enough to accept even some of the suggestions made by the 5th CPC, it would have gone a long way to ameliorate the difficulties faced by the Government employees in particular and low paid workers in general. Their main suggestions were:

1. To achieve housing satisfaction level of 70% at Delhi and atleast 40% in all other town/cities.
2. To take on lease, the accommodation from private property to allot to the employees.
3. The land and building acquired by the Income Tax Department as part of their acquisition proceedings may be utilised for constructing residential accommodations for Government employees.

We request the 7th CPC to reiterate these suggestions and recommend for its acceptance.

House Building Advance: House Building Advance encourages the employees to own houses at a fairly early stage of their employment. This will also reduce the demand for residential. We have noticed certain difficulties encountered by the employees in obtaining the advance. The prescribed procedure requires amendments so as to enable the employees to comply with it properly. We make the following suggestions to improve the present procedure.

1. To simplify the procedure
2. To exempt the stamp duty when the property is required to be mortgaged and de- mortgaged.
3. To increase the advance to 50 times of the Salary
4. Since the repayment of the advance is to be made in a span of not more than 20 years, the employees must be made entitle to the advance on completion of 5 years, which is presently 10 years.
5. In the case of a Government employee, who do not have the service period of 10 years, for repayment to adjust his entire gratuity may be incorporated in the rules.
6. The maximum ceiling limit to be raised approprable on the basis of the new pay scales.
7. To reduce the rate of Interest at not more than 5%.
8. To make the Government employees entitled for the advance for purchasing second-hand or used houses

Chapter XXVI

Common categories of staff and Common cadres

The 6th CPC has classified the following as common categories.

Account Staff belonging to un-organised account cadres.

Artists	Para Medical staff
Canteen staff	Photographers
Care taking staff	Police personnel
Drawing Office staff	Printing staff
Drivers	Receptionist
E D P staff	Store Keeping staff
Fire Fighting staff	Teachers
Library staff	Veterinary
Laboratory staff	Workshop staff

The personnel belonging to the above mentioned categories are recruited by various departments according to their requirement. Since they are often out of the mainstream of the activates of the concerned department, they cannot be provided with a planned career advancement. This apart, we also notice that the pay scales assigned to them vary from one department to another. The anomaly created is not capable of resolution at the Departmental anomaly committees and often carried forward to the next CPC, where some anomalies are resolved and other remain unresolved. We suggest that these categories of employees must be given common pay scale and made applicable in all Department. They must be assigned pay scales on the basis of the entry level recruitment qualification and the structure promotion specified to be applied uniformly in all departments All these categories of employees may be granted the pay scales provided for similar personnel in the Central Secretariat. The Associations/Federations of these employees will no doubt submit their memorandum to the 7^{th} CPC indicating the present state of affairs and improvement needed in their pay structure with reasons. The 7^{th} CPC may consider their submissions and make appropriate recommendation to accede to their demands.

In administrative offices, the following are the common cadres:

MTS, LDC, UDC, DEOs, Stenographers, Assistants, Senior Assistants, Office Superintendent, Administrative Officers Gr III, II and I, Private Secretaries Senior Private Secretaries, Personal Assistant etc.

We have suggested MTS the pay scale commencing the minimum wage of Rs. 26000/-. This may be applied in the case of MTS of all Departments.

We find that the duties that had been assigned to LDCs, on computerisation of functions of almost all department of Government of India has changed drastically. The routine functions of Data entry etc has now been entrusted to Data entry operators and the rest is overlapping with the functions of UDC. These posts in all Departments are, therefore, to be upgraded as UDCs and whatever pay scale assigned to UDCs given to them. At the clerical level, presently there are two scales, with Grade pay 2400 and 2800. This, in our opinion requires to be de-layered and be replaced by one single pay scale. At the level of Assistants, they may be granted the scale of pay assigned to Assistants in the Central Secretariat and the Sr.Assistant/Office Superintendent are to be granted the pay scale of section officer in the Central Secretariat. The Cadre of Administrative Officers is in three Grades. Every department may not have the requirement of all the three grades. Wherever it is found to be necessary to retain the three Grades they may be granted the next three successive pay scales i.e., Gr A entry scale, senior time scale of pay, and the one next above.

The 6^{th} CPC had recommended abolition of stenographer cadre altogether. A few departments have acted upon it, others have left it untouched. The ground reality is that stenographers are presently seldom recruited or is not available for recruitment. The decision to abolish the post of Stenographers and merge them with clerical cadre may bring about difficulty in filling up the posts of Private Secretary and Senior Private Secretary in future. In any case, they are entitled to the same pay scale as is provided to the Stenographers and private secretaries in the Central Secretariat and we suggest that they be brought on par with the similar grades in the Central Secretariat. The Associations/Federations participating in the JCM will submit a detailed memorandum covering these common categories, wherever they exist. We request the 7^{th} CPC to consider and accept the views and suggestions made by them in their memorandum and make appropriate recommendation.

Chapter XXVI
Scheme for Appointment on Compassionate Ground

As the nomenclature suggests, compassion is to be kept at the centre stage of the scheme of compassionate appointment. . The objective of the scheme is to provide immediate assistance to the family of a Government employee who died in harness to tide over the sudden crisis. It is to be viewed as a sacred assurance to a fresh entrant in Government service that if unfortunately he expires while in service, his family would not be left in lurch/in destitute conditions. This scheme has been interpreted by the Supreme Court in many cases. The leading judgements of the Supreme Court are the following:

(i) Umesh kumar Nagpal Vs State of Haryana & Others[Jt.1994(3)SC525] judgement dated 4.5.94
(ii) Auditor General of India and others Vs G.Ananta Rajeswar Rao [(1994) ISSC 192] judgement dated 8.4.93.
(iii) Life Insurance Corporation of India Vs Mrs Asha Ramachandra Ambedkar and Others [Jt. 1994(2) SC 185] judgement dated 28.2.95
(iv) Himachal Road Transport Corporation Vs Dineshkumar [Jt.1996(5)SC319] judgement dated 7.5.96
(v) Hindustan Aeronautics Ltd Vs Smt A.Ridhika Thiruwalal [Jt. 1996(9)SC197] judgement dated 9.10.96
(vi) State of Haryana & Others Vs Rani Devi & Others [Jt.1996(6)SC 696] judgement dated 15.7.96.

On going through the judgments one could infer that Supreme Court also upholds the relevance of this policy. The Court had only tried only to ensure that this policy is implemented in an orderly and logical manner. It is unfortunate that the above judgements and particularly the Nagpal case (item no. 1 supra) was very often misquoted and misrepresented as if the Supreme Court has banned the appointment on compassionate ground.

The Supreme Court in Nagpal case laid down the following important principles.

(i) Only dependents of an employee dying in harness leaving his family in penury and without any means of livelihood can be appointed on compassionate grounds.
(ii) The posts in Group C and D alone can be offered for compassionate ground appointments.
(iii) The whole object of granting compassionate appointment is to enable the family to tide out the sudden crisis (death –premature retirement on medical ground) and to relieve the family of the deceased/premature retired from financial difficulties and to help it get over the emergency.

(iv) Compassionate appointments cannot be granted after a lapse of a reasonable period of time and it is not a vested right which can be exercised at any time in future.

Nowhere in this judgement it has been stated that compassionate ground appointments should be restricted by imposing a ceiling.

However, the Dpartment of Personnel and Training in their OM dated 29.6.95 imposed a ceiling of 5% of vacancies in direct recruit quota in Group D and Group C for making appointments on compassionate grounds.

The Central Government employees organisations have been pleading since 1996 in the National Council JCM that this ceiling, being irrational may be withdrawn but in vain. In Railways the said ceiling is not in operation. It is, therefore, beyond comprehension as to why such conditions are laid down in respect of compassionate in other departments..

Railways in Central Government is the biggest establishment. If the above ceiling of 5% vacancies for compassionate appointments is not being insisted and operationalised Railways there is hardly any justification for imposing this ceiling on other Departments/Ministries

Once the high power committee decides that an applicant for appointment on compassionate ground is a deserving candidate, not to offer him such appointment on the plea that there is no vacancy available due to such unwarranted ceiling is negation of the very compassion on the basis of which this scheme has been envisaged. Therefore there is a valid case for lifting this discriminatory and arbitrary ceiling . A large number of applicants seeking appointment on compassionate grounds though found eligible have not been offered appointments. The direct recruit quota has shrunk due to the decision to ban creation of posts and insist that the Departments should abolish two thirds vacancies. As per the said order two third posts which became vacant must be abolished and then only the rest could be filled in. However after much pursuance it was agreed that 5% would be computed taking all the vacancies into account for not 1/3rd of the vacancies . Eventhen the position continues to be acute. We refer to the twenty third report on Government Policy of Appointments on Compassionate Grounds presented to the Rajya Sabha on 7th September, 2007 (laid on the table of the Lok Sabha on 7.9.2007). and request the Commission to recommend the following:

(i) To remove the 5 % ceiling
(ii) To ensure that compassionate appointment to the deserving candidates are given within 3 months of the date of death of the employee.
(iii) In case of any administrative delay in offering compassionate appointment the deserving applicants may be granted minimum of the pay scale of the post on which his application will be considered. .

Chapter XXVII

Travelling Allowance and T A on transfer

A. Travel Entitlement

The travel entitlement while on tour or transfer as recommended by the VI CPC are as under

4.2.32 The present entitlements of Daily Allowance are as under :

Pay Range	A-1 class cities		A Class cities and specially expensive localities		B Class cities and specially expensive localities		Other localities	
	Ordy.	Hotel	Ordy.	Hotel	Ordy.	Hotel	Ordy.	Hotel
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rs.16000 and above	260	650	210	525	170	425	135	335
Rs.8000 and to Rs.16399	230	505	185	405	150	330	120	225
Rs.6500 to Rs.7999	200	380	160	305	130	250	105	200
Rs.4100 to Rs.6499	170	245	135	195	110	160	90	130
Below Rs.4100	105	125	85	100	70	85	55	65

The coloumn “Pay Range”shall have to be altered because instead of pay band and Grade pay pattern we have proposed Time Scale of Pay Structure in our Memorandum. Therefore We propose that all persons belonging to Executive Class may be extended I class by air/ AC First Class by train and all non executive Y class by Air/AC II tier class by train.

Daily allowance.

The entitlement for accommodation, taxi charges and food bills are presently as under:

Grade Pay	Daily Allowance
Rs.9000 and above	Reimbursement for Hotel accommodation of upto Rs.5000 per day ; reimbursement of Ac taxi charges of upto 50 Kms. for travel within the city and reimbursement of food bills not exceeding Rs.500 per day
Rs.6600 to Rs.8400	Reimbursement for Hotel accommodation of upto Rs.3000 per day ; reimbursement of non-Ac taxi charges of upto 50 Kms. Per diem for travel within the city and reimbursement of food bills not exceeding Rs.300 per day
Rs.5400 to Rs.6500	Reimbursement for Hotel accommodation of upto Rs.1500 per day ; reimbursement of taxi charges of upto Rs. 150 per diem for travel within the city and reimbursement of food bills not exceeding Rs.200 per day
Rs.4200 to 4800	Reimbursement for Hotel accommodation of upto Rs.500 per day ; reimbursement of taxi charges of upto

	Rs. 100 per diem for travel within the city and reimbursement of food bills not exceeding Rs.150 per day
Below Rs.4200	Reimbursement for Hotel accommodation of upto Rs.300 per day ; reimbursement of taxi charges of upto Rs. 50 per diem for travel within the city and reimbursement of food bills not exceeding Rs.100 per day

This scheme of reimbursement of charges has led to lot of forgeries and corruption, inflated hotel receipts, food bills etc., have been presented by many including highly placed officials. We think providing a composite rate of daily allowance to take care of accommodation internal travel charges and food bill would be a proper ... We, therefore propose these rates may be as under:-

Category	A1 and A class city	Other cities
Executives	Rs.5000/-per day +DA	Rs.3500/- per day + DA
Non- Executives	Rs.4000/-per day +DA	Rs.2500/- per day + DA

Travelling Allowance on Transfer

We agree that composite Transfer Grant equal to one month Pay + DA alongwith actual fare for self and family as per the en.titled class may continue.As regards transportation charges of personal effects we propose the following:-

Class	By Train/Steamer	Rate per Km for transport by Road
Executive Class	6000 Kgs by goods train / 14 wheeler wagon/1single container.	Rs.50 +DA (Re.1/- per Kg per Km)
Non Executive Class	3000 Kgs	Rs.50 +DA (Re.1/- per Kg per Km)

Chapter XXVIII

Children Education Allowance

The Children Education allowance was introduced w.e.f. 1-9-2008 on the basis of the recommendation of 6th CPC. In the background of escalation of school fees, and other expenses connected with education of Children, the present scheme has been a big relief for the Government employees. Presently the allowance is admissible for two children, for studying in a recognised school upto XII standard. The maximum ceiling is stipulated at Rs.18000/- since this allowance had been hiked by 50% because of the DA component in salary having been crossed 100% on 1.1.2014. We suggest doubling of this allowance and increasing the same by 50 % whenever the DA crosses over by 50%

The insistence of receipt for each and every expense to claim the allowance is a cumbersome procedure, which serves no purpose at all. In order to avoid a probable misuse, the employer may be asked to produce an affidavit to the effect this child/children were bonafide student of the school. The production of receipt may be dispensed with.

We also suggest that the scheme may be extended to cover children studying for Graduate/Post Graduate and Professional courses. This suggestion is being made in view of the huge expenses involved for the children's higher studies, especially in the background of the Government with... from "higher education sector and allowing private institutions to come up and extract exorbitant changes for ... courses. Since the quantum of allowance is fixed with a ceiling on maximum, our suggestion ... increase the coverage.

We request our suggestion in the matter may be kindly be recommended to the Government for its acceptance.

Chapter XXIX

Other Allowances/ Advances

We suggest to the VII CPC to recommend to increase the following allowances and advances, which are presently granted as a lump sum amount to three times in vew of the fact that the revised Minimum wage computed is almost 3.7 time of the emoluments as on 1.1.2014.

Allowances

1. Conveyance Allowance
2. Risk Allowance
3. Children Education Allowance
4. Project Allowance
5. Washing Allowance
6. Child Care Allowance
7. Cash Handling Allowance
8. All other allowances not listed above.

Advances

1. Natural Calamity Advance
2. Vehicle Advance
3. Personal Computer Advance
4. Uniform and Stitching Charges
5. All other Advances

Chapters to be written are: CGHS & CCS(MA) Rules, Overtime allowance, Night duty allowance, Leave Travel Concession, North eastern Region allowance and Central Sectt and field offices. This will be prepared tonight and will be sent to you separately.
P.S. Kindly intimate us immediately whether any chapter on any other matter has to be included or not.

PRICES OF THE INGREDINTS SPECIFIED IN TEH 15TH ILC TO CALCULATE THE MINIMUM WAGES AS ON 01.05.2014

ITEMS	DELHI	MUMBAI	KOLKTA	CHENNAI	BNGLR	BBSR	TRVDM	HYDBD	AVERAGE	PCU/day in gms	Per Month 3 CU (in Kg)	
Rice/Wheat	44	49	44	48	47	58	42	44	**47**	475 gms	42.75 kg	2009
Dal Toor/Urid/Moong)	99	102	140	100	97	97	95	94	**103**	80 gms	7.2 kg	742
Raw Vegetables	44	46	41	40	42	50	48	41	**44**	100 gms	9.00 kg	396
Green Vegitables	42	43	40	42	42	43	44	40	**42**	125 gms	11.25 kg	473
Other Vegitables	43	43	41	40	40	41	49	40	**41**	75 gms	6.75 kg	277
Fruits	111	114	108	112	109	108	108	109	**110**	120 gms	10.8 kg	1188
Milk	44	44	39	39	36	36	36	38	**39**	200 ml	18 ltr	702
Sugar/Jaggery	44	43	42	44	45	44	46	44	**44**	56 gms	5.00 kg	220
Edible Oil	148	159	142	159	142	141	141	140	**138**	40 gms	3.6 kg	497
Fish	315	325	315	375	305	310	335	320	**325**		2.5 kg	813
Meat	423	420	438	388	403	397	398	488	**425**		5.0 kg	2125
Egg	5	5	5	5	5	5	5	5	**5**		90 Nos	450
Detergents	404	414	379	399	379	399	399	399	**396**			396
Clothes	198	203	178	198	178	198	198	188	**192**		5.5 mtr	1056
Total												**11344**
Housing @ 7.5%												1174
Miscellaneous @ 0%												3129
Total												**15647**
Additional @ 25%												5214
Grand Total - Minimum pay for unskilled worker in the erstwhile Group D												**20861**
Minimum Pay for Group C Added with 30% with the minimum f above												5214
Minimum Pay at Group C level												26075
Rounded to												**26000**

20% of the net minimum miscellaneous charges towards fuel, electricity, water charges, etc

Housing at the rate of 7.5% of net minimum

Addition Expenditure at the rate of 25% includes expenditure towards education, marriage etc of the childre, medical treatment, recreation, festivals etc. as pe rteh Supreme Court decision in 1991.

PROPOSED PAY SCALES							OPTION No. 1					
POST	IV CPC	V CPC	VI CPC				Ratio between the inimum in 5th CPC nd the Prposed liniimum wage. By onsidering gradual ecrease in multiple ctor to ensure tionle between west pay to highest as 8	NEW AY SCALE /.R.TO THE AY OF 5TH C	NEW PAY CALE OUNDED O 1000	MULTIPLE ACTOR FOR OUNDED CALE	NEW PAY CLAE FTER IERGING	MULTIPLE ACTOR FOR NP CALE AFTER IERGING
			PB	Pay in PB	GP	Pay+GP						
S-1	750-12-870-14-940	2550--2660-60-200	5200-0200	5200	1800	7000						
S-2	775-12-891-14-1025	2610-60-3150-65-540	5200-0200	5200	1800	7000						
S-2A	775-12-871-14-955-15-030-20-1150	2610-60-2910-65-300-70-4000	5200-0200	5200	1800	7000						
S-3	800-15-1010-20-1150	2650-65-3300-70-000	5200-0200	5360	1800	7160						
S-4	825-15-900-20-1200	2750-70-3800-75-400	5200-0200	5530	1800	7330	26000 /2550 = 0.2	26010	26000	3.55	26000	3.55
S-5	950-20-1150-25-1500	3050-75-3950-80-590	5200-0200	5880	1900	7780	3050 X 10.2	31110	31000	3.98		4.24
S-6	975-25-1150-30-1540,, 75-25-1150-30-1660	3200-85-4900	5200-0200	6069	2000	8060	3200 X 10.2	32640	33000	4.09	33000	4.09
S-7	1200-30-1440-30-800,, 1200-30-1560-40-040,, 1320-30-1560-40-040	4000-100-6000	5200-0200	5200	2400	9840	4000 X 10.2	40800	41000	4.166	41000	4.17
S-8	1350-30-1440-40-1800-0-2200,, 1400-40-1800-0-2300	4500-125-7000	5200-0200	5200	2800	11170	4500 X 10.2	45900	46000	4.12	46000	4.12
S-9	1400-40-1600-50-2300-0-2600,, 1600-50-2300-0-2660	5000-150-8000	9300-4800	9300	4200	13500	5000 X 10.2	51000	51000	3.77		4.15
S-10	1640-60-2600-75-2900	5500-175-9000	9300-4800	9300	4200	14430	5500 X 10.2	56100	56000	3.88	56000	3.88

S-11	2000-60-2120	6500-200-6900	9300-4800	9300	4200	16290	6500 X 10.2	66300	66300	4.05		4.05
S-12	2000-60-2300-75-200,, 2000-60-2300-75-200-3500	6500-200-10500	9300-4800	9300	4600	16290	6500 X 10.1	65650	67000	4.05	66000	4.05
S-13	2375-75-3200-100-500,, 2375-75-3200-100-500-125-3750	7450-225-11500	9300-4800	9300	4600	18460	7450 X 10.1	74500	74000	4.06		4.06
S-14	2500-4000	7500-250-12000	9300-4800	9300	4800	18750	7500 X 10.0	74250	74000	3.95	74000	3.95
S-15	2200-75-2800-100-000	8000-275-13500	9300-4800	9300	5400	20280	8000 X 9.8	78400	78000	3.846		4.34
New Scale (Group A Entry	2200-75-2800-100-000	8000-275-13500	15600-9100	15600	5400	21000	8000 X 9.8	78400	78000	3.71		4.34
S-16	2630 fixed	9000	15600-9100	15600	5400	22140	9000 X 9.8	88200	88000	3.97		3.97
S-17	2630-75-2780	9000-275-9550	15600-9100	15600	5400	22140	9000 X 9.8	88200	88000	3.97	88000	3.97
S-18	3150-100-3350	10325-325-10975	15600-9100	15600	6600	25810	10325 X 9.6	99120	99000	3.83		3.96
S-19	3000-125-3625,, 3000-00-3500-125-4500,, 000-100-3500-125-5000	10000-325-15200	15600-9100	15600	6600	25200	10000 X 9.6	96000	96000	3.809		4.09
S-20	3200-100-3700-125-700	10650-325-15850	15600-9100	15600	6600	26410	10650 X 9.6	102240	102000	3.86	102000	3.86
S-21	3700-150-4450,,, 3700-25-700-150-5000	12000-375-16500	15600-9100	15600	7600	29920	12000 X 9.4	112800	113000	3.776		4.01
S-22	3950-125-4700-150-000	12750-375-16500	15600-9100	15600	7600	31320	12750 X 9.4	119850	120000	3.83		3.83
S-23	3700-125-4950-150-700	12000-375-18000	15600-9100	15600	7600	29920	12000 X 9.4	112800	113000	3.776	120000	4.01
S-24	4100-125-4850-150-300,,, 4500-150-5700	14300-400-18300	37400-7000	37400	8700	46100	14300 X 9.2	131560	132000	2.86		3.01
S-25	4800-150-5700	15100-400-18300	37400-7000	37400	8700	48390	15100 X 9.2	138920	139000	2.87	139000	2.87
S-26	5100-150-5700,, 5100-50-6150,, 5100-150-700-200-6300	16400-450-20000	37400-7000	37400	8900	48590	16400 X 9.0	147600	148000	3.045		3.05

S-27	5100-150-6300-200-700	16400-450-20900	37400-7000	37400	8900	48590	16400 X 9.0	147600	148000	3.045	148000	3.05
S-28	4500-150-5700-200-300	14300-450-22400	37400-7000	37400	10000	47400	14300 X 8.8	125840	126000	2.658		3.41
S-29	5900-200-6700,, 5900-00-7300	18400-500-22400	37400-7000	37400	10000	54700	18400 X 8.8	161920	162000	2.96	162000	2.96
S-30, HAG Scale	7300-100-7600	22400-525-24500	37400-7000	37400	12000	63850	22400 X 8.6	192640	193000	3.02		3.02
S-31, HAG+ Scale	7300-200-7500-250-000	22400-600-26000	75500-0000	75500	0	75500	22400 X 8.6	192640	193000	2.556	193000	2.56
S-32, HAG+ Scale	7600,, 7600-100-000	24050-650-26000	75500-0000	75500	0	77765	24050 X 8.4	202020	202000	2.597	202000	2.60
S-33, Fixed Apex Scale	8000 fixed	26000 fixed	80000 xed	80000	0	80000	26000 X 8.2	213200	213000	2.66	213000	2.66
S-33, Fixed, Cab. Sec.	9000 fixed	30000 fixed	90000 xed	90000	0	90000	30000 X 8	240000	240000	2.666	240000	2.67

S.No.	Starting scale	20th year @ 5% increment	rounded to nearest 000
1	26000	₹ 68,986	₹ 69,000
2	31000	₹ 82,252	82,000
3	33000	₹ 87,559	88,000
4	41000	₹ 1,08,785	1,09,000
5	46000	₹ 1,22,052	1,22,000
6	51000	₹ 1,35,318	1,35,000
7	56000	₹ 1,48,585	1,49,000
8	66300	₹ 1,75,914	1,76,000
9	65650	₹ 1,74,189	1,74,000
10	74500	₹ 1,97,671	1,98,000
11	74250	₹ 1,97,007	1,97,000
12	78400	₹ 2,08,019	2,08,000
13	78400	₹ 2,08,019	2,08,000
14	88200	₹ 2,34,021	2,34,000
15	88200	₹ 2,34,021	2,34,000
16	99120	₹ 2,62,995	2,63,000
17	96000	₹ 2,54,717	2,55,000
18	102240	₹ 2,71,273	2,71,000
19	112800	₹ 2,99,292	2,99,000
20	119850	₹ 3,17,998	3,18,000
21	112800	₹ 2,99,292	2,99,000
22	131560	₹ 3,49,068	3,49,000
23	138920	₹ 3,68,596	3,69,000
24	147600	₹ 3,91,627	3,92,000
25	147600	₹ 3,91,627	3,92,000

26	125840	₹ 3,33,891	3,34,000
27	161920	₹ 4,29,622	4,30,000
28	192640	₹ 5,11,131	5,11,000
29	192640	₹ 5,11,131	5,11,000
30	205000	₹ 5,43,926	5,44,000
31	215000	₹ 5,70,459	5,70,000
32	240000	₹ 6,36,791	6,37,000