

Report of the Sixth Central Pay Commission Index

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REPORT OF THE SIXTH CENTRAL PAY COMMISSION

(Report submitted to the Government on March, 24, 2008. The 18 month tenure of the Commission was till 4.4.2008.)

HIGHLIGHTS

Salient features of the Report

- Implementation of the revised pay scales from January 1, 2006. Recommendations relating to allowances to be implemented prospectively.

- To remove stagnation, introduction of running pay bands for all posts in the Government presently existing in scales below that of Rs.26,000 (fixed).

- Four distinct running pay bands being recommended - one running band each for all categories of employees in groups 'B' and 'C' with 2 running pay bands for Group A posts.

- The posts of Secretary to Government of India/equivalent and Cabinet Secretary/equivalent to be kept in distinct pay scales.

- A separate running pay band, designated as -1S scale, is not to be counted for any purpose as no future recruitment is to be made in this grade and all the present Group D employees not possessing the prescribed qualifications are to be upgraded and placed in the Group 'C' running pay band PB-1 after they are suitably retrained. Group D employees possessing the minimum prescribed qualifications to be placed in PB-1 pay band straightaway.

- Minimum salary at the entry level of PB-1 pay band to be Rs.6660 (Rs.4860 as pay in the pay band plus Rs.1800 as grade pay). Maximum salary at the level of Secretary/equivalent to be Rs.80000. The minimum: maximum ratio 1: 12.

- Every post, barring that of Secretary/equivalent and Cabinet Secretary/equivalent to have a distinct grade pay attached to it. Grade pay (being a fixed amount attached to each post in the hierarchy) to determine the status of a post with a senior post being given higher grade pay.

- The total number of grades reduced to 20 spread across four distinct running pay bands; one Apex Scale and another grade for the post of Cabinet Secretary/equivalent as against 35 standard pay scales existing earlier.

- At the time of promotion from one post to another, the grade pay attached to posts in different levels within the same running pay band to change. Additionally, increase in form of one increment to be given at the time of promotion. A person stagnating at the maximum of any pay band for more than one year continuously to be placed in the immediate next higher pay band without any change in the grade pay.

- Annual increments to be paid in form of two and half percent of the total of pay in the Pay Band and the corresponding grade pay. The date of annual increments, in all cases, to be first of July. Employees completing six months and above in the scale as on July 1 to be eligible.

- Another form of variable increments for Group A Pay Band PB-3, where annual increments in the band will vary depending upon the performance. Eighty percent or more employees in the grade to be allowed normal increment at the rate of 2.5% with the high performers (not exceeding 20 percent) during the year being allowed increment at the higher rate of 3.5%. Government advised to extend the scheme of variable increments in running pay bands PB 1 and PB 2.

- Defence Forces given running pay bands and grade pay on par with those recommended for civilians.

- The following scheme of revised pay bands is being recommended:-

(In Rs.)

Pre-Revised		Revised		
Pay Scale	Pay Scale	Pay-Band	Corresponding Pay Bands	Grade Pay
S-1*	2550-55-2660-60-3200	-1S	4440-7440	1300
S-2*	2610-60-3150-65-3540	-1S	4440-7440	1400
S-2A*	2610-60-2910-65-3300-70-4000	-1S	4440-7440	1600
S-3*	2650-65-3300-70-4000	-1S	4440-7440	1650
S-4	2750-70-3800-75-4400	PB-1	4860-20200	1800
S-5	3050-75-3950-80-4590	PB-1	4860-20200	1900
S-6	3200-85-4900	PB-1	4860-20200	2000
S-7	4000-100-6000	PB-1	4860-20200	2400
S-8	4500-125-7000	PB-1	4860-20200	2800
S-9	5000-150-8000	PB-2	8700-34800	4200
S-10	5500-175-9000	PB-2	8700-34800	4200
S-11	6500-200-6900	PB-2	8700-34800	4200
S-12	6500-200-10500	PB-2	8700-34800	4200
S-13	7450-225-11500	PB-2	8700-34800	4600
S-14	7500-250-12000	PB-2	8700-34800	4800
S-15	8000-275-13500	PB-2	8700-34800	5400

*Employees in these scales to be eventually placed in pay band PB-1

Pre-Revised		Revised		
Pay Scale	Pay Scale	Pay-Band	Corresponding Pay Bands	Grade Pay
New Scale	8000-275-13500 (Group A Entry)	PB-3	15600-39100	5400
S-16	9000	PB-3	15600-39100	5400
S-17	9000-275-9550	PB-3	15600-39100	5400
S-18	10325-325-10975	PB-3	15600-39100	6100
S-19	10000-325-15200	PB-3	15600-39100	6100
S-20	10650-325-15850	PB-3	15600-39100	6500
S-21	12000-375-16500	PB-3	15600-39100	6600
S-22	12750-375-16500	PB-3	15600-39100	7500
S-23	12000-375-18000	PB-3	15600-39100	7600
S-24	14300-400-18300	PB-3	15600-39100	7600
S-25	15100-400-18300	PB-3	15600-39100	8300
S-26	16400-450-20000	PB-3	15600-39100	8400
S-27	16400-450-20900	PB-3	15600-39100	8400
S-28	14300-450-22400	PB-4	39200-67000	9000
S-29	18400-500-22400	PB-4	39200-67000	9000
S-30	22400-525-24500	PB-4	39200-67000	11000
S-31	22400-600-26000	PB-4	39200-67000	13000
S-32	24050-650-26000	PB-4	39200-67000	13000
S-33	26000 (Fixed)	Apex Scale	80000 (Fixed)	Nil
S-34	30000 (Fixed)	Cab. Sec. Equ.	90000 (Fixed)	Nil

- In addition, Military Service Pay for all personnel of Defence Forces till the rank of Brigadier/equivalent @ Rs. 6000 p.m. for officers, Rs.4200 p.m. for Military Nursing Service officers and Rs. 1000 p.m. for Personnel Below Officer Ranks. The Military Service Pay to count for all purposes excluding increments.

- Director General (Armed Force Medical Services) placed in the Apex grade of Rs. 80,000(fixed).

- In Defence Forces, only two trade groups to be retained for Personnel Below Officer Ranks with the earlier trade groups Y and Z being merged. The personnel in trade group X to have an additional X Group Pay of Rs. 1400 per month.

- Certain posts in Senior Administrative Grade (SAG) and Higher Administrative Grade (HAG) requiring technical or specialized expertise and not encadred in any of the services to be opened up for being filled by suitable officers within the Government as well as by outsiders on contract. Shift from career based to post based selection in the higher echelons of Government in order to get the best domain based expertise.

- Creation of additional posts in Senior Administrative Grade/equivalent! higher grades in future to be strictly on functional considerations with such posts invariably being created outside the cadre to be filled by method of open selection including contractual appointment from within or outside the Government.

- Introduction of Performance Related Incentive Scheme (PRIS) in the Government under which employees to be eligible for pecuniary remuneration over and above the pay. PRIS to replace ad-hoc bonus scheme immediately and eventually replace Productivity Linked Bonus. PRIS to be budget neutral.

- System put in place for giving market driven compensation package to young scientists and posts requiring special expertise and professional skills.

- Parity established between Field and Secretariat Offices

- The Secretariat and Stenographers cadres to stand merged in future. All future recruitment in Secretariat to be made as Executive Assistants with minimum qualifications of Graduation and one year Diploma in Computers. Executive Assistants to discharge the functions presently being carried out by Assistants as well as the Private Secretaries.

- Scale of Rs.26,000 (fixed) corresponding to the revised pay scale of Rs.80,000 (fixed).

- Base year of the Consumer Price Index (CPI) for computation of dearness allowance to be revised as frequently as feasible. Formulation of a separate CPI for Government employees by National Statistical Commission for computation of dearness allowance suggested.

- Existing rates of most of the allowances to be doubled both in case of Defence Forces as well as civilian employees.

- Existing rate of HRA to be retained for A-1 cities. A, B-1 & B-2 cities to be given this allowance at the higher rate of 20%. C and Unclassified cities to be given the allowance at the higher rate of 10%.

- CCA to be subsumed in Transport Allowance and the rates of this allowance to be increased by 4 times.

- Travel entitlements to be paid on actuals.

- Reimbursement of education allowance to be raised from existing Rs.50 to Rs.1000 per child per month, subject to the maximum of two children. Hostel subsidy to be raised from existing Rs.300 p.m. to Rs.3000 p.m.

- Risk allowance to be replaced by risk insurance.

- All fixed allowances made inflation proof with provisions of automatic revision whenever dearness allowance payable on revised pay bands goes up by 50%. Transport Allowance to be increased every year on the basis of the increase in the dearness allowance.

- Encashment of Earned Leave in case of Defence Forces personnel del inked from the number of years of service. All Defence Forces personnel to be eligible for leave encashment of upto 300 days at the time of retirement/discharge.

- A new medical insurance scheme recommended for Government employees. The scheme to be optional for existing Central Government employees and pensioners. New Government employees and new pensioners to be compulsorily

covered by the scheme.

- Fitment formula recommended for serving employees to be extended in case of existing pensioners/family pensioners.

- Rates of Constant Attendant Allowance for disabled pensioners to be increased by five times to Rs.3000 p.m.

- Pension to be paid at 50% of the average emoluments/last pay drawn (whichever is more beneficial) without linking it to 33 years of qualifying service for grant of full pension.

- A liberal severance package for employees leaving service between 15 to 20 years of service.

- Higher rates of pension for retirees and family pensioners on attaining the age of 80, 85, 90,95 and 100 years.

- Revision of the commutation table suggested for commutation of pension.

- In case of Government employees dying in harness, family pension to be paid at enhanced rates for a period of 10 years.

- Framing of an appropriate insurance scheme suggested for meeting the GPD needs of pensioners in non-CGHS areas.

- A new mechanism for grant of advances under which an employee will take the advance from an approved bank and the Government will give an interest subsidy equal to two percentage points on the rate of interest being charged by the bank to the employee. Existing limits of various advances increased and provisions made for their automatic revision periodically.

- Continuation of five day week. Government offices to remain closed only on the three national holidays. All other gazetted holidays to be abolished and compensated by increasing the number of restricted holidays from two to eight days in a year.

- Benefits like staggered working hours, special leave for child care, enhanced maternity leave of 180 days, better accommodation facilities in the form of working women's hostels, etc. specifically for women employees.

- Government employees with disabilities recommended various benefits like enhanced number of casual leave, special aids and appliances for facilitating office work, higher interest subsidy for automobile loans, liberal flexi hours, higher rate of transport allowance, better prosthetic aids and proper grievance redressal machinery. Extra allowance for disabled women employees to take care of young child till the time the child attains the age of two years.

- Lateral movement of all Defence Forces personnel (both Personnel Below Officer Ranks & Short Service Commission Officers) at appropriate levels in Central Police Organizations/ Central Para Military Forces as well as to the various posts of defence civilians in Ministry of Defence.

- Steps leading to improvement in the existing delivery mechanisms by more delegation, delaying and an emphasis on achieving quantifiable and concrete end results. Emphasis to be on outcomes rather than processes.

- Greater emphasis on field offices/organisation at the cutting edge of delivery.

- Enhanced pay scales for Nurses, Teachers, Constabulary and Postmen with whom the common citizen has most frequent interaction. Forest Guards also to get higher pay scale.

- Better deal for training academies.

- Normal replacement pay band, grade pay and allowances for the existing Members of regulatory bodies. A revised method of selection with a higher pay package to those recruited through the revised process of selection in selected organisations.

- All the recommendations to be treated as an organic whole as partial implementation will bring in several anomalies and inconsistencies.

- The recommendations contained in the Report to cost Rs.12,561 crore in the year 2008-09. Savings of Rs.4,586 crore likely to accrue on account of various measures suggested in the Report. The net financial implications of the recommendations contained in the Report estimated to be Rs.7,975 crore for the year 2008-09. An additional, one-time burden of Rs.18,060 crore on payment of arrears.

Chapter 1.1

Introduction

Constitution of the Sixth Central Pay Commission

1.1.1 The Government constituted the Sixth Central Pay Commission vide Resolution No. 5/2/2006-E.III(A) dated October 5, 2006.

Terms of Reference

1.1.2 The Terms of Reference of the Commission are as under:

A. To examine the principles, the date of effect thereof that should govern the structure of pay, allowances and other facilities/benefits whether in cash or in kind to the following categories of employees:-

1. Central Government employees – industrial and non-industrial.

2. Personnel belonging to the All India Services.

3. Personnel belonging to the Defence Forces.

4. Personnel of the Union Territories.

5. Officers and employees of the Indian Audit and Accounts Department; and

*6. Members of the regulatory bodies (excluding the RBI) set up under Acts of Parliament.**

B. To transform the Central Government Organisations into modern, professional and citizen-friendly entities that are dedicated to the service of the people.

C. To work out a comprehensive pay package for the categories of Central Government employees mentioned at (A) above that is suitably linked to promoting efficiency, productivity and economy through rationalization of structures, organizations, systems and processes within the Government, with a view to leveraging economy, accountability, responsibility, transparency, assimilation of technology and discipline.

D. To harmonize the functioning of the Central Government Organisations with the demands of the emerging global economic scenario. This would also take in account, among other relevant factors, the totality of benefits available to the employees, need of rationalization and simplification, thereof, the prevailing pay structure and retirement benefits available under the Central Public Sector Undertakings, the economic conditions in the country, the need to observe fiscal prudence in the management of the economy, the resources of the Central Government and the demands thereon on account of economic and social development, defence, national security and the global economic scenario, and the impact upon the finances of the States if the recommendations are adopted by the States.

E. To examine the principles which should govern the structure of pension, death-cum-retirement gratuity, family pension and other terminal or recurring benefits having financial implications to the present and former Central Government employees appointed before January 1, 2004.

F. To make recommendations with respect to the general principles, financial parameters and conditions which should govern payment of bonus and the desirability and feasibility of introducing Productivity Linked Incentive Scheme in place of the existing ad hoc bonus scheme in various Departments and to recommend specific formulae for determining the productivity index and other related parameters.

G. To examine desirability and the need to sanction any interim relief till the time the recommendations of the Commission are made and accepted by the Government.

*As substituted by Ministry of Finance Resolution No.5/2/2006- E.III (A) dated the 7th December, 2006.

Additional Term of Reference

1.1.3 Through a subsequent Resolution No.5/2/2006-E.III.(A) dated 8th August, 2007, the terms of reference were enlarged to include the officers and employees of the Supreme Court.

Background

1.1.4 The Fifth Pay Commission had recommended that pay revision should, in future, be entrusted to a permanent Pay Commission drawing its authority from a constitutional provision and whose recommendations, made annually, should have a binding character. The Commission, as an alternative, suggested that dearness allowance should be converted into dearness pay every time the cost of living rises by 50% over the base level. In their opinion, DA would normally increase by 50% in a period of 5 years and that this relief could be combined with a decennial exercise of pay revision through a Pay Commission, meeting partially the demands of Central Government employees for a more frequent revision of salaries on the analogy of public sector employees. The Fifth CPC recommended constitution of the next Pay Commission by 2003 so that its report was available by 2006. Although the Government did not appoint the next Pay Commission in 2003, it allowed merger of 50% of dearness allowance with pay with effect from 1/4/2004.

Composition of the Commission

1.1.5 Sixth Central Pay Commission comprised a Chairman and 3 Members as under :

1 Chairman Justice B.N.Srikrishna

2 Member Prof. Ravindra Dholakia

3 Member Mr. J. S. Mathur

4 Member-Secretary Smt. Sushama Nath

Unfortunately, one of the distinguished Members, Shri J.S. Mathur passed away in February, 2008. The Commission would like to place on record its gratitude for the immense and substantive contribution made in the Report by Shri J.S. Mathur.

Special features of Terms of Reference

1.1.6 Terms of Reference of the Sixth Central Pay Commission are somewhat different from those of the earlier Central Pay Commissions. Clause 2 (B) of the Terms of Reference envisages transforming the Central Government organizations into modern, professional and citizen friendly entities that are dedicated to the service of the people. While the earlier Commissions were required to examine the work methods and work environment and to suggest rationalization and simplifications therein with a view to promoting efficiency and optimizing the size, it is for the first time that a Central Pay Commission has been asked to look into the measures that would improve the delivery mechanisms which have a direct bearing on the services provided by various Government agencies to the common citizens. Further, Clause 2 (D) of the Terms of Reference makes it incumbent upon the Commission to harmonize the functioning of the Central Government Organizations with the demands of the emerging global economic scenario.

1.1.7 The Sixth Central Pay Commission, therefore, had not only to evolve a proper pay package for the Government employees but also to make recommendations rationalizing the governmental structure with a view to improving the delivery mechanisms for providing better services to the common man. In addition, linking the pay packages with simplification of systems and processes within the Government, greater delegation with emphasis on accountability, responsibility and assimilation of technology, etc. have been the Commission's guiding philosophy.

Measures adopted to achieve desired objectives

1.1.8 The Commission, in this Report, plans to achieve these objectives through reduction of layers within the Governmental structure so that decision making and delivery is expedited. In the process, a number of superfluous levels have been removed. This simplification is also reflected in the entire scheme of pay scales being substituted by a system of running pay bands, where the existing 35 pay scales have been replaced by 4 running pay bands (excluding -1S) containing 20 grades. Additionally, the posts of Cabinet Secretary/equivalent and Secretary to Government of India/equivalent have been placed in distinct pay scales. A system that primarily lays emphasis on

delivery and end results and which continuously rewards performance has been put in place by incorporating features like Performance Related Incentive Scheme (PRIS) and variable increments in the basic scheme of pay scales. By incorporating systemic changes in the existing procedure of appointments, efforts have been made to ensure a young and dynamic bureaucracy, with a result oriented approach, where the best persons available are selected for holding specific posts. While

proposing these changes, the Commission has also kept in view the capacity of the Government to pay and the principle that every rupee spent on allowances, facilities and salaries of Government employees has to translate into a specific measure for public good. The Commission, at the very outset, would like to underline the fact that this Report is a holistic document and has to be treated as an organic whole since all the major recommendations contained therein are inextricably inter-twined. Accordingly, any modification in the scheme of recommendations can severely affect the outcome this Report sets out to achieve. **The Government, therefore, would be well advised to consider implementing all the major recommendations contained in the Report as a package.**

Methodology

1.1.9 The Terms of Reference permitted the Commission to devise its own procedure. To elicit the views of various stakeholders, the Commission issued a public notice inviting all interested persons, including members of the public, peoples'

representatives, consumer associations, staff associations, State/UT Governments, ministries/ departments to send their views on the subject by 31st December 2006. Consequent to an addition in the terms of reference, Unions/Associations of officers and employees of the Supreme Court of India were requested to submit their memoranda to the Commission before 31st August 2007. A questionnaire was also prepared to facilitate responses from Individuals/Groups on the items of specific interest to the Commission with facility for online response. The analysis of responses to the questionnaire is given at the end of the Volume carrying Annex to the Report. To elicit the views of various States on the financial impact that the likely recommendations of this Commission would have on them, a questionnaire in this regard was also sent to the State Governments. Since the Terms of Reference of the Commission included Regulatory Bodies, information on regulatory bodies set up under Acts of Parliament was also sought from the concerned Ministries/Departments. Following studies on specific subjects of importance were carried out by expert bodies on behalf of the Commission:-

- Study on Feasibility of Performance Related Incentive (PRI)
- Study for Estimating the Compensation Package for Government Employees and the Cost to the Government
- Study on Terminal Benefits of the Central Government Employees

(Full text of the Reports of these Studies is at the website of Sixth CPC <http://www.india.gov.in/govt/paycommission.php>)

From January 16, 2007, the Commission initiated meetings with various stakeholders to personally hear their views and demands on related issues. Meetings were held in various parts of the country to facilitate stakeholders staying in distant areas to present their views personally before the Commission and also to ensure larger representation. During these meetings, the Commission also got the benefit of hearing the views of Secretaries to Government of India, Heads of Department and other eminent persons. The Commission held these meetings in Mumbai, New Delhi, Kolkata, Port Blair, Guwahati, Chennai, Puducherry, Ahmedabad, Gandhinagar, Bangalore, Srinagar, Kargil, Leh and Hyderabad. During these hearings, a considerable number of documents were handed over to the Commission. The list of Unions/Federations/Associations/ eminent persons heard by the Commission is at Annex 1.1.1.

Visits

1.1.10 The Commission visited several establishments in different parts of the country to get a first hand impression about the functioning and the conditions of service prevailing there. During these visits, the Commission also interacted with a large number of field level functionaries.

Working of the Commission

1.1.11 The Sixth Central Pay Commission was given a period of 18 months to submit the Report. The Commission initiated its work immediately after the date of its Notification on 5th October, 2006. The Commission adopted a totally delayed approach where no hierarchical levels were allowed to exist and all functionaries could freely discuss the concerned issues with any one in the Commission irrespective of their hierarchy. This approach facilitated expeditious decision making and the Commission was able to finish its task well within the stipulated time-frame with a very small complement of staff. To keep the staff requirement at minimum, only multi-skilled functionaries were taken and no Group D staff employed. The Members and the officials of the Commission were not provided individual secretarial assistance or peons. Although 48 posts were sanctioned, the Commission filled only 17 posts. This has to be viewed vis-à-vis the strength of earlier Pay Commissions where the Fifth CPC had a total sanctioned strength of 141 posts (out of which 135 posts were filled) and the Fourth CPC had 209 posts. The Commission was able to achieve its target with a very small staff complement because the work processes in the Commission were reoriented to have a result-oriented approach with emphasis on output rather than processes. Due to these work practices, the Commission was able to complete its work utilizing less than 60% of the allocated budget. In the Commission's opinion, a similar policy needs to be adopted in all Government offices, which would increase efficiency and improve the end user satisfaction.

Table 2.2.1 (Insert this Table on page 26)
Fixation of Minimum wage as on 1.1.2006 as per 15 ILC norms

Items	Per day PCU(In grams)	Per month 3CU (In kg)	Price per kg. taken by Staff Side (In Rs)	Total cost as per Staff Side (In Rs)	Price per kg. as per prevai- ling rates (In Rs)	Total cost as per preva- iling rates (In Rs)
Rice/wheat	475	42.75	22.00	941	18	769.5
Dal (Toor/ Urad/moong)	80	7.2	65.00	468	40	288
Raw Veg.	100	9.00	28.00	252	10	90
Greenleaf Veg.	125	11.25	24.00	370	10	112.5
Other Veg.	75	6.75	26.00	176	10	67.5
Fruits	120	10.80	50.00	540	30	324
Milk	200ML	18 Lt.	24.00	432	24	432
Sugar and Jaggery	56	5.00	24.00	120	24	120
Edible Oil	40	3.6	90.00	324	50	180
Fish	2.5	180.00	450	120	300	
Meat	5.00	180.00	900	120	600	
Egg		90 (no)	2.50	225	2	180
Detergents etc			300 P/m	300	200	200
Clothing		5.5 Mt.	80/Mt.	440	80/Mt.	440
Total				5838		4103.5
Misc. @ 20%*				1167.60		827
Total				7005.60		4930.5
Addl. Exp @ 25%**				1751.40	400#	400#
Total				8757.00		5330.5
Housing @ 10%***				973.00		^148
Grand Total				9730.00		5478.5

Source : Average market rates in Kolkata, Chennai, Delhi and Mumbai as indicated in the Economic Times & other major dailies (element of 20% has been added to cover the increase in cost in retail sale).

Notes PCU = Per day Consumption Unit 3CU = Three Consumption Units

* 20% Miscellaneous charges towards fuel, electricity, water etc.

** Additional Expense at the rate of 25% includes expenditure towards education, medical treatment, housing, recreation, festivals etc.

Has been taken as Rs.400 because separate allowances for education, medical treatment and housing exist in the Government. Consequently, only the expenditure towards recreation & festivals need to be taken in account.

^ Being the license fee chargeable for government accommodation at an average rate of 3% of the basic pay

Chapter 1.2

Philosophy & the guiding principles

Introduction

1.2.1 The Government constituted the Sixth CPC at a time of fast and accelerating economic development, emerging trade and commercial practices, increasing globalization of trade and industry with greater emphasis on increasing investment flows and transfer of technology. Indian economy is rapidly getting integrated with the rest of the world. In the economic and financial sectors, the earlier era of protectionism where the Government largely played the role of a monopolistic supplier or of a restrictor or controller, has changed. The principal role of the Government presently is perceived to be that of a facilitator and regulator in the various economic activities. An imperative and urgent need exists to harmonize the functioning of the Central Government Organisations with the demands of the emerging global economic scenario. In the social/developmental sectors, especially in the fields of food security, elementary education, primary health care, and rural/urban development, the functioning of Government Organizations has to be improved to make them more professional, cost-efficient, citizen-friendly and delivery oriented. The Commission is the first Central Pay Commission to be constituted in this century of rapid technological advances and after coming into force of the Right To Information (RTI) and Fiscal Responsibility and Budget Management (FRBM) Acts. The Government machinery has to learn to adapt to these changes and to leverage knowledge and technology for better performance under stricter fiscal discipline and better delivery mechanisms. The Terms of Reference of the Commission suitably reflect this changed imperative.

Performance Related Incentive Scheme (PRIS)

1.2.2 The Commission has recommended several innovative features to ensure better delivery systems in the Government with emphasis on end user satisfaction which is the primary criterion for judging the efficiency of an organization. Introduction of Performance Related Incentive Scheme (PRIS) is a step in this direction. This is not a new concept. Many of the earlier Central Pay Commissions as well as various expert committees constituted in the past have recommended performance related incentives in one form or the other. In this Report, however, the Commission has tried to devise a workable and practical model by which the concept can be implemented in the Government. The PRIS recommended by this Commission envisages a pecuniary component, over and above the salary, for higher performance that would be judged by improved delivery to the end user by an external independent agency. This scheme of PRIS has been recommended to be implemented in all ministries/departments/organisations of the Central Government in a phased manner. Performance Related Incentive Scheme (PRIS) should also work as a substitute for bonus (whether linked to productivity or ad-hoc), honorarium and over time allowance.

Fitment benefit

1.2.3 The efforts of the Commission have been to devise a suitable pay package which will not only provide enough incentive to retain the brightest officers but also attract the best to join it in future. The quantum of fitment has been decided, accordingly. At the time of Fifth Central Pay Commission, fitment of 20% of the pre-revised basic pay was recommended. This was subsequently raised by the Government to 40%. The Commission is recommending a new structure of running pay bands and grade pay. In the structure, grade pay has been normally taken at 40% of the maximum of the pre-revised pay scale. Grade pay is, therefore, in the nature of fitment benefit. The pay in the running pay band, as on 1/1/2006, has been computed by adding the basic pay and dearness allowance at the rate of 74% that would have been payable on the existing Fifth CPC pay scales w.e.f. 1/1/2006 had merger of dearness allowance equal to 50% of the basic pay not been allowed from 1/4/2004.

Minimum salary

1.2.4 For fixing minimum salary, the Commission has mainly

been guided by various factors like ensuring fair wages keeping in view the capacity of the Government to pay, the inflationary impact of such increase on the economy in general and on the State Governments, various autonomous bodies and other organizations which follow the Central Government pattern of pay, and the fact that the minimum salary in Government can only be available at the entry level when an employee is single or married with a nuclear family. The consumption units for computing the minimum salary have been taken as three, which, in our view, reflects the factual reality. A fair comparison based on principles of equity and social justice, also makes it imperative to take into account the economic conditions of large sections of the community that are less privileged than Government employees and several of whom live below the poverty line.

Salaries in higher grades

1.2.5 The issue of fixing salaries in higher grades is more complex. Most of the employees, in the memoranda submitted to the Commission, and during the oral evidence, desired a linkage with the salaries in the public sector enterprises as well as the private sector on the ground that a broad parity needs to be ensured between the salaries in Central Government and in the public sector enterprises. A view has also been expressed that there is excessive job security enshrined in Article 311 of the Constitution and that cumbersome rules act as a hindrance to easy exit of Government employees. The Commission has given deep thought to all these arguments. It is undeniable that Government jobs provide unparalleled job security, pension benefits, work-life balance and status. The capacity of the Government to pay is limited. Further, the Government also provides a vast array of non-monetary benefits that can and should be monetized in order to correctly assess the actual compensation package available to the employees. Quantification of these benefits has other advantages as well. The aspirants for each category of Government job would know beforehand precisely what total package to expect and, could decide for themselves whether the Government job is sufficiently attractive vis-à-vis jobs in other sectors. This is all the more necessary because the salary packages offered in the private sector are on the basis of the cost to the company. In the Government, existence of multiplicity of allowances, coupled with a certain degree of uncertainty regarding their admissibility, considerably discounts the attractiveness of Government job in strict monetary terms. Secondly, this quantification will enable Government, Parliament and the public to have a clear, comprehensive and accurate picture of the total expenditure being incurred on Government employees, both civil and military, since non-monetary perquisites scattered over many budgetary heads, mask the true picture of the expenditure incurred on the employees. The Commission has taken various steps to assess the monetary value of such benefits. A study was also commissioned in this regard. An estimate of the total compensation package available to employees in different sectors has, for the first time, been attempted/computed upfront so that employees get a better idea of the benefits they receive and what these benefits cost the Government. It would also help in crystallizing, in monetary terms, the cost to society of delivery of the service that the employee is providing.

Contractual appointments for fixed tenures

1.2.6 The Commission is recommending introduction of contractual appointments for selected posts, particularly those requiring high professional skills. Under this, suitable persons from outside can be inducted in the Government. The existing employees, at their option, can also negotiate a consolidated amount for a specific tenure in a particular post provided they leave the service. Such employees will not be entitled to any other benefit. After the expiry of the tenure, the concerned employee may renegotiate the contract or leave. This will allow salaries that are broadly comparable to the private sector with similar terms of engagement to be paid in the Government. The concerned department/organization would not be given any extra budget on this account and should ensure commensurate savings elsewhere to absorb the extra expenditure incurred.

The Commission is of the view that this will not only enable the opting employees to get remuneration comparable with the private sector but will also improve the work culture in the Government because continued employment of such employees will depend solely on their performance just like in the private sector. Another benefit that is expected to accrue will be infusion of fresh talent while simultaneously enabling the Government employees to leave the Government without following cumbersome procedure that applies in case of permanent Government employees. This will enable the Government to pay a higher and need-driven remuneration depending on the particular expertise of the concerned employee which will also stall the efflux of such employees to the private sector at a time when Government needs their experience. The scheme will be very useful for various technical and scientific categories that can opt for higher remuneration under a contractual appointment on tenure basis in the Government.

Running pay bands

1.2.7 A major departure from the earlier Pay Commissions has been made in respect of pay scales. For the first time, the Commission is recommending running pay bands for civilian employees as well as for the Defence Forces. The Fourth Central Pay Commission had recommended running pay bands for Defence Forces that were implemented. The Fifth CPC, however, recommended specific pay scales for civilians as well as Defence Forces personnel. A conscious departure has been made in recommending running pay bands because of the inherent advantages of such pay scales.

1.2.8 Since the individual pay scales have a limited span, it often leads to stagnation. To ease stagnation, promotional avenues have to be created even though no functional justification for higher posts may exist. Creation of additional posts in higher grades through cadre reviews, etc. does not always achieve the desired results in terms of improved career progression. Movement from one pay scale to another frequently leads to problems in pay fixation like a senior drawing lower salary vis-à-vis a junior. Running pay bands will address all these problems and also remove many of the pay scale related anomalies.

1.2.9 Distinct running pay bands have been recommended for Government employees belonging to groups A, B and C. Employees in group D are to be retrained and upgraded to the lowest grade in pay band for group C. Within Group A, an additional separate running pay band has been prescribed for posts in the scale of Rs.18400-22400 and in higher administrative grade. This is because a common pool for all such posts that are not already encadred in any of the organized AIS/Group A services including posts under the Central Staffing Scheme has been recommended to which suitable officers of all services would be eligible for selection, based on their performance and merit. The common pool will ensure availability of the best talent for crucial posts in the highest grades. The interests of the officers who are not selected will not be harmed as they will still be eligible for promotions to the encadred posts within their individual services. Distinct scales have been recommended for the posts of Secretary and Cabinet Secretary, because these posts are occupied by heads of specific departments/ministries and the head of the bureaucracy respectively. As such, a distinction needs to be maintained for the pay scales attached to these posts.

Date of Effect

1.2.10 The revised pay structure has been devised to take effect from 1.1.2006. This will meet the demand of a majority of the employees and their associations. It is also in consonance with the observation made by the Fifth CPC that the next Pay Commission's pay scales should be made effective from such date. Recommendations relating to allowances and other issues should, however, take effect prospectively from the date these recommendations are accepted by the Government as was done while implementing the recommendations of the Fifth CPC.

Career progression

1.2.11 The pay structure has been so devised as to provide a decent entry grade and smooth career progression without any stagnation. The existing Assured Career Progression Scheme which provides two time-bound promotions in a span of 24 years has also been retained in a modified manner. Running pay bands and Modified Assured Career Progression Scheme will ensure smooth progression for 24 years. Even after 24 years,

running pay bands will ensure that no one stagnates.

Changes in pension rules to facilitate early exit/contractual appointment

1.2.12 The Commission has also recommended modifications in the CCS (Pension) Rules, 1972 that will enable payment of pension at the rate of 50% of the average emoluments/ last pay drawn without any reference to the qualifying service of 33 years for full pension. This will enable Government employees to leave the service at a relatively young age, in case they feel that they have more opportunities outside, or to opt for contractual appointment for specified posts within the Government. Simultaneously, the Government will be able to tap the best available expertise from within or outside the Government for senior positions. **Shift from career based to post based selection in the higher echelons of Government has been recommended in order to get the best domain based expertise.** For Groups B and C, a fast track promotion mechanism has been recommended by means of Limited Departmental Competitive Examination that is proposed to be introduced in most of the levels in Groups B and C.

Cadre Reviews

1.2.13 The Commission received many memoranda from various associations, organizations and individuals seeking review of specific cadres. The Commission is aware that the last Pay Commission had reorganized and rationalized many individual cadres. These reviews, however, frequently disturbed the established relativities. Further, most of these reviews have been sought on the ground of alleviating the existing stagnation. The Commission is of the view that cadre review cannot be used as a tool for easing stagnation. The Commission has incorporated other provisions in the Report that will address the problem of stagnation and delink promotions from career progression. Accordingly, as a matter of policy, this Commission has refrained from undertaking specific cadre reviews that in any case need to be carried out within an institutional framework. An established procedure for conducting cadre reviews exists in the Government. This would now need to be reviewed in the light of the recommendations made in this Report. **It, however, has to be emphasized that, apart from non-functional upgradation of some posts on personal basis in consonance with certain recommendations made in the Report, creation of additional posts in Senior Administrative Grade/ equivalent/ higher grades in future has to be strictly on functional considerations and such posts should invariably be created outside the cadre to be filled by method of open selection separately being recommended in the Report.**

Allowances and benefits

1.2.14 The demands in this regard invariably sought increase in the quantum of various allowances available to the employees. The Commission has done a rationalization of the allowances. Some allowances like CCA have been proposed to be abolished and compensated elsewhere. The Commission has also attempted quantification of various benefits including allowances so as to compute the cost per employee to the Government and also to assess if these benefits could be made available to the employees in a more beneficial manner. The recommendations have been made accordingly.

Pension

1.2.15 Recommendations have been made to simplify the procedure for computation of pension. As mentioned earlier, the Commission has recommended delinking the payment of full pension on completing 33 years of qualifying service. Higher rates of pension have been recommended for retirees on attaining the age of 80, 85, 90, 95 and 100 years. A revised commutation factor for commuting pension has also been suggested taking into account the prevailing mortality rates, interest rates and fact that the commuted portion is restorable after 15 years.

Women employees

1.2.16 The Commission is conscious of the need to provide better facilities for women employees. Benefits like staggered working hours, special leave for child care, enhanced maternity leave of 180 days, better accommodation facilities in form of working women's hostels have been recommended specifically for women employees.

Persons with disabilities

1.2.17 The Commission has taken note of the problems faced

by Government employees with disabilities and recommended various measures to alleviate the same. Enhanced number of casual leave, special aids and appliances for facilitating office work, higher interest subsidy for automobile loans, liberal flexi hours, extra allowance for disabled women employees to take care of young child till the time the child attains the age of two years, higher rate of transport allowance, better prosthetic aids and a proper grievance redressal machinery has been recommended for these employees.

Upgradation of certain categories

1.2.18 The Commission has recommended upgradation of certain specific categories like Nurses, Teachers, Constabulary and Postmen keeping in view the important functions being discharged by these categories. Parity between field offices and secretariat has been proposed as, in Commission's view, equal emphasis has to be given to the field offices in order to ensure better delivery.

Anomalies

1.2.19 Most of the memoranda sent to the Commission by Government organisations, employees or their associations highlighted various anomalies with reference to the pay scales, allowances or status. These anomalies in majority of cases were caused by upgradations of specific individual posts or grant of certain allowance by the earlier Central Pay Commissions or the Government. In some cases the upgradations had to be extended to comply with specific directions of various Courts. The Commission has taken note of these anomalies.

Anomalies in pay scales

1.2.20 Insofar as anomalies relating to the pay scales are concerned, a large number of these anomalies would be automatically settled by introduction of the proposed scheme of running pay bands. Where considered necessary, the Commission has also recommended upgradations of individual posts in order to remove these anomalies. The Commission has, however, taken care to minimize the number of recommendations for such upgradations and the same have been restricted to the cases that were covered by any of the following conditions: -

- a) Where the promotion post had come to lie in a lower scale vis-à-vis any of the feeder posts.
- b) Where the promotion and feeder posts existed in an identical scale and the level of duties /responsibilities and qualifications attached to these posts were manifestly distinct precluding their merger.
- c) Where, (i) a distinct and established relativity had existed between different posts; (ii) the posts were otherwise comparable on the basis of the functions, nature of the job, qualifications prescribed, level of responsibility attached; and (iii) such relativity was disturbed at the time of or after the implementation of the recommendations of the last Central Pay Commission.
- d) Where identical or analogous posts discharging similar functions had been placed in two or more distinct pay scales.
- e) Where the functions, nature of the job, qualifications prescribed and level of responsibility attached to the post justified a higher pay scale without causing any distortion or imbalance in any of the established relativities

All the individual upgradations recommended by the Commission shall, in no case, take effect before 1.1.2006. This is because the Commission has no intention of rectifying these anomalies right from the time of their inception and is of the view that interest of justice will be served if these anomalies are rectified for the present and the future.

Anomalies in allowances

1.2.21 The Commission received demands from almost all the central paramilitary and security organizations, scientific institutions and other services seeking grant of special allowance keeping in view the onerous nature of duties performed by them. It was the common argument of all that their respective organizations were performing a special job and deserved to be granted a special allowance. **The Commission is of the view that grant of special allowance for performing the assigned duties in respect of any organisation is not justified because the same is taken care of by the salary attached to the posts.** The Government has, in the past, extended special allowances in various forms to certain posts in different

organisations which, in their opinion, deserved to be paid such an allowance. The Commission is maintaining status quo in respect of these allowances extended by the Government in the past. Insofar as further extension of any allowance on this account is concerned, the principle which should be followed is that **more onerous duties should result in a relatively higher pay scale being attached to the post rather than any special allowance.** A mechanism exists for evaluating the duties attached to different posts in an organization which should be used to assess the appropriateness of the existing pay scale (proposed to be substituted by grade pay and pay band) rather than granting a special allowance for performing the normal duties. **Performance of duties beyond the normal call should, in the revised scheme of things, result in a higher performance related incentive.** The specific problems faced by defence forces personnel (viz. army, navy and air force) on account of rigours of military life are, however, proposed to be compensated by an additional element of pay termed Military Service Pay (MSP).

1.2.22 The Commission has recommended substantial increase in the rates of many allowances like Transport allowance, TA/DA, Education Allowance, etc. to make them realistic. Apart from this, rationalization of allowances like HRA has also been proposed. The fixed allowances have been made inflation proof.

Administrative reforms

1.2.23 The Administrative Reforms Commission is presently functional. It has already made certain interim recommendations. The Fifth CPC had also made numerous recommendations in this regard. Thereafter, the Government had also constituted the Expenditure Reforms Commission. While the issue of increasing productivity, efficiency and a result oriented approach with greater emphasis on end user satisfaction rather than on mere procedures has been addressed in the Report, the Commission has refrained from making comprehensive recommendations on the issue of organizational reforms. Recommendations given by expert bodies in the past like Expenditure Reforms Commission have been reiterated, wherever the Commission is of the view that the same are essential for better delivery and removing the flab from the Government. Some observations regarding corporatization of certain service ministries/departments have also been made.

Defence Forces

1.2.24 The Commission has recommended parity between various posts in the Defence Forces and civilian employees. Establishing such parity was necessary for another major recommendation contained in the Report concerning lateral movement of the Defence Forces personnel to Central Para Military Forces (CPMFs), other Central Police Organizations and defence civilian organisations. Such lateral movement would not only result in large savings for the Government but will also help in providing continuous employment to the various grades of Defence Forces personnel and make available a trained and disciplined force for the use of the nation. This will also have numerous other benefits, which have been discussed in detail in Chapter 2.4 of the Report. The pay scales for the Defence Forces have been devised accordingly. As mentioned earlier, the Commission has also recommended a separate element of pay called Military Service Pay for the Defence Forces keeping in view the difficulties specific to the military life. The Military Service Pay is to be treated as pay for all purposes (excluding increments) but will not be available once Defence Forces personnel shift to the CPMFs, etc. The concept has been discussed in detail in Chapter 2.3 relating to pay scales of Defence Forces personnel.

Implementation of recommendations

1.2.25 The Report has been kept concise as the Commission is of the view that lengthy and elaborate documents tend to get ignored as well as are liable to be quoted out of context. Most of the demands made before the Commission have been addressed by recommending systemic changes. Such demands have not been individually referred to in the Report. The number of recommendations made by the Commission is also limited. All the recommendations are inter-connected and need to be treated as an organic whole. Partial implementation of these recommendations will destroy the underlying spirit, break the common thread and bring in several anomalies and inconsistencies. **The Report would, therefore, need to be treated in a holistic manner and the recommendations considered as a package.**

Chapter 2.2

General Recommendations on Pay Structure & Fixation

Introduction

2.2.1 The Fifth Central Pay Commission (Fifth CPC) revised pay scales took effect from 1.1.1996. As per the recommendation of Fifth CPC that was accepted by the Government, full neutralization of dearness allowance has been provided in all Fifth CPC revised pay scales.

2.2.2 The Fifth CPC had compressed many scales. The number of pay scales was reduced from 51 pay scales as on 31.12.1995 to 34 pay scales by the Fifth CPC. In many cases, this led to the promotion and feeder cadres being placed in an identical pay scale. Although Department of Expenditure issued orders that existence of the feeder and promotion posts in the same pay scale will not constitute an anomaly, however, these orders have consistently been rejected by the various courts of this country. The Commission, therefore, had two options:-

i) To evolve a new system of pay scales that would effectively address most of the existing anomalies.

OR

ii) To make sufficient modifications in the scheme of pay scales given by Fifth Central Pay Commission so as to ensure that various anomalies existing across various ministries/departments/organizations are removed.

2.2.3 The latter option was not feasible as the number of these anomalies was very large and the Commission continued to get references in this regard even though a period of more than 10 years had elapsed since the date of implementation of the Fifth Central Pay Commission pay scales. The difficulty became greater as the Commission's efforts were to reduce the number of scales even further. This was considered necessary for de-layering the Government with a view to hasten decision making and improving the existing delivery mechanisms for benefit of the citizens. Further, a mechanism of rewarding performers also had to be incorporated in the new system of pay scales. To achieve all this, the Commission has had to evolve a new system of pay bands.

2.2.4 The basic rationale of Fifth CPC revised pay scales was to ensure a sufficiently long span which along with the scheme of Assured Career Progression (ACPS), separately recommended by that Commission, would ensure that the employees did not stagnate at any point in their entire career. The Fifth CPC report was centered on the fact that employees, in a majority of cases, put in more than 35 years of service. Consequently, the pay scales revised by Fifth CPC had a sufficiently long span to ensure that the employees did not stagnate after getting the benefit of prescribed financial upgradations recommended under ACPS. However, during implementation the Government increased the fitment benefit to 40% as against 20% recommended by the Fifth CPC. Many of the pay scales got 'burst' at the time of initial fixation where revised pay of some of the employees became higher than the maximum of the revised pay scale and, therefore, had to be fixed at the maximum of the revised pay scale at the initial stage itself. These employees, therefore, had started to stagnate right from the time of implementation of the Fifth CPC pay scales.

2.2.5 The Fifth CPC had also recommended that dearness allowance equal to 50% of the basic pay should be converted as dearness pay each time the Consumer Price Index increased by 50% over the base index. The dearness pay was to be counted as basic pay for all purposes, including retirement benefits. The Government allowed merger of dearness allowance equal to 50% of the basic pay into dearness pay to be counted as pay for all purposes barring TA/DA, LTC and entitlement for Government housing w.e.f. 1.4.2004. The base index for computing DA, however, was not changed.

2.2.6 Presently, on Fifth CPC revised pay scales, dearness pay equal to 50% of the basic pay is payable. Dearness Allowance is payable on the basic pay plus dearness pay. As

on 1.1.2006, Dearness Allowance at the rate of 24% was payable and with effect from 1.7.2007, it is paid at rate of 41% on the total amount of basic pay plus dearness pay.

Recommended date of implementation of Sixth CPC recommendations

2.2.7 The revised pay bands have been evolved for being implemented retrospectively from 1.1.2006. The Fifth CPC had recommended implementation of the next Pay Commission's revised pay scales from 1.1.2006. **The Commission is recommending implementation of the revised pay bands retrospectively from January 1, 2006.** This is also in consonance with demands of a majority of the Associations of Government employees that had sought implementation of Sixth CPC revised pay scales from 1.1.2006. The issues relating to date of effect have been discussed in detail in Chapter 6.5 of the Report.

Running pay bands

2.2.8 **The Commission is recommending introduction of running pay bands for all posts in the Government presently existing in scales below that of Rs.26,000 (fixed). Four distinct running pay bands are being recommended – one running band each for all categories of employees in groups 'B' and 'C' (posts in the scale of Rs.5000-8000 have, as a result of delayering and elongation of certain scales, been placed in Group 'B') with 2 running pay bands being given for all Group A posts as under: -**

· Posts up-to the Fifth CPC scale of Rs.16400-20900.

· Posts higher than Rs.16400-20900 but below that of Secretary to GoI/equivalent (Rs.26,000 fixed)

2.2.9 **The posts of Secretary to Government of India/equivalent and Cabinet Secretary/equivalent are proposed to be kept in distinct pay bands. While a separate running pay band, designated as -1S scale, is being recommended for posts belonging to Group 'D', however, the same shall not be counted for any purpose as no future recruitment is to be made in this grade and all the present employees belonging to Group 'D' who possess the prescribed qualifications for entry level in Group 'C', will be placed in the Group 'C' running pay band straight away with effect from 1.1.2006. Other Group 'D' employees, who do not possess the prescribed qualifications, are to be retrained and thereafter upgraded and placed in the Group 'C' running pay band. Till such time they are retrained and are redeployed, they will be placed in the -1S scale. The Commission clarifies that -1S pay scale is not a regular or a permanent pay scale. Insofar as the present employees are concerned, the scale will operate only till the time all the existing Group 'D' staff is placed in the Group 'C' running pay band. The exact mechanism for placing Group 'D' staff in the revised Group 'C' running pay band has been discussed in detail in Chapter 3.7 relating to Group D staff. Group 'D' employees who are not placed in the Group 'C' pay band straightaway will be given the band after their retraining without any loss of seniority vis-à-vis those in Group 'D' who possessed higher qualifications, redeployed and were placed in the Group 'C' running pay band with effect from 1.1.2006. The retraining will also emphasize the multi-skilling of these employees so that one single employee is able to perform multiple jobs that hitherto were being done by many employees. This will ensure that higher scale of pay does not place any additional pecuniary burden on the Government. Ansari Report on restructuring of Group D posts in Railways also recommends such a mechanism where many Group D posts are to be upgraded with higher skills so that the number of employees required to do the job gets reduced.**

Future recruitment in -1S pay band

2.2.10 Insofar as future recruitment is concerned, no direct recruitment in the -1S scale will take place. The scale will,

however, be operated for regulating emoluments during the training period of candidates who do not possess the minimum qualification of Matric. The Commission is firmly of the view that candidates not possessing the minimum qualification of Matric and/or ITI cannot be recruited in the Government as all jobs in the Government require some level of skill. However, in certain exceptional circumstances like compassionate cases, etc. Government may need to provide employment opportunities to certain classes of persons not immediately meeting the minimum educational standards. Government should recruit them as trainees who will be given the regular pay bands and grade pay only on acquiring the minimum qualification prescribed under the recruitment rules. **The emoluments of these trainees, during the period of their training and before they are absorbed in the Government as employees, will be governed by the minimum of the -1S pay band without any grade pay. The period spent in the -1S pay band by the future recruits will not be counted as service for any purpose as their regular service will start only after they are placed in the revised pay band PB-1 of Rs.4860-20200 along with grade pay of Rs.1800.**

Promotions in the pay bands

2.2.11 Under the system of running pay bands being recommended by the Commission, all the employees belonging to the aforesaid 4 categories will be placed in distinct running pay bands. At the time of promotion from one post to another in the same running pay band, the grade pay (being a fixed amount attached to each post in the hierarchy) attached to posts at different levels within the same running pay band will change. Additionally, increase in form of one increment will also be given at the time of promotion. Rates of grade pay have been generally computed at the rate of forty percent of the maximum of the corresponding pre-revised pay scale which is rounded off to the next multiple of hundred. In a few cases, the rates of grade pay have been computed differently. This was necessary to fit the system of grade pay in the scheme of revised running pay bands. **Grade pay will determine the status of a post with (apart from the two apex scales of Secretary/equivalent and Cabinet Secretary/equivalent that do not carry any grade pay) a senior post being given higher grade pay. Grade pay being progressively higher for successive higher posts, the employees on promotion will get monetary benefit on promotion in the form of the increased grade pay apart from the benefit of one additional increment. In case of promotions between one pay band to the next pay band, the revised band pay will, in no case, be less than the minimum of the higher pay band. All the running pay bands will have annual increments in form of two and half percent of the total of pay in the pay band and the corresponding grade pay.** In some cases, this may result in a slight drop vis-à-vis the existing rate of increment along with dearness pay and dearness allowance thereon. This, however, is inevitable as a completely new scheme is being recommended where annual increments are payable on a percentage basis without any fixed, quantized stages. Further, the initial loss is more than made up in the higher stages as the actual amount of annual increment will not be static as at present but is going to increase every year. In the revised scheme, the **date of annual increments, in all cases, will be the first of July. Employees completing six months and above in the scale as on July 1 will be eligible.** This is being recommended to alleviate a large number of anomalies that arise due to the present system of annual increments where the increments are given on the basis of the month of joining a particular post and which frequently leads to a senior drawing lesser salary than his/her junior. This date will also give ample time for all inputs to be considered while deciding variable increments for individual employees discussed in the next para.

Variable increments

2.2.12 For Group A Pay Band PB-3, annual increments in the band will vary depending upon the performance. Not less than eighty percent of the employees in the grade will be allowed normal increment at the rate of 2.5% with the remaining 20% high performers during the year being allowed increment at the higher rate of 3.5%. In all other running pay bands also, increments in the form of percentage (2.5%) of the total of pay and grade pay have been recommended. This has been done to enable the Government to extend the scheme of variable increments in this grade as well at a future date. **While introduction of the scheme of variable increments in Groups 'B' and 'C' is equally desirable, the Commission is not recommending this as it is of the view that consultations with**

the Staff Side would be needed before the scheme of variable increments is extended to posts in Group 'B' and 'C'. The Government may decide to extend the scheme of variable increments in running pay bands PB 1 and PB 2 as well. The proposed scheme of running pay bands do not, however, provide for variable increments in the PB-4 pay band.

2.2.13 Introduction of running pay bands will have the following benefits:-

(i) Since all the pay bands have a long span, the problem of stagnation in a pay scale will be effectively addressed.

(ii) All matters concerning pay fixation at the time of promotion etc., which lead to numerous anomalies will be addressed automatically (since only grade pay will change along with one additional increment at the time of promotion without there being any refixation of salary in the higher grade except when the promotion is from one running scale to another). This will make FRs relating to fixation of pay on promotion (like FR 22), largely redundant.

(iii) Most of the pay scale related anomalies that have been continuing and in fact evolving afresh would be resolved.

(iv) The model will make the Government organization less hierarchical. While, initially grade pay will be payable as per the hierarchy, however, Government will have the flexibility to remove layers by removing specific grade pay. In the long run the model can be suitably adjusted to remove even the element of grade pay thereby ensuring total delayering of the Government structure facilitating quick decisions and increased output.

(v) The model will facilitate the evolution of the concept of performance related incentives which can be paid as a distinct component as a supplement to the running pay bands.

(vi) Seniority of a post will depend on the grade pay drawn. This will invariably be more for a higher level post. Pay scales will largely become irrelevant for purposes of computing seniority. Thus, the present situation where frequently a junior draws higher salary (albeit in lower pay scale) vis-à-vis his senior because of longer years of service, will no longer be of any essence for purposes of computing seniority.

(vii) Running pay bands will ensure a common hierarchical pattern for the purpose of the modified ACP scheme. The present situation where a deputationist going on deputation to a post in a lower pay scale has to suffer salary loss (because salary can not be paid higher than the maximum of the pay scale attached to the post), will also be rectified in this model.

Minimum Salary- Demands

2.2.14 The various associations of the Staff Side in JCM had, in their memorandum submitted to the Commission, demanded minimum monthly salary of Rs.10,000. This was computed as per 15th International Labour Conference norms and taking the family to be comprising three units. The rates for food items adopted in the memoranda are, however, inconsistent with either the PDS rates or the prevailing market rates as on 1.1.2006. Separate provisions have also been made for expenditure on medical facilities/education. It was also mentioned that minimum salaries in Public Sector Enterprises are in the vicinity of Rs.10,000 per month and a similar dispensation needs to be extended to the Central Government employees as well.

Minimum Salary- Analysis & Recommendations

2.2.15 The contention, that minimum salaries in Public Sector Enterprises are in the vicinity of Rs.10,000 per month and a similar dispensation needs to be extended to the Central Government employees as well, is not based on facts as such minimum salary did not exist in most of the Public Sector Enterprises as on 1.1.2006. Even otherwise, this contention can not be accepted as salaries of the staff in Public Sector Enterprises are negotiated based on their profitability which is not the case in the Central Government. This issue has been discussed in detail in Chapter 2.1 on 'Comparison with the Public and Private Sector'. The Commission, however, agrees that the norms set by the 15th International Labour Conference (ILC) are appropriate for computing minimum salary. It is also observed that the minimum salary is applicable at the time a person joins the Government which will usually be at a young age when a person may be just married and will not have

responsibility of parents or many children. Accordingly, the family unit for minimum salary can only be taken as three. The Fifth CPC had also taken the average number of consumption at the age of entry as three. To this extent, the Commission is in agreement with the method adopted by the Staff Side for computing the minimum salary. Certain modifications are, however, necessary in the computations used by the staff Side. The minimum salary would need to be computed taking into account the prices as on 1.1.2006, being the date from which the revised pay scales are going to take effect. Government provides separate housing allowance, education allowance and medical facilities. As such, separate provision for the same cannot be made in the minimum salary. Keeping these modifications in view, as per the formula used by the JCM, Staff Side; minimum salary should be in the vicinity of Rs.5479 per month as on 1.1.2006. Detailed working by which the figure of Rs.5479 has been derived is at Table 2.2.1. The Commission is, however, recommending a higher minimum salary keeping in view their emphasis on higher skill levels and multi-skilling for all Government jobs. Accordingly, **the running pay bands recommended by the Commission prescribe the minimum salary of Rs.6660 (Rs.4860 as basic pay + Rs.1800 as grade pay to be counted as pay for all purposes) in the lowest grade of the Pay Band PB 1.** At the time of implementation of this Report in 2008, the gross minimum salary in A 1 cities (with reference to the minimum in PB 1 Pay Band) will be around Rs.10,000 once benefits of HRA, Transport Allowance, Education Allowance, etc. are included. This, incidentally, corresponds to the minimum salary demanded by the Staff Side.

Maximum Salary

2.2.16 The staff Side in their memorandum have proposed that the ratio of 1:12 should be kept between the minimum starting salary in the Central Government and the salary attached to the post of Secretary/equivalent in the Central Government. This ratio is called the minimum: maximum salary ratio. The Fifth CPC had retained the minimum: maximum salary ratio of 1:10.7 inherent in the Fourth CPC pay scales even though the ratio had become 1:8 in 1996 on account of unequal rates of Dearness Allowance neutralization where the highest category was allowed neutralization at 65%.

Recommendation on Maximum Salary

2.2.17 While fixing the ratio, differentials that exist between the salaries in the private, public and the Government sectors may also need to be kept in view. The Commission is of the view that a minimum: maximum salary ratio in the vicinity of 1:12 would be justified. This is in consonance with the ratio suggested by the Staff Side. **The maximum salary (Secretary to GOI/equivalent) has, accordingly, been pegged at Rs.80000 per month which works out to minimum: maximum ratio of 1:12.**

(Continued Pre-revised scale (S – 33 & 34 From Page 31)

Pre-revised scale (S – 33)

26000 (fixed)

Apex Scale

80000 (fixed)

Basic Pay in the pre-revised scale	Revised pay in the Apex Scale	Grade Pay	Total Pay
26000	80,000	-	80,000

Pre-revised scale (S – 34) Cabinet Secretary/Equivalent Scale

30000 (fixed)

90000 (fixed)

Basic Pay in the pre-revised scale	Revised pay in Cabinet Secretary /Equivalent Scale	Grade Pay	Total Pay
30000	90000	-	90000

Recommendation

2.2.18 The following scheme of revised pay bands is, accordingly, being recommended: -

(In Rs.)

Pay Scale	Pre-Revised		Revised	
	Pay Scale	Pay Band	Corresponding Pay Bands	Grade Pay
S-1	2550-55-2660-60-3200	-1S	4440-7440	1300
S-2	2610-60-3150-65-3540	-1S	4440-7440	1400
S-2A	2610-60-2910-65-3300-70-4000	-1S	4440-7440	1600
S-3	2650-65-3300-70-4000	-1S	4440-7440	1650
S-4	2750-70-3800-75-4400	PB-1	4860-20200	1800
S-5	3050-75-3950-80-4590	PB-1	4860-20200	1900
S-6	3200-85-4900	PB-1	4860-20200	2000
S-7	4000-100-6000	PB-1	4860-20200	2400
S-8	4500-125-7000	PB-1	4860-20200	2800
S-9	5000-150-8000	PB-2	8700-34800	4200
S-10	5500-175-9000	PB-2	8700-34800	4200
S-11	6500-200-6900	PB-2	8700-34800	4200
S-12	6500-200-10500	PB-2	8700-34800	4200
S-13	7450-225-11500	PB-2	8700-34800	4600
S-14	7500-250-12000	PB-2	8700-34800	4800
S-15	8000-275-13500	PB-2	8700-34800	5400
New Scale	8000-275-13500 (Group A Entry)	PB-3	15600-39100	5400
S-16	9000	PB-3	15600-39100	5400
S-17	9000-275-9550	PB-3	15600-39100	5400
S-18	10325-325-10975	PB-3	15600-39100	6100
S-19	10000-325-15200	PB-3	15600-39100	6100
S-20	10650-325-15850	PB-3	15600-39100	6500
S-21	12000-375-16500	PB-3	15600-39100	6600
S-22	12750-375-16500	PB-3	15600-39100	7500
S-23	12000-375-18000	PB-3	15600-39100	7600
S-24	14300-400-18300	PB-3	15600-39100	7600
S-25	15100-400-18300	PB-3	15600-39100	8300
S-26	16400-450-20000	PB-3	15600-39100	8400
S-27	16400-450-20900	PB-3	15600-39100	8400
S-28	14300-450-22400	PB-4	39200-67000	9000
S-29	18400-500-22400	PB-4	39200-67000	9000
S-30	22400-525-24500	PB-4	39200-67000	11000
S-31	22400-600-26000	PB-4	39200-67000	13000
S-32	24050-650-26000	PB-4	39200-67000	13000
S-33	26000 (Fixed)	Apex Scale	80000 (Fixed)	Nil
S-34	30000 (Fixed)	Cab. Sec./Equ.	90000 (Fixed)	Nil

Increments & Span

-1S Annual increment @ 2.5%. Span 18 years.

PB-1 Annual increment @ 2.5%. Span 50 years.

PB-2 Annual increment @ 2.5%. Span 40 years.

PB-3 Annual increments @ 2.5% & 3.5%. Span 32 years.

PB-4 Annual increment @ 2.5%. Span 20 years.

Minimum : Maximum Ratio

1:12 between Apex scale and minimum of PB-1 (including grade pay)

Salient features

2.2.19 The revised scheme of pay bands being recommended has the following characteristics: -

i. The minimum: maximum ratio is 1:12 (between the start of PB 1 scale and Apex Scale).

ii. PB 1 pay band has 5 distinct grades represented by 5 different grade pay.

iii. PB 2 pay band has 4 distinct grades (including the preremoved pay scale of Rs.8000-13500 for Group B posts) represented by 4 different grade pay.

iv. PB 3 pay band has 8 distinct grades represented by 8 different grades pay.

v. PB 4 pay band has 3 grades represented by 3 grades pay.

vi. The total number of grades has been reduced to 20 spread across in four distinct Running bands; additionally there is one Apex Scale and another grade for the post of Cabinet Secretary/equivalent as against 35 standard pay scales existing earlier.

vii. Many pre-revised scales are being merged. Barring the Group D posts, this merger has been done by extending the existing minimum prescribed for the highest pay scale with which the other scales are being merged. However, the grade pay for the merged scale so derived has been computed with reference to the maximum of the highest scale. This, besides ensuring a uniform benefit, will also prevent bunching. Following scales have been merged:-

Rs.2550-3200 Rs.2610-3540 Rs.2610-4000 Rs.2650-4000 Rs.2750-4400	The scales belonging to Group 'D' are merged with the entry grade in the pay band PB 1 due to upgradation of Group 'D'.
Rs.5000-8000 Rs.5500-9000 Rs.6500-6900 Rs.6500-10500	Scales of Rs.5000-8000, Rs.5500-9000 and Rs.6500-10500 have been merged to bring parity between field offices; the secretariat; the technical posts; and the work shop staff. This was necessary to ensure that due importance is given to the levels concerned with actual delivery. It is also noted that a large number of anomalies were created due to the placement of Inspectors/equivalent posts in CDBT/CBEC and Assistants/ Personal Assistants of CSS/CSSS in the scale of Rs.6500-200-10500. The scales of Rs.5500-175-9000 and Rs.6500-200-10500, in any case, had to be merged to resolve these anomalies. The scale of Rs.6500-200-6900 was an intermediary scale identical to the scale of Rs.6500-200-10500, albeit with a shorter span. Since the length of a pay scale is not very relevant in the revised scheme of running pay bands, no rationale existed for retaining the scale of Rs.6500-6900 as a distinct scale.
Rs.8000-13500 Rs.9000 Rs.9000-13500	The scales of Rs.9000 and Rs.9000-275-13500 were unusually short in duration and applied to a very few categories. These have been merged with the scale of Rs.8000-275-13500.
Rs.10325-10975 Rs.10000-15200	The scale of Rs.10325-325-10975 also was unusually short in duration and applied to a very few categories. It has, accordingly, been merged with the scale of Rs.10000-325-15200.
Rs.12000-18000 Rs.14300-18300	The scale of Rs.12000-375-18000 was limited to a very few categories. It has been combined with the scale of Rs.14300-400-18300 as a measure of rationalization.
Rs.16400-20000 Rs.16400-20900	The two scales are identical with a slight difference in span which will have no meaning in a running scale.

Rs.14300-22400 Rs.18400-22400	The scale of Rs.14300-22400 presently applies to very few posts in the Central Government. The scale was earlier available to Professors, etc. in Government institutes, almost all of whom have now switched to UGC pattern. As such, no rationale exists for retaining this scale as a separate scale. It is, accordingly, being merged with the next higher scale in the hierarchy.
Rs.22400-26000 Rs.24050-26000	The two scales had common maxima. The difference was in their span and the rate of increments. Running pay bands and increments payable on percentage basis left no functional justification for continuing the two scales as distinct entities.

viii. The rate of annual increment in all the running pay bands is 2.5% of the total of pay band (stage of fixation in the running pay band) and grade pay.

ix. **Two rates of increments have been provided in PB 3 with the base rate of 2.5% being extended to not less than 80% employees who are judged as normal performers for the period under consideration. Twenty percent employees adjudged high achievers for such period shall be given increment at the rate of 3.5%. Thus, in a year upto 20% of the total employees in any office/organisation can be given the higher rate of increment of 3.5%.** It does not mean that 20% employees have to be given the higher rate of increment. In a scenario where no one is adjudged an high achiever, all the employees can be given the normal rate of increment of 2.5%. Head of the Department/ Organization shall decide performers for a specific year.

x. The scale of Rs.8000-13500 is the entry grade for Group A posts for which the Running Band PB-3 has been recommended. Many Group 'B' posts had been extended the scale of Rs.8000-13500 even though these continued to be Group 'B' posts. All such Group 'B' posts shall now be placed in the running band PB-2 along with a grade pay of Rs.5400. To ensure that existing parity in terms of pay scale of these posts vis-à-vis the entry scale of Group A posts is not disturbed, the same grade pay of Rs.5400 has been prescribed.

xi. PB 3 and PB 4 bands have been kept totally distinct without any overlapping stages to ensure that everyone in PB 3 pay band enters the senior administrative grade (SAG) in PB 4 pay band at the same level.

xii. The running pay bands have been given a sufficiently long span to ensure that no employee ordinarily stagnates at any stage in his/her career. To ensure that no stagnation takes place in any case, **it is further recommended that a person stagnating at the maximum of any pay band for more than one year continuously shall be placed in the immediate next higher pay band without any change in the grade pay.**

xiii. **Date of regular increments, in all cases, will now be first of July. Employees completing six months and above in the scale as on July 1 will be eligible.**

Fixation of pay in the revised pay bands- demands

2.2.20 The Commission had received various demands relating to fixation of pay. Most of these demands sought point to point fixation in the revised scales of pay.

Analysis

2.2.21 The point to point fixation envisaged in these demands would have meant giving an equal number of increments in the revised scale of pay that were earned by the employee in the preremoved scale. Such a dispensation was not feasible in the revised scheme of running pay bands being recommended. The Commission has tried to ensure that the seniors who have spent longer time in a particular scale are fixed at a higher level in the revised scheme of running pay bands and grade pay. The revised running pay bands would also ensure that, by and large, no bunching takes place. Some bunching where juniors

and seniors would have come to be placed in an identical level of pay has taken place in cases where a higher start has been recommended like in the entry grade of Group A. Further, some more bunching will take place in the PB-1 Pay Band of Rs.4860-20200 along with a grade pay of Rs.1800 because all the erstwhile Group D posts will be finally placed in this pay band and grade pay. To alleviate the problem of bunching in these cases, the Commission has allowed the benefit of one extra increment wherever two or more stages in any of the pre-revised pay scale were getting bunched together at one level in the revised pay bands. It has also been ensured that a person drawing higher basic pay in any Fifth CPC pay scale is not fitted lower vis-à-vis a person drawing a lower basic pay irrespective of the pay scale. The Commission has prepared a detailed fixation chart (Table 2.2.2) which gives the fitment in the revised running pay bands of every stage in each of the pre-revised pay scales. Fixation has been done in this fixation chart in the following manner:-

(i) The basic pay drawn as on 1/1/2006 on the existing Fifth CPC pay scales along with dearness allowance at the rate of 74% (which would have been payable on the Fifth CPC pay scales had merger of 50% dearness allowance as dearness pay not been allowed w.e.f. 1/4/2004) have been totaled and then rounded off to next multiple of 10. This has been taken as the pay in the revised running pay band.

(ii) The grade pay has been computed at the rate of 40% of the maximum of the basic pay in each of the pre-revised pay scale. Where two or more pre-revised pay scales have been merged the maximum of the highest pre-revised pay scale has been taken and 40% thereof is given as grade pay. In some cases, the amount of grade pay has been adjusted so as to maintain a clear differential between successive grades pay.

(iii) In case more than two stages in the pre-revised scale are getting fixed at the same stage in the revised running pay band, benefit of one increment has been given so as to avoid bunching of more than two stages in the revised running pay bands. In the case of pay scales in higher administrative grade (HAG) in the pay band PB-4, benefit of increment due to bunching has been given taking into account all the stages in different pay scales in this grade. **The detailed fixation chart (Table 2.2.2) showing stage-wise fixation of existing employees in the revised running pay bands should be utilized in every case of fixation of pay of the concerned employees in the revised running pay bands.**

(iv) Fixation in the revised pay band and grade pay thereon has been done with reference to the pre-revised pay scale in which the employee was actually drawing pay irrespective of whether he/she has been placed in such pay scale on appointment, regular promotion or financial upgradation under ACPS or any other time bound promotion scheme; upgradation of the post, etc.

(v) On account of the proposed merger of pre-revised pay scales of Rs.5000-8000, Rs.5500-9000 and Rs.6500-10500, some posts which presently constitute feeder and promotion grades shall come to lie in an identical grade. The Commission has given specific recommendations about some categories of these posts in the Report. As regards other posts, it should first be seen if the posts in these three scales can be merged without any functional disturbance. If possible, this should be done. In case it is not feasible to merge the posts in these pay scales on functional considerations, the posts in the scale of Rs.5000- 8000 and Rs.5500-9000 should be merged with the post in the scale of Rs.6500-10500 being upgraded to the next higher grade in pay band PB-2 with grade pay of Rs.4600 corresponding to the pre-revised pay scale of Rs.7450-11500. In case a post already exists in the scale of Rs.7450-11500, the post being upgraded from the scale of Rs.6500-10500 should be merged with the post in the scale of Rs.7450- 11500. Besides, posts in the scale of Rs.6500-10500 carrying minimum qualification of either Degree in Engineering or a Degree in Law should also be upgraded and placed in the scale of Rs.7450-11500 corresponding to the revised pay band PB-2 of Rs.8700-34800 along with grade pay of Rs.4600.

2.2.22 Fixation of pay in the revised pay bands of existing employees as well as future recruits shall be done in the following manner:-

(i) In cases where employees have been placed in a higher pay scale between 1/1/2006 and the date of notification of the

revised Pay Bands on account of promotion, upgradation of pay scale, etc., the employees shall be given the option to switch over to the revised pay band and grade pay from the date of such promotion, upgradation, etc.

(ii) Table 2.2.2 shows stage-wise fixation of existing employees in the proposed bands w.e.f. 1.1.2006. Subject to provisions of (i) above, all the employees shall be fixed accordingly. (iii) Scales have been so devised to ensure that no bunching takes place. Bunching is occurring in the initial Group A band because of the higher start proposed there. Some bunching is also taking place in the initial Group 'C' pay band due to the proposed placement of Group 'D' posts in the initial grade of pay band PB 1. To alleviate bunching, a jump equal to one increment at 2.5% of the revised pay band has been provided wherever more than two stages are getting bunched. It should be noted that for this purpose, increment will not include grade pay as the additional increment is being given to ease bunching at the time of initial fitment in the corresponding revised pay band and the grade pay is only payable subsequently. Hence, while all future increments will be on the sum of pay in the pay band and grade pay thereon, the additional increment on account of bunching at the time of initial fixation in the revised pay bands shall be computed with reference to the pay in the pay band alone. Table 2.2.2 has been prepared accordingly.

(iv) In case of new recruits, fixation in the running pay band of the group (viz. 'A', 'B', 'C') to which the post belongs will be done in the following manner:-

a. Initially the fixed qualifying service prescribed in DOPT's OM dated 25/5/1998 (as may be amended by the Government in future) for movement from the first grade in the running band to the grade in which recruitment is being made will be computed.

b. Thereafter, one increment for every year of fixed qualifying service prescribed in the aforesaid OM of DOPT shall be provided on the sum total of the minimum of the running pay band and the lowest grade pay in that pay band.

c. The pay band on joining shall be the stage so computed in the corresponding running pay band. Additionally, grade pay corresponding to the grade in that running pay band shall be payable.

d. To exemplify the fitment of new recruits in any grade in the revised pay bands, a case of direct recruitment in the revised pay band PB-1 of Rs.4860-20200 along with grade pay of Rs.2000 that corresponds to the pre-revised pay scale of Rs.3200-4900 has been taken up.

- DOPT's OM dated 25/5/1998 prescribes minimum six years of service for promotion from the pre-revised scale of Rs.2750-4400 (being the first grade in the running pay band) to the scale of Rs.3200-4900 (3 years from scale of Rs.2750-4400 to Rs.3050-4590 and thereafter 3 years from the scale of Rs.3050-4590 to Rs.3200-4900).

- Hence, 6 increments at the rate of 2.5% for each increment – adding upto 15% - will need to be given. The minimum pay in the revised pay band for a person recruited to a post carrying grade pay of Rs.2000 will therefore be Rs.5859 i.e. the minimum of the pay (Rs.4860) attached to pay band PB-1 and 15% (being six increments at the rate of 2.5% each) of sum total of the minimum of the running pay band and the lowest grade pay in that pay band.

- Grade pay of Rs.2000 will additionally be payable. Consequently, the consolidated pay in the pay band and grade pay, at the time of recruitment of an employee directly recruited in the pay band PB-1 with grade pay of Rs.2000, will be Rs.7859.

(v) In case of promotion between identical posts in the same cadre, if a senior employee promoted to the higher post before 1/1/2006 draws less pay in the revised scale from his/her junior who is promoted to the higher post on or after 1/1/2006, the pay of the senior employee shall be stepped up to an amount equal to the pay of the junior in that higher post, provided the senior employees, at the time of promotion, had been drawing equal or more pay than his/her junior.

(vi) DA and all allowances, facilities, pension etc. shall be payable on the sum of grade pay and pay band.

(vii) Facilities like Government housing, etc., will be

governed by the grade pay. An employee in the higher grade pay will be senior to an employee in a lower grade pay. In case of employees drawing same grade pay, priority shall be governed by the total emoluments drawn, including NPA in case of doctors and MSP in case of defence personnel.

Table 2.2.1
Fixation of Minimum wage as on 1.1.2006 as
per 15 ILC norms
(See this Table on page 17)

Table 2.2.2
Fixation of Civilian Employees in the
revised Pay Bands

Pre-revised scale (S-1) Revised Pay Band -1S + Grade Pay
 Rs.2550-55-2660-60-3200 Rs.4440-7440 + Rs.1300

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
2,550	4,440	1,300	5,740
2,605	4,540	1,300	5,840
2,660	4,630	1,300	5,930
2,720	4,740	1,300	6,040
2,780	4,840	1,300	6,140
2,840	4,950	1,300	6,250
2,900	5,050	1,300	6,350
2,960	5,150	1,300	6,450
3,020	5,260	1,300	6,560
3,080	5,360	1,300	6,660
3,140	5,470	1,300	6,770
3,200	5,570	1,300	6,870

Pre-revised scale (S-2) Revised Pay Band -1S + Grade Pay
 Rs.2610-60-3150-65-3540 Rs.4440-7440 + Rs.1400

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
2,610	4,550	1,400	5,950
2,670	4,650	1,400	6,050
2,730	4,750	1,400	6,150
2,790	4,860	1,400	6,260
2,850	4,960	1,400	6,360
2,910	5,070	1,400	6,470
2,970	5,170	1,400	6,570
3,030	5,280	1,400	6,680
3,090	5,380	1,400	6,780
3,150	5,490	1,400	6,890
3,215	5,600	1,400	7,000
3,280	5,710	1,400	7,110
3,345	5,820	1,400	7,220
3,410	5,940	1,400	7,340
3,475	6,050	1,400	7,450
3,540	6,160	1,400	7,560

Pre-revised scale (S-2A) Revised Pay Band -1S + Grade Pay
 Rs.2610-60-2910-65-3300-70-4000 Rs.4440-7440 + Rs.1600

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
2,610	4,550	1,600	6,150
2,670	4,650	1,600	6,250
2,730	4,750	1,600	6,350
2,790	4,860	1,600	6,460
2,850	4,960	1,600	6,560
2,910	5,070	1,600	6,670

2,975	5,180	1,600	6,780
3,040	5,290	1,600	6,890
3,105	5,410	1,600	7,010
3,170	5,520	1,600	7,120
3,235	5,630	1,600	7,230
3,300	5,750	1,600	7,350
3,370	5,870	1,600	7,470
3,440	5,990	1,600	7,590
3,510	6,110	1,600	7,710
3,580	6,230	1,600	7,830
3,650	6,360	1,600	7,960
3,720	6,480	1,600	8,080
3,790	6,600	1,600	8,200
3,860	6,720	1,600	8,320
3,930	6,840	1,600	8,440
4,000	6,960	1,600	8,560

Pre-revised scale (S-3) Revised Pay Band -1S + Grade Pay
 Rs.2650-65-3300-70-4000 Rs.4440-7440 + Rs.1650

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
2,650	4,620	1,650	6,270
2,715	4,730	1,650	6,380
2,780	4,840	1,650	6,490
2,845	4,950	1,650	6,600
2,910	5,070	1,650	6,720
2,975	5,180	1,650	6,830
3,040	5,290	1,650	6,940
3,105	5,410	1,650	7,060
3,170	5,520	1,650	7,170
3,235	5,630	1,650	7,280
3,300	5,750	1,650	7,400
3,370	5,870	1,650	7,520
3,440	5,990	1,650	7,640
3,510	6,110	1,650	7,760
3,580	6,230	1,650	7,880
3,650	6,360	1,650	8,010
3,720	6,480	1,650	8,130
3,790	6,600	1,650	8,250
3,860	6,720	1,650	8,370
3,930	6,840	1,650	8,490
4,000	6,960	1,650	8,610

Pre-revised scale (S-4) Revised Pay Band PB-1 + Grade Pay
 Rs.2750-70-3800-75-4400 Rs.4860-20200 + Rs.1800

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
2,750	4,990	1,800	6,790
2,820	5,120	1,800	6,920
2,890	5,120	1,800	6,920
2,960	5,150	1,800	6,950
3,030	5,280	1,800	7,080
3,100	5,400	1,800	7,200
3,170	5,520	1,800	7,320
3,240	5,640	1,800	7,440
3,310	5,760	1,800	7,560
3,380	5,890	1,800	7,690
3,450	6,010	1,800	7,810
3,520	6,130	1,800	7,930
3,590	6,250	1,800	8,050
3,660	6,370	1,800	8,170
3,730	6,490	1,800	8,290
3,800	6,620	1,800	8,420
3,875	6,750	1,800	8,550
3,950	6,880	1,800	8,680
4,025	7,010	1,800	8,810
4,100	7,140	1,800	8,940
4,175	7,270	1,800	9,070
4,250	7,400	1,800	9,200
4,325	7,530	1,800	9,330
4,400	7,660	1,800	9,460

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Pre-revised scale (S-5) Revised Pay Band PB-1 + Grade Pay
Rs.3050-75-3950-80-4590 Rs.4860-20200 + Rs.1900

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
3,050	5,310	1,900	7,210
3,125	5,440	1,900	7,340
3,200	5,570	1,900	7,470
3,275	5,700	1,900	7,600
3,350	5,830	1,900	7,730
3,425	5,960	1,900	7,860
3,500	6,090	1,900	7,990
3,575	6,230	1,900	8,130
3,650	6,360	1,900	8,260
3,725	6,490	1,900	8,390
3,800	6,620	1,900	8,520
3,875	6,750	1,900	8,650
3,950	6,880	1,900	8,780
4,030	7,020	1,900	8,920
4,110	7,160	1,900	9,060
4,190	7,300	1,900	9,200
4,270	7,430	1,900	9,330
4,350	7,570	1,900	9,470
4,430	7,710	1,900	9,610
4,510	7,850	1,900	9,750
4,590	7,990	1,900	9,890

Pre-revised scale (S-6) Revised Pay Band PB-1 + Grade Pay
Rs.3200-85-4900 Rs.4860-20200 + Rs.2000

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
3,200	5,570	2,000	7,570
3,285	5,720	2,000	7,720
3,370	5,870	2,000	7,870
3,455	6,020	2,000	8,020
3,540	6,160	2,000	8,160
3,625	6,310	2,000	8,310
3,710	6,460	2,000	8,460
3,795	6,610	2,000	8,610
3,880	6,760	2,000	8,760
3,965	6,900	2,000	8,900
4,050	7,050	2,000	9,050
4,135	7,200	2,000	9,200
4,220	7,350	2,000	9,350
4,305	7,500	2,000	9,500
4,390	7,640	2,000	9,640
4,475	7,790	2,000	9,790
4,560	7,940	2,000	9,940
4,645	8,090	2,000	10,090
4,730	8,230	2,000	10,230
4,815	8,380	2,000	10,380
4,900	8,530	2,000	10,530

Pre-revised scale (S-7) Revised Pay Band PB-1 + Grade Pay
Rs.4000-100-6000 Rs.4860-20200 + Rs.2400

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
4,000	6,960	2,400	9,360
4,100	7,140	2,400	9,540
4,200	7,310	2,400	9,710
4,300	7,490	2,400	9,890
4,400	7,660	2,400	10,060
4,500	7,830	2,400	10,230
4,600	8,010	2,400	10,410
4,700	8,180	2,400	10,580
4,800	8,360	2,400	10,760

4,900	8,530	2,400	10,930
5,000	8,700	2,400	11,100
5,100	8,880	2,400	11,280
5,200	9,050	2,400	11,450
5,300	9,230	2,400	11,630
5,400	9,400	2,400	11,800
5,500	9,570	2,400	11,970
5,600	9,750	2,400	12,150
5,700	9,920	2,400	12,320
5,800	10,100	2,400	12,500
5,900	10,270	2,400	12,670
6,000	10,440	2,400	12,840

Pre-revised scale (S-8) Revised Pay Band PB-1 + Grade Pay
Rs.4500-125-7000 Rs.4860-20200 + Rs.2800

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
4,500	7,830	2,800	10,630
4,625	8,050	2,800	10,850
4,750	8,270	2,800	11,070
4,875	8,490	2,800	11,290
5,000	8,700	2,800	11,500
5,125	8,920	2,800	11,720
5,250	9,140	2,800	11,940
5,375	9,360	2,800	12,160
5,500	9,570	2,800	12,370
5,625	9,790	2,800	12,590
5,750	10,010	2,800	12,810
5,875	10,230	2,800	13,030
6,000	10,440	2,800	13,240
6,125	10,660	2,800	13,460
6,250	10,880	2,800	13,680
6,375	11,100	2,800	13,900
6,500	11,310	2,800	14,110
6,625	11,530	2,800	14,330
6,750	11,750	2,800	14,550
6,875	11,970	2,800	14,770
7,000	12,180	2,800	14,980

Pre-revised scale (S-9) Revised Pay Band PB-2 + Grade Pay
Rs.5000-150-8000 Rs.8700-34800 + Rs.4200

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
5,000	8,700	4,200	12,900
5,150	8,970	4,200	13,170
5,300	9,230	4,200	13,430
5,450	9,490	4,200	13,690
5,600	9,750	4,200	13,950
5,750	10,010	4,200	14,210
5,900	10,270	4,200	14,470
6,050	10,530	4,200	14,730
6,200	10,790	4,200	14,990
6,350	11,050	4,200	15,250
6,500	11,310	4,200	15,510
6,650	11,580	4,200	15,780
6,800	11,840	4,200	16,040
6,950	12,100	4,200	16,300
7,100	12,360	4,200	16,560
7,250	12,620	4,200	16,820
7,400	12,880	4,200	17,080
7,550	13,140	4,200	17,340
7,700	13,400	4,200	17,600
7,850	13,660	4,200	17,860
8,000	13,920	4,200	18,120

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Pre-revised scale (S-10) Revised Pay Band PB-2 + Grade Pay
Rs.5500-175-9000 Rs.8700-34800 + Rs.4200

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
5,500	9,570	4,200	13,770
5,675	9,880	4,200	14,080
5,850	10,180	4,200	14,380
6,025	10,490	4,200	14,690
6,200	10,790	4,200	14,990
6,375	11,100	4,200	15,300
6,550	11,400	4,200	15,600
6,725	11,710	4,200	15,910
6,900	12,010	4,200	16,210
7,075	12,320	4,200	16,520
7,250	12,620	4,200	16,820
7,425	12,920	4,200	17,120
7,600	13,230	4,200	17,430
7,775	13,530	4,200	17,730
7,950	13,840	4,200	18,040
8,125	14,140	4,200	18,340
8,300	14,450	4,200	18,650
8,475	14,750	4,200	18,950
8,650	15,060	4,200	19,260
8,825	15,360	4,200	19,560
9,000	15,660	4,200	19,860

Pre-revised scale (S-11) Revised Pay Band PB-2+Grade Pay
Rs.6500-200-6900 Rs.8700-34800 + Rs.4200

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
6,500	11,310	4,200	15,510
6,700	11,660	4,200	15,860
6,900	12,010	4,200	16,210

Pre-revised scale (S-12) Revised Pay Band PB-2 + Grade Pay
Rs.6500-200-10500 Rs.8700-34800 + Rs.4200

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
6,500	11,310	4,200	15,510
6,700	11,660	4,200	15,860
6,900	12,010	4,200	16,210
7,100	12,360	4,200	16,560
7,300	12,710	4,200	16,910
7,500	13,050	4,200	17,250
7,700	13,400	4,200	17,600
7,900	13,750	4,200	17,950
8,100	14,100	4,200	18,300
8,300	14,450	4,200	18,650
8,500	14,790	4,200	18,990
8,700	15,140	4,200	19,340
8,900	15,490	4,200	19,690
9,100	15,840	4,200	20,040
9,300	16,190	4,200	20,390
9,500	16,530	4,200	20,730
9,700	16,880	4,200	21,080
9,900	17,230	4,200	21,430
10,100	17,580	4,200	21,780
10,300	17,930	4,200	22,130
10,500	18,270	4,200	22,470

Pre-revised scale (S-13) Revised Pay Band PB-2+Grade Pay
Rs.7450-225-11500 Rs.8700-34800 + Rs.4600

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
7,450	12,970	4,600	17,570
7,675	13,360	4,600	17,960
7,900	13,750	4,600	18,350
8,125	14,140	4,600	18,740
8,350	14,530	4,600	19,130
8,575	14,930	4,600	19,530
8,800	15,320	4,600	19,920
9,025	15,710	4,600	20,310
9,250	16,100	4,600	20,700
9,475	16,490	4,600	21,090
9,700	16,880	4,600	21,480
9,925	17,270	4,600	21,870
10,150	17,670	4,600	22,270
10,375	18,060	4,600	22,660
10,600	18,450	4,600	23,050
10,825	18,840	4,600	23,440
11,050	19,230	4,600	23,830
11,275	19,620	4,600	24,220
11,500	20,010	4,600	24,610

Pre-revised scale (S-14) Revised Pay Band PB-2 + Grade Pay
Rs.7500-250-12000 Rs.8700-34800 + Rs.4800

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
7,500	13,050	4,800	17,850
7,750	13,490	4,800	18,290
8,000	13,920	4,800	18,720
8,250	14,360	4,800	19,160
8,500	14,790	4,800	19,590
8,750	15,230	4,800	20,030
9,000	15,660	4,800	20,460
9,250	16,100	4,800	20,900
9,500	16,530	4,800	21,330
9,750	16,970	4,800	21,770
10,000	17,400	4,800	22,200
10,250	17,840	4,800	22,640
10,500	18,270	4,800	23,070
10,750	18,710	4,800	23,510
11,000	19,140	4,800	23,940
11,250	19,580	4,800	24,380
11,500	20,010	4,800	24,810
11,750	20,450	4,800	25,250
12,000	20,880	4,800	25,680

Pre-revised scale (S-15) Revised Pay Band PB-2+Grade Pay
Rs.8000-275-13500 Rs.8700-34800 + Rs.5400

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
8,000	13,920	5,400	19,320
8,275	14,400	5,400	19,800
8,550	14,880	5,400	20,280
8,825	15,360	5,400	20,760
9,100	15,840	5,400	21,240
9,375	16,320	5,400	21,720
9,650	16,800	5,400	22,200
9,925	17,270	5,400	22,670
10,200	17,750	5,400	23,150
10,475	18,230	5,400	23,630
10,750	18,710	5,400	24,110
11,025	19,190	5,400	24,590
11,300	19,670	5,400	25,070
11,575	20,150	5,400	25,550
11,850	20,620	5,400	26,020
12,125	21,100	5,400	26,500

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12,400	21,580	5,400	26,980
12,675	22,060	5,400	27,460
12,950	22,540	5,400	27,940
13,225	23,020	5,400	28,420
13,500	23,490	5,400	28,890

New (Group A Entry) Revised Pay Band PB-3 + Grade Pay
Rs.8000-275-13500 Rs.15600-39100 + 5400

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
8,000	15,600	5,400	21,000
8,275	15,600	5,400	21,000
8,550	15,990	5,400	21,390
8,825	15,990	5,400	21,390
9,100	16,390	5,400	21,790
9,375	16,390	5,400	21,790
9,650	16,800	5,400	22,200
9,925	17,270	5,400	22,670
10,200	17,750	5,400	23,150
10,475	18,230	5,400	23,630
10,750	18,710	5,400	24,110
11,025	19,190	5,400	24,590
11,300	19,670	5,400	25,070
11,575	20,150	5,400	25,550
11,850	20,620	5,400	26,020
12,125	21,100	5,400	26,500
12,400	21,580	5,400	26,980
12,675	22,060	5,400	27,460
12,950	22,540	5,400	27,940
13,225	23,020	5,400	28,420
13,500	23,490	5,400	28,890

Pre-revised scale (S –16) Revised Pay Band PB-3 +Grade Pay
Rs.9000 Rs.15600-39100 + 5400

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
9,000	15,990	5,400	21,390

Pre-revised scale (S –17) Revised Pay Band PB-3 + Grade Pay
Rs.9000-275-9550 Rs.15600-39100 + 5400

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
9,000	15,990	5,400	21,390
9,275	16,390	5,400	21,790
9,550	16,800	5,400	22,200

Pre-revised scale (S –18) Revised Pay Band PB-3 + Grade Pay
Rs.10325-325-10975 Rs.15600-39100 + 6100

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
10,325	17,970	6,100	24,070
10,650	18,540	6,100	24,640
10,975	19,100	6,100	25,200

Pre-revised scale (S –19) Revised Pay Band PB-3 + Grade Pay
Rs.10000-325-15200 Rs.15600-39100 + 6100

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
10,000	17,400	6,100	23,500
10,325	17,970	6,100	24,070

10,650	18,540	6,100	24,640
10,975	19,100	6,100	25,200
11,300	19,670	6,100	25,770
11,625	20,230	6,100	26,330
11,950	20,800	6,100	26,900
12,275	21,360	6,100	27,460
12,600	21,930	6,100	28,030
12,925	22,490	6,100	28,590
13,250	23,060	6,100	29,160
13,575	23,630	6,100	29,730
13,900	24,190	6,100	30,290
14,225	24,760	6,100	30,860
14,550	25,320	6,100	31,420
14,875	25,890	6,100	31,990
15,200	26,450	6,100	32,550

Pre-revised scale (S –20) Revised Pay Band PB-3 + Grade Pay
Rs.10650-325-15850 Rs.15600-39100 + 6500

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
10,650	18,540	6,500	25,040
10,975	19,100	6,500	25,600
11,300	19,670	6,500	26,170
11,625	20,230	6,500	26,730
11,950	20,800	6,500	27,300
12,275	21,360	6,500	27,860
12,600	21,930	6,500	28,430
12,925	22,490	6,500	28,990
13,250	23,060	6,500	29,560
13,575	23,630	6,500	30,130
13,900	24,190	6,500	30,690
14,225	24,760	6,500	31,260
14,550	25,320	6,500	31,820
14,875	25,890	6,500	32,390
15,200	26,450	6,500	32,950
15,525	27,020	6,500	33,520
15,850	27,580	6,500	34,080

Pre-revised scale (S –21) Revised Pay Band PB-3 + Grade Pay
Rs.12000-375-16500 Rs.15600-39100 + 6600

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
12,000	20,880	6,600	27,480
12,375	21,540	6,600	28,140
12,750	22,190	6,600	28,790
13,125	22,840	6,600	29,440
13,500	23,490	6,600	30,090
13,875	24,150	6,600	30,750
14,250	24,800	6,600	31,400
14,625	25,450	6,600	32,050
15,000	26,100	6,600	32,700
15,375	26,760	6,600	33,360
15,750	27,410	6,600	34,010
16,125	28,060	6,600	34,660
16,500	28,710	6,600	35,310

Pre-revised scale (S –22) Revised Pay Band PB-3 + Grade Pay
Rs.12750-375-16500 Rs.15600-39100 + 7500

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
12,750	22,190	7,500	29,690
13,125	22,840	7,500	30,340
13,500	23,490	7,500	30,990
13,875	24,150	7,500	31,650
14,250	24,800	7,500	32,300
14,625	25,450	7,500	32,950
15,000	26,100	7,500	33,600
15,375	26,760	7,500	34,260
15,750	27,410	7,500	34,910

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16,125	28,060	7,500	35,560
16,500	28,710	7,500	36,210

Pre-revised scale (S – 23) Revised Pay Band PB-3 + Grade Pay
Rs.12000-375-18000 Rs.15600-39100 + 7600

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
12,000	20,880	7,600	28,480
12,375	21,540	7,600	29,140
12,750	22,190	7,600	29,790
13,125	22,840	7,600	30,440
13,500	23,490	7,600	31,090
13,875	24,150	7,600	31,750
14,250	24,800	7,600	32,400
14,625	25,450	7,600	33,050
15,000	26,100	7,600	33,700
15,375	26,760	7,600	34,360
15,750	27,410	7,600	35,010
16,125	28,060	7,600	35,660
16,500	28,710	7,600	36,310
16,875	29,370	7,600	36,970
17,250	30,020	7,600	37,620
17,625	30,670	7,600	38,270
18,000	31,320	7,600	38,920

Pre-revised scale (S – 24) Revised Pay Band PB-3 + Grade Pay
Rs.14300-400-18300 Rs.15600-39100 + 7600

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
14,300	24,890	7,600	32,490
14,700	25,580	7,600	33,180
15,100	26,280	7,600	33,880
15,500	26,970	7,600	34,570
15,900	27,670	7,600	35,270
16,300	28,370	7,600	35,970
16,700	29,060	7,600	36,660
17,100	29,760	7,600	37,360
17,500	30,450	7,600	38,050
17,900	31,150	7,600	38,750
18,300	31,850	7,600	39,450

Pre-revised scale (S – 25) Revised Pay Band PB-3 + Grade Pay
Rs.15100-400-18300 Rs.15600-39100 + 8300

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
15,100	26,280	8,300	34,580
15,500	26,970	8,300	35,270
15,900	27,670	8,300	35,970
16,300	28,370	8,300	36,670
16,700	29,060	8,300	37,360
17,100	29,760	8,300	38,060
17,500	30,450	8,300	38,750
17,900	31,150	8,300	39,450
18,300	31,850	8,300	40,150

Pre-revised scale (S – 26) Revised Pay Band PB-3 + Grade Pay
Rs.16400-450-20000 Rs.15600-39100 + 8400

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
16,400	28,540	8,400	36,940
16,850	29,320	8,400	37,720
17,300	30,110	8,400	38,510
17,750	30,890	8,400	39,290
18,200	31,670	8,400	40,070

18,650	32,460	8,400	40,860
19,100	33,240	8,400	41,640
19,550	34,020	8,400	42,420
20,000	34,800	8,400	43,200

Pre-revised scale (S – 27) Revised Pay Band PB-3 + Grade Pay
Rs.16400-450-20900 Rs.15600-39100 + 8400

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
16,400	28,540	8,400	36,940
16,850	29,320	8,400	37,720
17,300	30,110	8,400	38,510
17,750	30,890	8,400	39,290
18,200	31,670	8,400	40,070
18,650	32,460	8,400	40,860
19,100	33,240	8,400	41,640
19,550	34,020	8,400	42,420
20,000	34,800	8,400	43,200
20,450	35,590	8,400	43,990
20,900	36,370	8,400	44,770

Pre-revised scale (S – 28) Revised Pay Band PB-4 + Grade Pay
Rs.14300-450-22400 Rs.39200-67000 + 9000

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
14,300	39,200	9,000	48,200
14,750	39,200	9,000	48,200
15,200	40,180	9,000	49,180
15,650	40,180	9,000	49,180
16,100	41,190	9,000	50,190
16,550	41,190	9,000	50,190
17,000	42,220	9,000	51,220
17,450	42,220	9,000	51,220
17,900	43,280	9,000	52,280
18,350	43,280	9,000	52,280
18,800	44,370	9,000	53,370
19,250	44,370	9,000	53,370
19,700	45,480	9,000	54,480
20,150	45,480	9,000	54,480
20,600	46,620	9,000	55,620
21,050	46,620	9,000	55,620
21,500	47,790	9,000	56,790
21,950	47,790	9,000	56,790
22,400	48,990	9,000	57,990

Pre-revised scale (S – 29) Revised Pay Band PB-4 + Grade Pay
Rs.18400-22400 Rs.39200-67000 + 9000

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
18,400	43,280	9,000	52,280
18,900	44,370	9,000	53,370
19,400	44,370	9,000	53,370
19,900	45,480	9,000	54,480
20,400	45,480	9,000	54,480
20,900	46,620	9,000	55,620
21,400	46,620	9,000	55,620
21,900	47,790	9,000	56,790
22,400	48,990	9,000	57,990

Pre-revised scale (S – 30) Revised Pay Band PB-4 + Grade Pay
Rs.22400-525-24500 Rs.39200-67000 + 11000

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
22,400	48,990	11,000	59,990

Chapter 4.1

Dearness Allowance

Introduction

4.1.1 The payment of dearness allowance stems from the need to protect the erosion in the real value of basic salary on account of inflation. Consequently, the DA admissible is positively correlated to the level of inflation.

Views of earlier Pay Commissions

4.1.2 Successive Pay Commissions have made changes to the DA formula, suggesting their own methodology for determining the quantum and frequency.

Fifth CPC recommendations

4.1.3 The Fifth Central Pay Commission recommended uniform neutralization of DA at 100% to employees at all levels; conversion of DA into Dearness Pay each time the CPI increases by 50% over the base index with Dearness Pay counting for all purposes including retirement benefits; and Dearness Allowance including Dearness Pay being paid net of tax. The Commission did not favor the option of employing separate indices for each category of employee because of the sheer impracticality of the task and, therefore, recommended using the 12 monthly average of All India CPI (IW) with base 1982 for calculating DA.

Existing position

4.1.4 The Government of India presently calculates the level of inflation for purposes of grant of dearness allowance to Central Government Employees on the basis of the All India Consumer Price index Number for Industrial Workers (1982=100) (AICPI). The twelve monthly average of the AICPI (1982 base) as on 1st January and 1st July of each year is used for calculating the Dearness Allowance (DA). Increase in DA is calculated with reference to the AICPI (IW) average (base 1982=100), as on 1st January 1996 of 306.33. The compensation for price rise is admissible twice a year i.e. on 1st January and 1st July of each year. Only the whole number component of the percentage increase in prices is adopted for estimation of DA. The rates of

DA paid by the Central Government during the period 1.1.96 to 1.1.04 are as follows:

As on	Rates of DA (%)
1.1.96	0
1.7.96	4
1.1.97	8
1.7.97	13
1.1.98	16
1.7.98	22
1.1.99	32
1.7.99	37
1.1.2000	38
1.7.00	41
1.1.01	43
1.7.01	45
1.1.02	49
1.7.02	52
1.1.03	55
1.7.03	59
1.1.04	61

4.1.5 The Government merged 50% of the DA with basic pay w.e.f. 1.4.04 and the dearness allowance continued to be calculated with reference to the AICPI (IW) average as on 1st January 1996 of 306.33 without changing the base consequent to the merger. Accordingly, DA at following rates was sanctioned by the Government from 1.7.04 till 1.7.07:-

As on	Rates of DA (%)
1.7.04	14
1.1.05	17
1.7.05	21
1.1.06	24
1.7.06	29
1.1.07	35
1.7.07	41

As a consequence, salaries of Government employees are being neutralized more than hundred per cent.

Demands made

4.1.6 In the demands made before the Commission, it has been suggested that the existing DA formula continue with the following modifications:-

· Instead of revising the DA once in six months, it should be revised once in three months.

· The principle laid down by the 5th CPC for merger of 50% of DA with the Pay as DP should be modified to 25% to remove distortions in the pay structures.

· DA should be paid net of taxes on the same line as recommended by the 5th CPC to make the concept of 100% neutralization somewhat meaningful.

Determining the level of inflation methodology

4.1.7 While considering the issue of the quantum of DA admissible, the Commission considered at length the procedure for estimation of inflation. Presently, inflation as determined by the AICPI (IW), is estimated using the Laspeyere's Fixed base methodology. The inflation index using this methodology

22,925	50,220	11,000	61,220
23,450	51,480	11,000	62,480
23,975	52,770	11,000	63,770
24,500	54,090	11,000	65,090

Pre-revised scale (S – 31) Revised Pay Band PB-4 + Grade Pay
Rs.22400-600-26000 Rs.39200-67000 + 13000

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
22,400	48,990	13,000	61,990
23,000	50,220	13,000	63,220
23,600	51,480	13,000	64,480
24,200	54,090	13,000	67,090
24,800	55,450	13,000	68,450
25,400	56,840	13,000	69,840
26,000	58,270	13,000	71,270

Pre-revised scale (S–32) Revised Pay Band PB-4 + Grade Pay
Rs.24050-650-26000 Rs.39200-67000 + 13000

Basic Pay in the pre-revised scale	Revised pay in the running pay band	Grade Pay	Total Pay
24,050	52,770	13,000	65,770
24,700	55,450	13,000	68,450
25,350	56,840	13,000	69,840
26,000	58,270	13,000	71,270

(Pre-revised scale (S – 33 & 34 Continued on page 23)

captures the cost of buying a basket of goods (fixed in the base year) at current prices relative to the cost of buying the same basket of goods at base year prices.

4.1.8 Economic theory postulates that, generally, if the price of a commodity rises vis-à-vis other goods, the consumer adjusts his consumption basket to buy less of the goods the prices of which have increased relatively and more of those goods the prices of which have fallen relatively. This envisaged shift in consumption pattern should be considered for calculating inflation. A 'chainbase index' captures the inflation taking into account the changes in quantities purchased consequent upon changes in the relative prices. Moreover, it also considers new products in the consumers' basket as well as quality of the existing products improving every year. Therefore, inflation captured using 'Chain-base' technique would generally tend to be lower than the 'Laspeyre's price index'. [Under certain circumstances, however, the chain-base index could be higher than the Laspeyer's index, i.e. if there is an increase in the price of basic items, which are necessities, having low substitutability and which form a sizeable chunk of the consumption basket. The increase in prices of such goods would result in less than proportionate reduction in quantity, thereby translating into higher expenditure in value terms. Therefore, the weightage (calculated in terms of percentage value of total consumption expenditure) attributed to these items in the construction of the composite price index would increase. This would result in the chain base price index being higher than the price index estimated using the fixed base technique.]

Analysis

4.1.9 India is on the growth path. Growth leads to wider choice with enlarged availability of substitutes. Such availability of substitutes would impact the price-demand relationship. Given this backdrop, the feasibility of developing chain base index was explored by the Commission. It was observed from the Reports of the National Sample Survey Organization on Consumer Expenditure Survey, that while expenditure data in value terms was generated through the survey, its breakup in terms of quantity and price was available only for a few items under food, clothing, bedding, etc. Data on durables consumed poses a problem as consumption of individual items is very infrequent and reporting irregular. This issue gets compounded when aggregation is attempted at the All India level.

Recommendation on chain base index

4.1.10 The feasibility of developing a Chain based index is dependent on the availability of time series data on both prices and the corresponding quantities demanded of each item. While there is merit in developing a chain based index for capturing inflation, this would be feasible only if the Consumer Expenditure Survey generates time series data, on both quantity consumed as well as value of expenditure for fairly large list of items in the consumption basket providing the possibility of substitution over short time span. The Government may explore this possibility. **In the meantime, the Government should keep revising the base year in the existing fixed base index method as frequently as feasible.**

Use of AICPI (IW) for estimation of DA

4.1.11 Presently, the estimation of DA for Central Government Employees is based on the movements in the AICPI (IW) (1982=100). The Fourth Central Pay Commission, while considering the issue of suitability of the AICPI, opined that the Government should examine whether a more suitable index could be prepared for Government employees taking into account their consumption pattern and other relevant factors. This recommendation was based on the view that the AICPI does not truly represent the consumption pattern of all central Government employees. On the other hand, the Fifth Central Pay Commission took the view that consumption patterns of Group A,B,C,D employees within Government are bound to be different due to different income levels and hence a suitable index based on consumption pattern for Government employees as recommended by the Fourth Central Pay Commission is likely to suffer from the same set of problems which the AICPI(IW) suffers. The Fifth Central Pay Commission opined that even though the option of employing separate indices for each category of employees did exist, it was devoid of merit because

of the sheer impracticality of the task as well as needless suspicion such an arrangement was likely to arouse between various groups. Therefore, they recommended that the AICPI (IW) should continue to be the index used for calculating DA for Government employees.

4.1.12 The Fifth Central Pay Commission, observed that for the purpose of estimation of AICPI (IW) by Labour Bureau, the coverage of 'Industrial Workers' extended to 70 selected centres in seven sectors namely Factories, Mines, Plantations, Railways, Public Motor Transport Undertakings, Electricity Generation and Distribution Establishments, and Ports and Docks. A Working Class family was defined as one where one of the members worked as a manual worker in any of the seven sectors and which derived one half or more of its income through manual work defined on the basis of classification of occupations and jobs involving sufficient physical labour but at the same time not requiring much of educational background in the field of general, scientific, technical and other areas. The Fifth Central Pay Commission also observed that in the Family Living Survey, which is the basis for estimation of the AICPI (IW), the design of the monthly family income classes is open ended, ranging from 'less than Rs.750' to 'Rs.5000 and above'. The Working Class family Income and Expenditure Survey (1999-2000) for Delhi points to the fact that 53% of the families fall in the income class 'less than Rs.5000 per month', which is less than the minimum earning of a Government employee in Delhi. This implies that a composite price index generated from this survey may not adequately represent the price index for Government employees. This is because consumption pattern of the Government employees vis-à-vis the 'Working Class Family' sample selected in the Family Living Survey would be considerably different.

Recommendation

4.1.13 The Government of India has set up the National Statistical Commission to serve as a nodal and empowered body for all statistical activities of the country; to evolve, monitor and enforce statistical priorities and standards and to ensure statistical coordination among different agencies involved. The Commission is mandated to evolve standard statistical concepts, definitions, classification and methodologies in different areas of statistics and lay down national quality standards on those statistics. **The Commission is of the view that the National Statistical Commission may be asked to explore the possibility of a specific survey covering Government employees exclusively, so as to construct a consumption basket representative of Government employees and formulate a separate index. Meanwhile, the Government may continue to use the AICPI (IW) for estimating the DA, subject to the modifications proposed in the subsequent paras.**

Revision of Base of AICPI (IW) for calculation of DA

4.1.14 The Fifth CPC had adopted the AICPI (IW) using the 1982 series for estimation of DA. The Government has developed a new series with base 2001, with effect from January 2006. It is possible to generate the back data series with base 2001, with the help of the stipulated linking factor of 4.63. The 2001 series has an extended coverage of 78 centers compared to the 70 centers in the 1982 series. The weightage emerging from the series with 2001 base, being recent, is more representative of the current consumption basket. **The Commission, therefore, recommends that the AICPI (IW) with base 2001 may, henceforth, be used for the purpose of calculating DA till it gets revised. As mentioned earlier, the base year should be revised as frequently as feasible.** The Commission also looked into the weightages assigned to various components of consumption and the manner in which the Labour Bureau conducts the survey. **The examination has revealed a direct correlation in the movement of the price index for housing and the movement of the HRA rates of Government employees. If a representative sample is used for construction of the price index for housing, there should not be such a direct correlation keeping in view the fact that for industrial workers, the escalation in rental should not be so steep for various obvious reasons. Since housing has a large weightage in AICPI (IW), there is a possibility of substantial distortion in DA calculations. The Commission recommends that the Government take expeditious steps to rectify these noticed distortions in the construction of the current AICPI (IW) series. The National Statistical Commission may also take these factors into consideration while evolving a separate index**

Pensionary benefits of civilian employees and Defence Forces Personnel

Introduction

5.1.1 As per its Terms of Reference, this Commission is required to examine the principles that should govern the structure of pension, death-cum-retirement gratuity, family pension and other terminal or recurring benefits having financial implications for the present and former Central Government employees appointed before January 1, 2004.

5.1.2 The Commission, therefore, had to consider pension and other related issues of all the Central Government employees except those covered under the New Pension Scheme which extends to all the Central Government employees, except those belonging to Defence Forces, as had joined the Government on or before January 1, 2004.

for Government employees.

Formula for calculation of DA

4.1.15 The rate of dearness allowance is calculated in terms of the percentage increase in 12 monthly average of AICPI (base 1982) over the average index of 306.33, which was the reference base for the existing scales of pay recommended by the Fifth Central Pay Commission.

4.1.16 The extant formula for calculation of DA till 1-1-2004 was:

$$\frac{12 \text{ Monthly Average}-306.33}{306.33} \times 100 = \text{percentage increase in prices (ignoring fractions) and inflation neutralization at 100\% at all levels)}$$

4.1.17 The Fifth Pay Commission had recommended that DA should be converted into DP each time the CPI increased by 50% over the base index. The Government merged 50% of DA with the basic pay w.e.f. 1-4-2004. The formula for calculation of DA for the period from 1-7-2004 is:

$$\left\{ \frac{12 \text{ Monthly Average}-306.33}{306.33} \times 100 \right\} - 50 = \text{percentage increase in prices (ignoring fractions and inflation neutralization at 100\% at all levels)}$$

4.1.18 The corollary to this merger should necessarily have been a revision in the existing reference base of price index of 306.33. The new reference base, therefore, should have been the 12 monthly average index when the index increased by 50 percent. The reference base index would have, therefore, been higher than 306.33, given the uptrend in price levels, which would translate to a lower DA rate compared to the extant rates. **Logically, therefore, conversion of dearness allowance as dearness pay should invariably be accompanied with simultaneous revision of the base index. This conversion, however, is not necessary in the revised structure being recommended where increments are payable as a percentage of the pay in the pay band and grade pay thereon and provision has been made for all allowances/benefits to be revised periodically linked to the increase in the price index. The Commission is, therefore, not recommending merger of dearness allowance with basic pay at any stage.**

4.1.19 No real justification exists for revising DA once in 3 months. **Accordingly, DA may continue to be sanctioned twice a year as on 1st January and 1st July payable with the salary of March and September respectively for administrative convenience with inflation neutralization being maintained at 100% at all levels.**

5.1.3 Central Civil Services (Pension) Rules, 1972 regulate pension of Central Government employees appointed on or before December 31, 2003. The employees of Union Territory Administrations and civilian Government employees in the defence services borne on pensionable establishments are also covered by these rules. The term pension is not specifically defined under these Rules. The Supreme Court in the famous judgment of D. S. Nakara Vs. Union of India (AIR 1983, SC 130) had observed that pension is a payment for past services rendered.

Number of pensioners

5.1.4 The Commission deliberated all the issues relating to pension very carefully because the fate of a large number of pensioners depends on this issue. To get a clear perspective, details of the existing Central Government pensioners who would be affected by the recommendations on pension/related benefits is as under:-

Department Number of pensioners

- Railway - 10.18 lakh
- Posts - 1.58 lakh
- Defence - 19.40 lakh
- Telecom - 1.42 lakh
- Civil - 5.83 lakh

Total - 38.41 lakh

Pension liability of the Government

5.1.5 The annual pensionary liability of the Government at present is in excess of Rs.30,000 crore. While recommending modifications in the existing pension scheme, the Commission was guided by the twin objectives of ensuring a fair deal to all the pensioners, simultaneously keeping in view the capacity of the Government to bear additional burden on this account.

Superannuation or retiring pension

5.1.6 Superannuation or retiring pension is granted on retirement from service on superannuation or invalidment after continuous service of 10 years or more. The retiring pension is also available on voluntary retirement after 20 years service or more. Presently, full pension is payable on completing qualifying service of 33 years or more. It is paid at the rate of 50% of the average emoluments drawn during the last 10 months of service.

Pensionary Benefits of Civilian Employees

Retiral benefits available

5.1.7 Different retirement benefits available to civilian employees are discussed in the succeeding paragraphs.

Gratuity

5.1.8 Three different kind of gratuity is payable in Government:-

(i) Service gratuity is payable to a permanent employee retiring before completion of 10 years of qualifying service. It is payable at the rate of half month's emoluments for every six months of qualifying service. This gratuity is payable in addition to retirement gratuity

(ii) Retirement gratuity is payable to employees retiring after minimum 5 years of qualifying service. It is payable at the rate of 1/4th of emoluments for each six monthly period subject to a maximum of 16.5 times the emoluments (including DA) or Rs.3.5 lakh, whichever is less.

(iii) Death gratuity is payable in case of death in service. It is paid at the rate of twice the emoluments for service less than

one year. In case of service between 1-5 years, it is payable at six times the emoluments. For service between 5 to 20 years, it is payable at twelve times the emoluments. In case the service exceeds 20 years, death gratuity is payable at the rate of half the emoluments for every six months period subject to a maximum of 33 times the emoluments (including Dearness Allowance) or Rs.3.5 lakh, whichever is less.

Encashment of leave

5.1.9 Presently in the Government, encashment of Earned Leave (EL) is allowed at the time of retirement as well as while availing LTC.

5.1.10 Limit of encashment of EL at retirement was increased from 180 days to 240 days by the Fourth CPC and to 300 days by the Fifth CPC.

5.1.11 No encashment while in service was allowed till Fifth CPC. Fifth CPC, apart from recommending increase in the maximum number of EL encashable at the time of retirement to 300 days, also allowed encashment of EL while in service. Encashment of EL upto 10 days on each occasion subject to a maximum of 60 days was allowed while availing LTC. EL encashed during service was to be deducted from the overall ceiling of 300 days.

5.1.12 Encashment of half pay leave is also allowed in case sufficient EL is not available. The extant formula reduces the half pay leave so encashed by the amount of pension payable. The Fifth CPC had observed that no real financial benefit accrued to the retiring Government employee on account of the deductions inherent in the formula. The Fifth Pay Commission had, accordingly, recommended abolition of this formula for encashment of half pay leave and had proposed that Central Government employees be allowed to encash their accumulated half pay leave at the time of their retirement to the extent of the shortfall, if any, in the maximum earned leave that can be encashed by them. This recommendation of the Fifth CPC was, however, not accepted.

Family pension

5.1.13 Family pension is payable to the spouse of the deceased employee/pensioner or other eligible family members at the rate of 30% of the last pay drawn.

5.1.14 Family pension was first introduced under the Family Pension Scheme, 1950 which allowed 50% of the pension as family pension to employees rendering minimum 25 years of service. Family pension was admissible only for a period of 5 years and maximum family pension payable was Rs.150 p.m. The period of eligibility was reduced to 20 years and family pension made admissible for a period of 10 years w.e.f. 1/4/1957.

5.1.15 A revised Family pension scheme, 1964 was subsequently implemented. Under this scheme, all Government employees with one year of service or who had retired on pension were made eligible for family pension. Spouse and dependent children upto the age of 25 years were eligible. The quantum of family pension ranged from 30% of pay to 12% on a slab system. The scheme also envisaged payment of family pension at an enhanced rate (50% to 24%) for a period of 7 years or the age of superannuation, whichever was earlier.

5.1.16 The scheme of Family pension was liberalized subsequent to implementation of recommendations of the Third Central Pay Commission. The pay limits under the slab system were enhanced. The benefit of family pension at enhanced rates was extended for a period of 7 years or till the employee/pensioner would have attained the age of 65 years, whichever was earlier.

5.1.17 The scheme of Family pension was earlier contributory and the retiring employee had to surrender two months gratuity in order to be eligible for grant of family pension on his demise. From 22/9/1977, the scheme was made non-contributory and the requirement of surrender of gratuity was dispensed with. The rules were liberalized to allow payment of family pension for life to handicapped children or till the time they became self-sufficient.

5.1.18 Subsequent to the Fourth Central Pay Commission, the minimum and maximum amount of family pension were revised to Rs.375 and Rs.1250 p.m. respectively. The slabs for

paying family pension were also revised upwards and ranged from 30% to 15% of pay.

5.1.19 The condition of dependency for children of the deceased employee to be eligible for grant of family pension was removed in 1993. All children were made entitled for family pension upto the age of 25 years as against the age of 18 years prescribed in 1964 rules and the age of 21/24 years or till the time of their marriage, whichever earlier, for sons & daughters respectively prescribed by the Fourth CPC.

5.1.20 The scheme was liberalized further as per the recommendations made by the Fifth Central Pay Commission. Family pension was now payable at the rate of 30% of the pay last drawn in all cases. Maximum and minimum family pension was revised to Rs.9000 and Rs.1275 respectively. Family pension at enhanced rate of 50% of the pay last drawn was for a period of 7 years or till the employee/pensioner would have attained the age of 67 years, whichever is earlier. Married, widowed and divorced daughters were included for payment of family pension subject to the ceiling of 25 years. The limit of 25 years was subsequently removed in respect of unmarried/divorced daughters.

Extraordinary pension

5.1.21 Extraordinary family pension is payable under the CCS (Extraordinary) Pension Rules, 1939 at the following rates:-

(i) In case of death or disability attributable to service or due to accidents in the performance of duty, extra-ordinary family pension is payable at 60% of the basic pay subject to a minimum of Rs.2500 per month.

(ii) In case of disability, normal pension and gratuity is payable along with disability pension equal to 30% of pay for 100% disability. The disability pension is reduced proportionately for reduced disability. This is subject to the condition that the aggregate of the service and disability elements are, in no case, less than 60% of the basic pay last drawn.

(iii) In case of death or disability due to acts of violence by terrorists, anti-social elements etc., whether in performance of duties or otherwise, extraordinary family pension equal to last pay drawn upto re-marriage or death is payable. After remarriage, rules governing ordinary family pension are applicable. If the deceased employee has no widow but leaves behind only children, then all children together get 60% of basic pay subject to minimum of Rs.2500. In case of bachelors, family pension equal to 75% of pay last drawn is payable in case both the parents are alive. The pension is payable at the rate of 60% in case only one parent is alive, irrespective of their income.

Disability pension

5.1.22 If the Government employee is discharged from Government service on account of injuries sustained in specified operations as a result of either attack by or action against extremists, anti-social elements, etc. or in course of enemy action in international war or border skirmishes, he is entitled to a disability pension that comprises a service element and a disability element. The service element comprises the amount of the retiring pension plus gratuity counting service upto the date on which the employee would have retired in normal course. The disability element that is payable is equal to normal family pension for 100% disability with aggregate of service and disability element not being less than 80% of pay last drawn.

5.1.23 In case of death or disability attributable to attack by extremists, anti-social elements and enemy action, the following rates of extraordinary family pension are applicable:-

(i) family pension equal to last pay drawn upto re-marriage or death. After re-marriage, ordinary family pension is admissible. If there is no widow but only children, all children together get 60% of basic pay subject to the minimum of Rs.2500. In case of bachelors, family pension at the rate of 75% of pay last drawn is payable to parents or 60% in case only one parent is alive, irrespective of their income.

(ii) retiring pension plus gratuity counting service till normal age of retirement subject to the total amount not exceeding last pay drawn for 100% disability. Proportional reduction is made for lower disability.

Exgratia

5.1.24 Exgratia is also payable over and above the pension rules to families of Central Government employees who die in harness in the course of performance of their bonafide official duties. The rates of exgratia vary between Rs.5 lakh in cases of death occurring due to accidents in the course of performance of duty whether attributable to acts of violence by terrorists, anti-social elements etc. or otherwise to Rs.7.5 lakh in cases of death occurring due to enemy action in international war or border skirmishes or action against militants, terrorists, extremists, etc.

Changes made in the past in retiring pension

5.1.25 While considering the pension package for Central Government employees, the Commission has kept in view the various changes that have evolved in the pension benefits over the past decades.

5.1.26 The formula for computing pension has been substantially liberalized since the time of First Central Pay Commission. The pension was earlier payable at the rate of 30/80 (37.5%) of the average emoluments. This was later revised to 41.25% (33/80). From 31/3/1979, a slab system for payment of pension was introduced, wherein pension was paid at various rates ranging from 50% to 42.86%. The formula was further liberalized by the Fourth Central Pay Commission and from 1/1/1986, the pension is payable at the rate of 50% of the average emoluments comprising basic pay, dearness pay, non-practicing allowance and stagnation increments.

5.1.27 From 1/1/1996, full neutralization of dearness relief has been allowed to all pensioners. This was in conformity with the recommendations made by the Fifth CPC extending 100% neutralization of the increase in the price index to all the serving Central Government employees.

5.1.28 Central Government employees are also allowed to commute part of their pension for a lump-sum payment which is the commuted value of that portion of the pension. The lump-sum payment is computed by multiplying the commutation factor by 12 and further multiplying the product by the amount of pension offered for commutation. The commutation factor is taken from the commutation table with respect to the age next birthday. Originally, the amount of pension once commuted was not restored for life. However, pursuant to directions of the Supreme Court in writ petitions nos. 3958-61 of 1983, orders were issued allowing restoration of the commuted portion of pension both in case of civilian and defence pensioners after a period of 15 years on the ground that the commuted value of pension had to be restored once the lump-sum commutation paid and the interest thereon was fully adjusted. The Fifth CPC had recommended an increase in the percentage of commutable pension from 33% to 40% of pension along with its restoration after 12 years. The Commission had also considered the issue of revising the commutation table that has not been revised since March, 1971 and recommended that a detailed review of the commutation scheme based on current data should be carried out that would be more representative and closer to ground realities. The Government accepted the recommendation regarding increase in the percentage of commutable pension without taking any action on the other two recommendations relating to restoration of the commuted pension and devising a new commutation scheme. The present position is, therefore, that a pensioner can commute upto 40% of the pension which would be restored after 15 years.

Demands- pension

5.1.29 Major demands on pension related issues made by the various staff associations and others sought the following relief:-

(i) Components for purpose of calculation of pension should also include deputation duty allowance dearness allowance and 75% of the running allowance in respect of railway running staff retired after 4.12.88.

(ii) Qualifying service for full pension should be fixed at 30 years

(iii) Full pension should be 60% of the emoluments of the last month or the 10 month average, whichever is higher.

(iv) Pension should be increased to 65% of the last pay drawn after age of 65 and by another 10% at age of 75.

(v) Minimum qualifying service should be reduced from 10 to 5 years

(vi) Minimum pension should be made equal to the minimum salary.

(vii) Full gratuity should be calculated on the basis of 25 days against 30 days in a month as admissible under the gratuity act. The ceiling of 16.5 months should be removed.

(viii) Full pension should be restored after 12 years, or on reaching 70 years of age, whichever is earlier.

Demands- family pension

5.1.30 Major demands relating to family pension are as under :

(i) The period of 7 years for grant of enhanced family pension should be raised to 10 years.

(ii) After the expiry of the above 10 years period, the family pension should be reduced to 75%.

(iii) The family pension should not be less than the minimum pension of Rs.10,000.

(iv) In the case of a son, the family pension may be allowed upto the age of 28 years because the recruitment age has been raised to 28 years. In the case of unmarried daughter, the age limit may be done away with.

Recommendations

5.1.31 The Commission has considered the various demands in light of the extant provisions, the need and justification of giving a proper deal to the pensioners and the capacity of the Government to bear additional burden on this account. Recommendations on various pension related issues have, accordingly, been made in the succeeding paragraphs.

Recommendations relating to quantum of pension

5.1.32 As regards the issue of raising the quantum of pension from the existing 50% of the average emoluments to a higher percentage (say 60%), is concerned, it is noted that this demand was also considered by the Fifth CPC who had recommended that a supplementary pension scheme that was contributory in nature could be a viable means of increasing post retirement incomes. It is observed that the new pension scheme that is mandatory for post 31/12/2003 entrants, also envisages a second tier where contributions can be made on a voluntary basis by the Government employees towards their future pension. This can perhaps be utilized by the employees who are desirous of increasing their post-retirement incomes. Consequently, the Commission does not recommend any change in the present rates of pension which is payable at 50% of emoluments on completion of minimum prescribed years of qualifying service. The Commission, however, is of the view that older pensioners require a better deal because their needs, especially those relating to health, increase with age. Accordingly, the Commission recommends that quantum of pension available to the old pensioners should be increased as follows:-

On attaining age of	Additional quantum of pension
80 years	- 20% of basic pension
85 years	- 30% of basic pension
90 years	- 40% of basic pension
95 years	- 50% of basic pension
100 years	- 100% of basic pension

Recommendations relating to qualifying service

5.1.33 Presently, full pension is payable only on completion of 33 years of qualifying service. The rules also allow grant of upto 5 years of additional qualifying service for purposes of computing pension subject to certain conditions. Hence, an employee presently has to put in a minimum 28 years of qualifying service to become eligible for full pension. This acts as a disincentive for many employees for leaving the Government at an early age even though they have reached a plateau in their career and are not satisfied with their job, because they want to complete the minimum years of qualifying service prescribed for being eligible for full pension. By the time they complete such minimum years of service, they are too

old to look for an alternative career and continue in the Government without being motivated to make any significant contribution. This has an adverse effect on the efficiency of the machinery. At the same time, the concerned Government employee is also prevented from pursuing an alternative career. **The Commission, accordingly, recommends that linkage of full pension with 33 years of qualifying service should be dispensed with. Once an employee renders the minimum pensionable service of 20 years, pension should be paid at 50% of the average emoluments received during the past 10 months or the pay last drawn, whichever is more beneficial to the retiring employee.** This will not work as a disincentive to the employees putting in longer years of service because their pay will increase along with the tenure that will have a direct bearing on the pension payable to them. With this, qualifying service will cease to have any relevance as full pension will be payable once minimum pensionable service is put in without any reference to qualifying service. **Simultaneously, the extant benefit of adding years of qualifying service for purposes of computing pension/related benefits should be withdrawn as it would no longer be relevant.**

Recommendations relating to commutation

5.1.34 Earlier, the amount of pension commuted was not restorable. Consequently, a pensioner was eligible to draw only the commuted amount of pension for the remainder of the retired life. The position changed with effect from April 1, 1985 on account of judgment passed in December, 1986 by the Supreme Court in Writ Petitions No. 3958-61 of 1983. In this judgment, the Supreme Court had directed restoration of the commuted value of pension once the commutation amount along with the interest element thereon was recovered fully. Accordingly, orders were issued for restoring the commuted amount of pension after 15 years. These orders were made effective retrospectively from April 1, 1985.

5.1.35 The Commission received many demands for reducing the period of restoring the full pension to 12 years. As mentioned earlier, the Fifth CPC had recommended such restoration after 12 years. The Fifth CPC had simultaneously recommended revision of the commutation table that was last revised in March, 1971. The commutation table is based on the mortality rates then extant amongst Government pensioners and a concessional rate of interest of 4.75% per annum. Department of Pension and Pensioners Welfare had considered the issue of revision of the current commutation table many times. These reviews revealed that whereas the mortality rates had not increased significantly, the rates of interest had become much higher. Another factor which has to be considered in any revision is that the commutation is now restored after a period of 15 years. Hence, any improvement in the age of life expectancy of Government pensioners beyond 15 years will cease to have any effect on computation of the commutation value. The present commutation table is more advantageous to the retiring employees and till the time, the commutation table is suitably revised to present the correct picture, there may not be any justification for decreasing the period of restoration. The Commission had commissioned the Centre for Economic Studies and Policy, Bangalore for evolving a new commutation table keeping in view all the relevant factors. This table is given in Annex 5.1.2 of the Report. **The Government should modify the commutation table being used for purposes of commuting pension, accordingly. All future cases of commutation of pension should be considered as per the revised commutation table annexed to the Report which may be revised periodically by the Government keeping in view the interest rates and the mortality table. Since the commutation under the proposed scheme will be in consonance with the prevailing market rates of interest and the mortality factor, it should be possible to outsource the entire process of making payment on this account. Accordingly, the Government may consider outsourcing the process of commutation of pension to any PSU Bank/Institution which would extend the commuted amount to the pensioners and get appropriate rate of interest on such amount. Government could extend an interest subsidy on the interest rate so charged, in case the same is found necessary.**

Amount of commutation - Recommendations

5.1.36 In view of the aforesaid, **the Commission does not propose any change in the maximum percentage of commutation allowed or in the period of restoration.**

Recommendations relating to gratuity

5.1.37 Most of the Associations have demanded removal of the ceiling of Rs.3.5 lakh on retirement/death gratuity. The Fifth Central Pay Commission had recommended removal of ceiling on all kinds of gratuities keeping in view their recommendation to include dearness allowance in the definition of emoluments for calculation of gratuity. They had observed that with the inclusion of DA in the definition of emoluments, the amount of gratuity receivable will change every six months and any ceiling thereon will become unrealistic. The Government accepted the recommendation regarding inclusion of DA in the definition of emoluments for purposes of computing the amount of gratuity receivable. However, they did not remove the ceiling on maximum amount of gratuity payable but increased this limit from Rs.2.5 lakh to Rs.3.5 lakh w.e.f. 1/1/1996. This has resulted in a situation where employees retiring with the average basic pay of more than Rs.11,687 as on 1/1/2006 get restricted by the maximum limit in so far as payment of gratuity is concerned. While prescribing a limit, it may be necessary to limit the expenditure on payment of gratuity. The existing limit will prevent many Group B and C employees from getting the full benefit of gratuity. Hence, the limit of gratuity has to be such that all employees barring those in the top grades are able to get full benefit of gratuity payable as per the given formula. This is justified as death-cum-retirement gratuity was, at its inception, carved out of pension payable which earlier was admissible at the rate of 30/60 of emoluments in the Liberalized Pension Rules, 1950. The rate was reduced to 30/80 of emoluments when DCRG, at the rate of 9/20 of emoluments for each year of service subject to a limit of 15 times of the emoluments, was introduced. **In view of this and the fact that there is a substantial revision of emoluments, the Commission recommends that the maximum pecuniary limit of Rs.3.5 lakh on payment of gratuity should be raised to Rs.10 lakh.**

Recommendations relating to encashment of leave

5.1.38 The last two Pay Commissions had successively increased the limit in accumulation of Earned Leave and its encashment by 60 days which, therefore, increased from 180 days to 240 days pursuant to recommendations of the Fourth CPC and to 300 days as per the recommendations of the Fifth CPC. The last Pay Commission had also allowed encashment of leave while availing LTC but the number of leave so encashed was deductible from the maximum number of leave encashable at the time of leaving the Government.

5.1.39 The maximum number of EL that can be accumulated and encashed has substantially increased by 120 days in the last 3 decades. Consequently, no rationale for raising this limit any further exists. However, it is not appropriate to deduct the number of EL encashed while in service from EL encashable at the time of leaving the service because the latter acts as a means for providing adequate resources to the retiring employee to meet the commitments at the start of the retired life. **The Commission recommends that while no change may be made in the maximum number of EL that can be accumulated and encashed, whether in service or at the time of retirement/leaving the Government, however, the number of EL encashed while in service should be excluded from the overall ceiling of encashment of 300 days EL allowed at the time of retirement.**

5.1.40 The present formula for making up the shortfall in the maximum amount of Earned Leave encashable at the time of retirement through encashment of Half Pay Leave (HPL) does not give any benefit. This is unjustified especially when leave salary equal to half the amount of leave salary on Earned Leave is payable during Half Pay Leave and the period spent on this leave is counted as qualifying service for purposes of pension. **The Commission, therefore, recommends that both Earned Leave and Half Pay Leave should be considered for encashment of leave subject to the overall limit of 300 days. The provisions relating to encashment of Earned Leave shall continue unchanged. Half Pay Leave will be encashable at the rate equal to half the amount of leave salary payable during Earned Leave without any reduction being made on account of pension payable. To make up the shortfall in Earned Leave, no commutation of Half Pay Leave shall be permissible.**

Family pension – analysis of changes made in the past and recommendations

5.1.41 Consequent to the recommendations made by the

earlier Central Pay Commissions, the rates of family pension have been increased from 12% to 30% of the last pay drawn for all. Eligibility conditions have been relaxed and unmarried/divorced daughters made eligible for family pension without any age limit. Conditions for payment of family pension at enhanced rates have also been liberalized so that it is now payable for a period of 7 years.

5.1.42 Substantial liberalization having already been effected in rules governing payment of family pension, large scale changes are not required at this stage. The Commission also finds no merit in the suggested increase to 28 years for payment of family pension to the sons of deceased employees. The limit of 25 years in respect of unmarried daughters has already been removed and no further changes are, therefore, required in this regard. Any further extension in the present period of 7 years for grant of enhanced family pension is also not necessary. However, a special dispensation is justified for those dying in harness. **The Commission, accordingly, recommends that in case of Government employees dying in harness, family pension may be paid at enhanced rates for a period of 10 years. The dependency criteria for all purposes should be the minimum family pension along with dearness relief thereon. This should also be followed in cases relating to payment of family pension as well.**

5.1.43 In accordance with recommendations for paying higher quantum of pension to very old pensioners, quantum of family pension payable to similarly old family pensioners would also need to be increased. **The Commission, accordingly, recommends that quantum of pension available to the family pensioners should also be increased on par with that recommended for pensioners as under:-**

On attaining age of	Additional quantum of family pension
80 years	- 20% of basic family pension
85 years	- 30% of basic family pension
90 years	- 40% of basic family pension
95 years	- 50% of basic family pension
100 years	- 100% of basic family pension

**CCS
(Extraordinary) Pension Rules, 1939 – analysis & recommendations**

5.1.44 The Commission notes that the provisions on extraordinary family pension have been liberalized substantially by the Fifth CPC. The present provisions, therefore, are adequate and no further large scale changes are necessary in so far these rules are concerned. However, in the case of disability pension, for 100% disability where the individual is completely dependent on somebody else for day to day functions, no Constant Attendant Allowance is available under the CCS (Extraordinary) Pension Rules, 1939. The Commission notes that such Constant Attendant Allowance is available in the Defence Forces. A similar allowance needs to be extended in respect of civilian retirees as well because their requirement would be similar. **The Commission, accordingly, recommends introduction of a constant attendant allowance, on the lines existing in Defence Forces under the CCS (Extraordinary) Pension Rules, 1939 as well.**

Recommendations relating to exgratia

5.1.45 As mentioned earlier, exgratia is payable over and above the pension rules to families of Central Government employees who die in harness in the course of performance of their bonafide official duties. The existing categorization of exgratia payable is quite adequate. The Commission, however, notes that the troops employed in the high altitude and inaccessible border areas not only have to battle the enemy but also the elements. Any death while on duty in such specific border posts, whether during action against enemy or otherwise on account of natural disasters, extreme weather conditions, etc. needs to be treated on the same footing and be made eligible for payment of exgratia at the higher rates. The rates of exgratia also need to be revised upwards so as to provide sufficient financial assistance to the families of the deceased employees who die in performance of their bonafide official duties. **The Commission, accordingly, recommends that the rates of exgratia may be doubled and raised to Rs.10 lakhs in cases of death occurring due to accidents in the course of performance**

of duty whether attributable to acts of violence by terrorists, anti-social elements etc. or otherwise and to Rs.15 lakhs in cases of death occurring due to enemy action in international war or border skirmishes or action against militants, terrorists, extremists in the border posts or on account of natural disasters, extreme weather conditions while on duty in the specified high altitude, inaccessible border posts, etc.

Past pensioners – analysis of changes made in the past and recommendations

5.1.46 The main demands of past pensioners related to grant of one rank one pension both for civilian as well as Defence Forces retirees and better medical facilities. In case of Defence Forces, the issue of one rank one pension was conceded partially when one time increase was granted to Defence Forces pensioners in 1992 that reduced the gap between past & present pensioners in Forces. The Fifth CPC extended full parity between pre & post 1/1/1986 pensioners and a modified parity between pre & post 1/1/1996 pensioners. In modified parity, it was provided that pension could, in no case, be less than 50% of the minimum of the corresponding Fifth CPC revised pay scale from which the pensioner had retired.

Fitment benefit to the past pensioners

5.1.47 The Commission notes that modified parity has already been conceded between pre and post 1/1/1996 pensioners. Further, full neutralization of price rise on or after 1/1/1996 has also been extended to all the pensioners. Accordingly, no further changes in the extant rules are necessary. However, in order to maintain the existing modified parity between present and future retirees, it will be necessary to allow the same fitment benefit as is being recommended for the existing Government employees. **The Commission, accordingly, recommends that all past pensioners should be allowed fitment benefit equal to 40% of the pension excluding the effect of merger of 50% dearness allowance/ dearness relief as pension (in respect of pensioners retiring on or after 1/4/2004) and dearness pension (for other pensioners) respectively. The increase will be allowed by subsuming the effect of conversion of 50% of dearness relief/ dearness allowance as dearness pension/dearness pay. Consequently, dearness relief at the rate of 74% on pension (excluding the effect of merger) has been taken for the purposes of computing revised pension as on 1/1/2006. This is consistent with the fitment benefit being allowed in case of the existing employees.** A table (Annex 5.1.1) showing fixation of the pension of the existing pensioners in the revised dispensation consequent to implementation of the recommendations of this Commission has been prepared and should be used for fixing the revised pension of the existing pensioners. **The fixation as per this table will be subject to the provision that the revised pension, in no case, shall be lower than fifty percent of the sum of the minimum of the pay in the pay band and the grade pay thereon corresponding to the preremitted pay scale from which the pensioner had retired. To this extent, a change would need to be allowed from the fitment shown in the fitment table.**

Medical care for pensioners

5.1.48 As regards improved medical care for pensioners, the Commission was informed that the Government is in the process of introducing a new scheme providing medical insurance to the pensioners. This scheme would have adequately addressed the indoor medical treatment needs of the pensioners. However, it was not operationalised till the time of finalization of this Report. The Commission has, accordingly, addressed the issue in the chapter on Medical facilities in this Report. Insofar as day to day expenditure on medicines and consultation for OPD treatment of the pensioners is concerned, the Fifth CPC had recommended a fixed medical allowance of Rs.100 per month for meeting the expenditure on day to day medical expenses of the pensioners residing in an area not covered by CGHS. The Fifth CPC had also recommended extension of CS (MA) Rules, 1944 to the pensioners in a restricted manner. The Government accepted the recommendation regarding payment of the fixed medical allowance but did not extend CS (MA) Rules, 1944 to the pensioners.

Medical Allowance for pensioners

5.1.49 The Commission notes that under CS (MA) Rules, 1944, the employees have to make the payments and then claim

reimbursement from the Government. This procedure may pose problems to the retirees in claiming reimbursements. Accordingly, the Commission does not recommend extension of CS (MA) Rules, 1944 to the pensioners. In Chapter 4.11, recommendations have been made for providing OPD facilities to the pensioners living in non-CGHS areas.

CPF/SRPF Optees

5.1.50 Many demands have been made seeking another option for the CPF/SRPF beneficiaries to switch over to the pension scheme. It is seen that the Fifth Central Pay Commission had examined the issue minutely and concluded that an option having been given to the SRPF retirees to switch over to the pension scheme as many as 12 times, no case existed to argue that they were not given a reasonable opportunity to do so. It is also noted that in the last option, all those who had not specifically opted to be governed by the SRPF scheme were automatically brought over to the pension scheme. Hence, no case would appear to exist for giving another option to these ex-employees. The Fifth CPC had recommended payment of exgratia at a flat rate of Rs.600 per month as a measure of adopting a sympathetic and humanitarian approach for such of those CPF/SRPF beneficiaries as had superannuated from the Government. The rates of the exgratia have been further revised by the concerned Ministries. Dearness Relief at prescribed rates is also payable on the exgratia which, therefore, is inflation proof. **Accordingly, no further change in the existing scheme of payment of exgratia to CPF/SRPF optees is required. The existing scheme may, therefore, continue in their case.**

Instances where the extant rules are discriminatory against women

5.1.51 Dependent sons/daughters are allowed to avail medical facilities under CS (MA) Rules and CGHS Rules. In case of sons the eligibility is till the time he starts earning or he attains the age of 25 years, whichever is earlier. In case of daughters it is till the time they start earning or get married, whichever is earlier. Consequently, whereas a dependent boy below 25 years of age will continue to be eligible for medical facilities even after marriage till the time he attains the age of 25 years or becomes independent, a dependent girl below 25 years will lose this facility the moment she gets married. **It may be judicious to amend the rule so that the discrimination against women is rectified.**

Medical facility to dependent daughters

5.1.52 Ministry of Health vide O.M. No.4-24/96-C&P/CGHS (P) dated 17th September, 1999 has conveyed to all Ministries/Departments of the Government the directions given by the High Court of Delhi as per which the medical facilities will continue to be available to sons who are dependent on the Government employees/pensioner irrespective of their age. The aforesaid order of Ministry of Health directs all Ministries/Departments of Government of India to comply with the aforesaid directions of the High Court. Significantly, the O.M. does not stipulate that a similar benefit should be extended to the daughters as well. The Commission had discussed this issue with the Department of Women & Child Development who were of the view that a similar benefit needed to be extended to the similarly placed daughters as well. The Commission finds considerable merit in the point of view conveyed by the Department. **It is, accordingly, recommended that on par with the facility extended to the dependent sons, the medical facilities should be continued in respect of dependent daughters irrespective of their age.** Presently, definition of family of Government employee for various purposes includes widowed/divorced daughters but does not include their minor and dependent children. The Commission has received several references seeking extension of the benefit of medical facilities to the minor and dependent children of widowed/divorced daughters on the ground that absence of such facility places an unreasonable burden on this category. This demand is justified. **It is, accordingly, recommended that for the purposes of medical facilities, the definition of the family should be expanded to include the minor and dependent children of widowed/divorced daughters.**

Eligibility for family pension

5.1.53 For purposes of nomination for eligibility to get family pension etc., the term 'Family' is divided into two categories with the relations mentioned in first category having precedence over relations mentioned in the second category. The first

category includes sons and unmarried daughters. However, widowed daughters have been placed in the second category. This is discriminatory towards the widowed daughters especially as sons, whether married/unmarried/widowers/divorced have been placed in the first category. **The Commission, accordingly, recommends that for purposes of eligibility for Family Pension and other related benefits, the widowed daughters should also be placed in the first category.**

Eligibility for encashment of leave

45.1.54 The issue regarding payment of encashment of leave to a person dying in harness, the amount is payable in the following precedence:

1. widow or the eldest surviving widow (with reference to the date of marriage) or husband;
2. the eldest surviving son or an adopted son;
3. the eldest surviving unmarried daughter;
4. the eldest surviving widowed daughter;
5. the father.
6. the mother;
7. the eldest surviving brother below the age of 18 years;
8. the eldest surviving unmarried sister;
9. the eldest surviving widowed sister;
10. the eldest surviving married daughter; and
11. the eldest child of the eldest predeceased son.

The amount is payable to a member only if member of the preceding category is not available. The table reveals that status of a married daughters slips to serial number 10 whereas in case of son, the serial number remains two irrespective of his marital status. This is patently unfair to the married daughter as she has been placed below certain categories of siblings of the deceased employee. Some adjustment is, therefore, needed in this case. **The Commission recommends that for purposes of payment of encashment of leave to a person dying in harness, the amount should be paid to the relations as per the following order:-**

1. widow or the eldest surviving widow (with reference to the date of marriage) or husband;
2. the eldest surviving son or an adopted son;
3. the eldest surviving unmarried daughter;
4. the eldest surviving widowed daughter;
5. the father.
6. the mother;
7. the eldest surviving married daughter;
8. the eldest surviving brother below the age of 18 years;
9. the eldest surviving unmarried sister;
10. the eldest surviving widowed sister; and
11. the eldest child of the eldest predeceased son.

Family Pension

5.1.55 Family pension is presently payable to widowed/divorced daughters till the time they get remarried or start earning more than Rs.2550 per month. Same is the case with the widow of a deceased Government employee who either does not have any children from the deceased employee or is not looking after such children. These widows are also paid family pension till the time they get remarried or die. The Commission has received many representations seeking continued family pension for such widows. The Defence Forces also made a strong pitch for this benefit. The Commission is of the view that stopping family pension on remarriage places an impediment in the remarriage of the widows. The position, therefore, needs to be rectified. **The Commission, accordingly, recommends that the childless widow of a deceased Government employee should continue to be paid family pension even after her remarriage subject to the condition that the family pension shall cease once her independent income from all sources becomes equal to or higher than the minimum prescribed family pension in the Central Government.**

Chapter 11

Summary of main recommendations

Date of implementation

11.1 Implementation of the revised pay scales to be done retrospectively from January 1, 2006. Recommendations relating to allowances to be implemented prospectively.

Running Pay Bands

11.2 Introduction of running pay bands for all posts in the Government presently existing in scales below that of Rs.26,000 (fixed). Four distinct running pay bands being recommended - one running band each for all categories of employees in groups 'B' and 'C' (posts in the scale of Rs.5000-8000 have, as a result of delayering and elongation of certain scales, been placed in Group 'B') with 2 running pay bands for Group A posts. All posts presently in Group D, after retraining and multiskilling of the present incumbents, to be upgraded and placed in the lowest grade of pay band PB-1. The posts of Secretary to Government of India/equivalent and Cabinet Secretary/equivalent to be kept in distinct pay scales. A separate running pay band, designated as -1S scale, is not to be counted for any purpose as no future recruitment is to be made in this grade and all the present Group D employees not possessing the prescribed qualifications are to be retrained and thereafter upgraded and placed in the Group 'C' running pay band once they are suitably retrained.

Minimum and maximum salary

11.3 Minimum salary at the entry level of PB-1 pay band to be Rs.6660 (Rs.4860 as pay in the pay band plus Rs.1800 as grade pay). Maximum salary at the level of Secretary/equivalent to be Rs.80000. The minimum: maximum ratio 1:12.

Grade Pay and Promotions in Running Pay Bands

11.4 All the employees belonging to Groups 'A', 'B', 'C' & 'D' to be placed in distinct running pay bands. Every post, barring that of Secretary/equivalent and Cabinet Secretary/equivalent to have a distinct grade pay attached to it. Grade pay (being a fixed amount attached to each post in the hierarchy) to determine the status of a post with (apart from the two apex scales of Secretary/equivalent and Cabinet Secretary/equivalent that do not carry any grade pay) a senior post being given higher grade pay. The total number of grades reduced to 20 spread across four distinct running pay bands; one Apex Scale and another grade for the post of Cabinet Secretary/equivalent as against 35 standard pay scales existing earlier. At the time of promotion from one post to another in the same running pay band, the grade pay attached to posts in different levels within the same running pay band to change. Additionally, increase in form of one increment to be given at the time of promotion. A person stagnating at the maximum of any pay band for more than one year continuously to be placed in the immediate next higher pay band without any change in the grade pay.

Annual increment

11.5 Annual increments to be paid in form of two and half percent of the total of pay in the Pay Band and the corresponding grade pay. The date of annual increments, in all cases, to be first of July. Employees completing six months and above in the scale as on July 1 to be eligible.

Variable increments

11.6 Another form of differential increments for Group A Pay Band PB-3, where annual increments in the band will vary depending upon the performance. Eighty percent or more employees in the grade to be allowed normal increment at the rate of 2.5% with the high performers (not exceeding 20 percent) during the year being allowed increment at the higher rate of 3.5%. Government advised to extend the scheme of variable increments in running pay bands PB 1 and PB 2.

Pay scales of defence forces

11.7 Introduction of running pay bands on par with those recommended for civilians in respect of the Defence Forces.

11.8 DG (AFMS) placed in the Apex grade of Rs. 80,000(fixed). Only two trade groups to be retained for Personnel Below Officer Ranks with the earlier trade groups Y and Z being merged. The personnel in trade group X to have a separate X Group Pay.

Military Service Pay

11.9 Military Service Pay for all personnel of Defence Forces till the level of Brigadier/equivalent. The Military Service Pay to count for all purposes excluding increments.

Holistic nature of recommendations

11.10 All the recommendations to be treated as an organic whole as partial implementation will bring in several anomalies and inconsistencies.

Selection for higher posts in future

11.11 Certain posts in Senior Administrative Grade (SAG) and Higher Administrative Grade (HAG) requiring technical or specialized expertise and not encadred in any of the services to be opened up for being filled by suitable officers within the Government as well as by outsiders on contract. Shift from career based to post based selection in the higher echelons of Government in order to get the best domain based expertise.

Creation of posts in SAG & HAG

11.12 Creation of additional posts in Senior Administrative Grade/equivalent/ higher grades in future to be strictly on functional considerations with such posts invariably being created outside the cadre to be filled by method of open selection.

Performance Related Incentive Scheme (PRIS)

11.13 Introduction of PRIS in the Government under which employees to be eligible for pecuniary remuneration over and above the pay. PRIS to replace ad-hoc bonus scheme immediately and eventually replace PLB. PRIS to be budget neutral.

Special incentive for scientists, etc.

11.14 System put in place for giving market driven compensation package to young scientists and posts requiring special expertise and professional skills.

Ministerial posts in Field Offices and Secretariat

11.15 Parity established between Field and Secretariat Offices. The Secretariat and Stenographers cadres to stand merged in future.

11.16 Introduction of a new grade (designated as Principal Staff Officer) in the scale of Rs.14300-18300 (revised pay band PB-3 along with grade pay of Rs.7600) for CSSS / all other analogous Stenographers cadres.

11.17 All future recruitment to CSS/CSSS/analogous Secretariat and Stenographers cadres in non participating Ministries/Organizations in the scale of Rs.6500-10500 to be made as Executive Assistants with minimum qualifications of Graduation and one year Diploma in Computers. Executive Assistants to discharge the functions presently being carried out by Assistants as well as the Personal Assistants. The cadres of CSS/CSSS and analogous cadres in other non-participating Ministries/Organizations to be merged. Present incumbents of CSS/CSSS and analogous cadres in other non-participating Ministries/Organizations to continue as distinct cadres till the time the Administrative Ministry concerned evolves a procedure for their job enlargement/enrichment, retraining and redeployment.

All India Services and organized Group 'A' Services.

11.18 Existing edge for IAS in the three grades viz. Senior Time Scale, Junior Administrative Grade and Non-Functional Selection Grade to be retained. Grades of DIG and Conservator to be retained in IPS and Indian Forest Service respectively. Posts of Director General in the five Central Para Military Forces i.e. BSF, CRPF, ITBP, CISF & SSB to be at par and placed in the scale of Rs.26,000 (fixed) corresponding to the revised pay scale of Rs.80,000 (fixed). The post of Director, Indira Gandhi National Forest Academy to be upgraded to the scale of Rs.26,000 (fixed) corresponding to the revised pay scale of Rs.80,000 (fixed).

11.19 Existing parity between IAS & Indian Foreign Service to be maintained. Modified batch-wise parity proposed between respective batches of IAS and other organised Group A services for empanelment and/or posting at Centre with the gap being restricted to two years.

11.20 Twenty per cent of additional posts in SAG/HAG in all organised Group A services to be operated on non-functional basis provided matching number of posts are decadred for open selection.

11.21 Some recommendations relating to individual Services like IA&AS, IC&CES, IDAS, IPoS and IRS.

Central Staffing Scheme

11.22 Opening up of Central Staffing Scheme. All posts under this scheme as well as SAG/HAG posts not already encadred in any service to be filled by transparent, web-based procedure. Changes recommended in eligibility norms so as to enable officers with domain

expertise to apply, irrespective of their service.

Dearness allowance

11.23 Base year of the Consumer Price Index (CPI) to be revised as frequently as feasible. Formulation of a separate index for Government employees suggested. National Statistical Commission to carry out this exercise.

Recommendations relating to Allowances

11.24 Existing rates of most of the allowances to be doubled both in case of Defence Forces as well as civilian employees.

11.25 Existing rates of HRA to be retained for A-1 cities with A, B-1 & B-2 cities being given this allowance at the rate of 20% and C/ Unclassified cities being given the allowance at the rate of 10%.

11.26 CCA to be subsumed in Transport Allowance and the rates of this allowance to be increased by 4 times.

11.27 Travel entitlements to be paid on actuals.

11.28 Rates of Education allowance reimbursement to be raised from existing Rs.50 to Rs.1000 per child per month, subject to the maximum of two children. Hostel subsidy to be raised from existing Rs.300 p.m. to Rs.3000 p.m.

11.29 Risk allowance to be replaced by risk insurance.

11.30 All the fixed allowances made inflation proof with provisions of automatic revision whenever dearness allowance payable on revised pay bands goes up by 50%. Transport Allowance to be increased every year on the basis of the increase in the dearness allowance.

11.31 Encashment of Earned Leave in case of Defence Forces personnel delinked from the number of years of service. All Defence Forces personnel to be eligible for leave encashment of upto 300 days at the time of retirement/discharge.

Medical facilities 11.32 A new medical insurance scheme recommended for Government employees. The scheme to be optional for existing Central Government employees and pensioners. New Government employees and pensioners to be compulsorily covered by the scheme.

Pension

11.33 Fitment formula recommended for serving employees to be extended in case of existing pensioners/family pensioners.

11.34 Rates of Constant Attendant Allowance to be increased by five times to Rs.3000 p.m.

11.35 Pension to be paid at 50% of the average emoluments/last pay drawn (whichever is more beneficial) without linking it to 33 years of qualifying service for grant of full pension.

11.36 A liberal severance package for employees leaving service between 15 to 20 years of service.

11.37 Higher rates of pension for retirees and family pensioners on attaining the age of 80, 85, 90, 95 and 100 years.

11.38 Revision of the commutation table suggested for commutation of pension.

11.39 Framing of an appropriate insurance scheme suggested for meeting the OPD needs of pensioners in non-CGHS areas.

Advances

11.40 A new mechanism for grant of advances under which an employee will take the advance from an approved bank and the Government will give an interest subsidy equal to two percentage points on the rate of interest being charged by the bank to the

employee. Existing limits of various advances increased and provisions made for their automatic revision periodically.

Public holidays

11.41 Continuation of five day week. Government offices to remain closed only on the three national holidays. All other gazetted holidays to be abolished and compensated by increasing the number of restricted holidays from two to eight days in a year.

Women employees

11.42 Benefits like staggered working hours, special leave for child care, enhanced maternity leave of 180 days, better accommodation facilities in the form of working women's hostels, etc. specifically for women employees.

Persons with disabilities

11.43 Government employees with disabilities recommended various benefits like enhanced number of casual leave, special aids and appliances for facilitating office work, higher interest subsidy for automobile loans, liberal flexi hours, higher rate of transport allowance, better prosthetic aids and proper grievance redressal machinery. Extra allowance for disabled women employees to take care of young child till the time the child attains the age of two years.

Lateral entry of Defence Forces personnel

11.44 Lateral movement of all Defence Forces personnel (both Personnel Below Officer Ranks & Short Service Commission Officers) at appropriate levels in CPOs/CPMFs as well as in the various posts of defence civilians in Ministry of Defence.

Rationalization of the existing processes

11.45 Steps leading to improvement in the existing delivery mechanisms by more delegation, delayering and an emphasis to achieve quantifiable and concrete end results.

11.46 Greater emphasis on field offices/organisation at the cutting edge of delivery. Parity between posts in field offices and the secretariat.

11.47 Enhanced pay scales for Nurses, Teachers and Constabulary with whom the common citizen has most frequent interaction. Postmen have also been upgraded.

11.48 Delayering of administrative offices to cut down hierarchical levels.

11.49 Emphasis on training academies and training processes within the Government.

Regulatory Bodies

11.50 Normal replacement pay bands, grade pay and allowances for the existing Members of regulatory bodies. A revised method of selection with a higher pay package to those recruited through the revised process of selection in selected organisations.

Employees and Court Officers of the Supreme Court

11.51 No relativity established between employees and court officers of the Supreme Court vis-à-vis those working in the Central Government.

Financial implications

11.52 The recommendations contained in the Report to cost Rs.12561 crore in the year 2008-09. Savings of Rs.4586 crore likely to accrue on account of various measures suggested in the Report. The net financial implications of the recommendations contained in the Report estimated to be Rs.7975 crore for the year 2008-09. An additional, one-time burden of Rs.18060 crore on payment of arrears.

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