

## 7th CPC Questionnaire

### 1. Salaries

1.1 The considerations on which the minimum salary in case of the lowest Group 'C' functionary and the maximum salary in case of a Secretary level officer may be determined and what should be the reasonable ratio between the two.

Any Commission which considers the question of emoluments for employees/workers should first be inspired by the implication flowing from the amendment to the preamble of our Constitution where-by the words "socialist & secular" were prefixed to the word "Republic", as also the Directive Principles of State Policy enshrined in Article 43 i.e. the state should endeavour to secure living wage for its employees/workers.

Group C is a skilled worker. MTS is the lowest category of Group C. The 6<sup>th</sup> CPC evolved the MTS by amalgamating some of the unskilled, semi-skilled and skilled functions without any scientific basis or logic. From the standpoint of the stipulation in the recruitment rules, eligibility criteria etc, MTS deserves to be categorized as a skilled worker. In practice, most of the departments have outsourced or contractorised the unskilled or semi skilled jobs leaving the MTS to cater to the requirements of the skilled functions.

Wage structure in civil service is to be determined on the basis of the computation of the minimum wage; fair comparison of wages elsewhere, growth in the economy etc. The living wage, which is a constitutional guarantee, has not been defined. The 15<sup>th</sup> Indian Labour Conference held in 1957 brought in the concept of "Need Based Minimum wage" on the basis of Dr. Aykhrroid formula. The need based minimum wage is required to be provided for an unskilled worker whenever one is employed. The definition underwent minor changes, when the Supreme Court revised the norms later. Presently there are no unskilled regular employees' cadre in Government of India services. The Commission is required to first determine the need based minimum wage as per the Dr. Aykhrroid formula and make necessary adjustment to determine the wages of MTS which is the lowest category in Government of India services. The co-relation of the wages of the skilled and unskilled worker at the lowest grade had always been of the order of 130% for the skilled worker. The minimum of the pay of the MTS/SS has therefore to be determined at 130% of the need based minimum wage.

The minimum maximum ratio obtaining in different countries as per information gathered by V CPC was as under:

Malaysia	-	1:3
Sweden		1:4

USA	-	1:4
Britain	-	1:6
France	-	1:6.6
Indonesia	-	1:6.9
Australia	-	1:7.7
Thailand	-	1:9

However, the earlier Pay Commissions had adopted a ratio of 1:10. Since the minimum wage in the Central Government sector is no more related to an unskilled worker, this ratio must be proportionately changed to 1:8. If one is to take into account the fact that the Pay of Cabinet secretary, being the topmost Civil Servant is excluded by the 6<sup>th</sup> CPC, the ratio in reality between the minimum and maximum will be more than 1:9.

Therefore, so far as maximum salary in the case of a Secretary level officer is concerned the reasonable ratio between minimum and maximum salary may be taken as 1:8 and salary of Secretary level officer may be fixed by multiplying the minimum wage by a factor of 8.

## 1.2 What should be the considerations for determining salary for various levels of functions falling between the highest level and the lowest level functionaries?

Salary for various levels of functions falling between the highest and the lowest level functionaries should be determined by applying the existing vertical and horizontal relativities which have been evolved over a time through various Pay Commissions.

In respect of special functionaries like Professionals and technocrats who normally prefer to work in the Private Sector and therefore either do not offer themselves for Government service or tend to leave it and go over to the Private Sector, Instead of providing them the salary structure of Group A administrative post they may be granted a special Pay package.

Similarly semi-skilled workers engaged in hazardous activities like scavenging, maintenance of rail track, in Laboratories, Hospitals and handling chemicals, explosives etc. may also be considered for a special treatment.

## 2. Comparisons

### 2.1 Should there be any comparison/parity between pay scales and perquisites between Government and the private sector? If so, why? If not, why not?

There should be no comparison/parity between pay scales and perquisites between Government and the private sector for their functions and objectives are incomparable. While the private sector is motivated by the concept of maximization of profit, the requirement of quality service to public without any favour is the cardinal principle of governance. A civil servant is supposed to possess the qualities of being fearless, honest, appreciative of inherent difficulties, non-discriminatory between one citizen and the other; sense of equality; adherence to the rules and regulations etc.

However a “fair comparison with outside wages” is a principle which has been adopted world over for determination of wages of Civil (Government) servants and therefore at least at the bottom level, wages must be on par with the average minimum wage obtaining in selected Private/Public sector undertakings, subject to the condition that it should not in any case be less than the Need Based Minimum wage determined and quantified on the basis of norms adopted by the 15 ILC.

So far as perquisites are concerned no comparison with those obtaining in Private sector is possible except in the case of House Rent/Travelling Allowances. Other perquisites in the Private sector have been granted on altogether different considerations.

2.2 Should there at all be any comparison/parity between pay scales and perquisites between Government and the public sector? If so, why? If not, why not?

Yes. For the sake of a fair comparison of wages especially in the background that some of the Government employees are called upon to perform in a hazardous situation as mentioned in reply to question No. 1.2.

2.3 The concept of variable pay has been introduced in Central Public Sector Enterprises by the Second Pay Revision Committee. In the case of the Government is there merit in introducing a variable component of pay? Can such variable pay be linked to performance?

The concept of performance related pay structure was actually imported by the 6<sup>th</sup> CPC through the Pay Band and Grade Pay system. In the absence of an objective measurement criterion to evaluate the performance of individual officials and groups, the innovation was flawed right at the outset. The 6<sup>th</sup> CPC failed to recognize the fact that in Governmental set up, segmentalisation of functions into tiny units is next to impossible. In order to make the concept workable, the organization must be capable of finalizing clear cut targets both at the individual and group levels. This being difficult in most of the Governmental organizations, it is not desirable either to continue with the existing system or import or replicate what is done in the Public Sector Undertakings. This apart, it is pertinent to point out that most the west European countries, which adopted the Performance pay related scheme in civil service in the hey-days of Thatcher-Reagan era subsequently discarded it as infeasible.

### 3. Attracting Talent

3.1 Does the present compensation package attract suitable talent in the All India Services & Group A Services? What are your observations and suggestions in this regard?

Generally the pay package in Government service at all levels is at a low level compared to the exorbitant pay packets provided by some of the Transnational Corporation in the private Sector. This has no doubt a deleterious impact on the quality of personnel recruited to Civil service, especially at lower levels. Since the Group A Service officers in Civil Service enjoy enormous power, perks privileges and an incomparable job security it has continued to attract talents. As mentioned elsewhere, while parity with the pay and perquisites with the private sector is neither desirable nor feasible, the Commission must ensure that the widening gap in this regard is taken into account as an important factor to be addressed. The element of statutory Pension is one very important and significant factor in attracting persons for Government service, which has been replaced with NPS. Therefore, the NPS and PFRDA Act may be scrapped and statutory pension as a service condition may be restored.

3.2 To what extent should government compensation be structured to attract special talent?

Government may be required to requisition the service of personnel with special talents of professionals, Scientists, technicians and technocrats for specific jobs. The Commission may evolve a scheme for the recruitment and retention of such professionals, technocrats, technicians and Scientists with special pay packets and flexible service conditions.

### 4. Pay Scales

4.1 The 6th Central Pay Commission introduced the system of Pay Bands and Grade Pay as against the system of specific pay scales attached to various posts. What has been the impact of running pay bands post implementation of 6th CPC recommendations?

The Pay Band and Grade Pay system evolved by the 6<sup>th</sup> CPC in implementation of the concept of performance related pay structure in civil service, in our opinion, brought about a chaotic Pay structure. It did not serve the requisite purpose.

4.2 Is there any need to bring about any change?

Yes.

4.3 Did the pay bands recommended by the Sixth CPC help in arresting exodus and attract talent towards the Government?

No.

The Pay Band & Grade Pay structure has not prevented the highly qualified technocrats and professions to leave the Government in search of better career avenues in public and private sectors.

4.4 Successive Pay Commissions have reduced the number of pay scales by merging one or two pay scales together. Is there a case for the number of pay scales/ pay band to be rationalized and if so in what manner?

It must be noted that the successive Pay commissions had reduced the pay scales only at the Group C and D levels. . There is still scope to have further exercise in this direction where clear overlapping exists.

4.5 Is the “grade pay” concept working? If not, what are your alternative suggestions?

It is not working. We shall make our alternate suggestion in the matter in our memorandum.

## 5. Increment

5.1 Whether the present system of annual increment on 1<sup>st</sup> July of every year uniformly in case of all employees has served its purpose or not? Whether any changes are required?

No. In fact the single date increment system has brought in anomalies, which were discussed at length at the National Anomaly Committee, without reaching an agreement. In our Opinion, the commission must recommend, for administrative expediency, two specific dates as increment dates. Viz. 1st January and 1st July. Those recruited/appointed/promoted during the period between 1<sup>st</sup> Jan and 30<sup>th</sup> June, will have their increment date on 1<sup>st</sup> January and those recruited/appointed/promoted between 1st July and 31<sup>st</sup> December will have it on 1st July next. This apart the Commission is required to specifically recommend that those who retire on 30<sup>th</sup> June or 31<sup>st</sup> December are granted one increment on the last day of their service.

5.2 What should be the reasonable quantum of annual increment?

The reasonable quantum of increment should not be less than 5% of the basic pay or the rate of increment agreed upon through bilateral discussion in the Banking industry, whichever is higher.

5.3 Whether there should be a provision of variable increments at a rate higher than the normal annual increment in case of high achievers? If so, what should be transparent and objective parameters to assess high achievement, which could be uniformly applied across Central Government?

Without defining the term “high achiever” and prescribing transparent and objective parameters to assess high achievement the system of variable increments at a rate higher than normal annual increments will be misused on subjective assessment of high achievements. For these reasons and for what we have stated in reply to question No. 2.3 the scheme of variable increment is not desirable.

5.4 Under the MACP scheme three financial up-gradations are allowed on completion of 10, 20, 30 years of regular service, counted from the direct entry grade. What are the strengths and weaknesses of the scheme? Is there a perception that a scheme of this nature, in some Departments, actually incentivizes people who do not wish to take the more arduous route of qualifying departmental examinations/ or those obtaining professional degrees?

There should be 5 financial upgradation in MACP based on the departmental promotional hierarchy. The MACP scheme is required to be continued to motivate personnel at all levels and at all departments especially in those organizations, where normal promotional avenues are few and far between. Normal promotions are dependent upon the availability of vacancies at higher levels. The job requirement of certain organizations may not be capable of creating requisite number of higher level positions whereas it might need large number of personnel at lower levels. MACP alone can take care of that specific situation. The arduous route of career progression through examination and professional qualification, no doubt will be preferred if and if only such promotions are made available for the eligible candidates within a reasonable period of residency in the feeder cadre. Say two to three years.

No financial benefit accrues to a person who is promoted through the arduous route of examination or acquisition of professional qualification, when such promotion follows the financial upgradation under MACP Scheme. This has to be rectified by evolving a distinctly different financial benefit scheme on grant of actual regular promotion.

## 6. Performance

What kind of incentives would you suggest to recognize and reward good performance?

We are against the system of incentives to reward good performance as this would only encourage favouritism and nepotism for the reasons stated to our reply to question No.2.3 and 5.2

## 7. Impact on other organizations

Salary structures in the Central and State Governments are broadly similar. The recommendations of the Pay Commission are likely to lead to similar demands from employees of State Governments, municipal bodies, Panchayati raj institutions & autonomous institutions. To what extent should their paying capacity be considered in devising a reasonable remuneration package for Central Govt. employees?

Capacity of a Governmental organization to pay cannot be gauged only from the available resources but also its potential to raise resources. Wages cannot be

determined on the single factor of capacity of the Government to pay. It must be noted that there are various State Governments in the country which pay better pay packets, perquisites and allowances to its employees than what is provided to the Central Government employees. Panchayati Raj institution, Municipalities, normally follow the salary structure of the respective State Governments. It is also to be noted that various State Governments do revise the wages of their employees once in five years. In any case the incapacity of the government to pay cannot be a justification to deny the minimum wage to workers and the salary structure based upon that concept, especially in the background that the government is to function as a model employer. It also cannot be an excuse for denial of wages on a fair comparison of the wages existing in the society which is evolved as a product of collective bargaining of the workers.

## 8. Defence Forces

8.1 What should be the considerations for fixing salary in case of Defence personnel and in what manner does the parity with civil services need to be evolved, keeping in view their respective job profiles?

No comments

8.2 In what manner should the concessions and facilities, both in cash and kind, be taken into account for determining salary structure in case of Defence Forces personnel.

No comments

8.3 As per the November 2008 orders of the Ministry of Defence, there are a total of 45 types of allowances for Personnel Below Officer Rank and 39 types of allowances for Officers. Does a case exist for rationalization/ streamlining of the current variety of allowances?

No comments

8.4 What are the options available for addressing the increasing expenditure on defence pensions?

No comments

8.5 As a measure of special recognition, is there a case to review the present benefits provided to war widows?

No comments

8.6 As a measure of special recognition, is there a case to review the present benefits provided to disabled soldiers, commensurate to the nature of their disability?

No comments.

## 9. Allowances

9.1 Whether the existing allowances need to be retained or rationalized in such a manner as to ensure that salary structure takes care not only of the job profile but the situational factors as well, so that the number of allowances could be at a realistic level?

The existing allowances need to be retained and enhanced. . They are at a realistic level having been evolved by successive Pay Commission over detailed deliberations.

9.2 What should be the principles to determine payment of House Rent Allowance?

The IIIrd CPC had recommended that Government should lay down appropriate HRA rates in different cities and town based not on population criteria, but on an actual assessment of prevailing level of rent in different cities and Towns. Alternatively, certain notional rents for different types of accommodation meant for officers and personnel of specified pay groups should be laid down for particular cities after studying the actual market rent in that city. The house rent allowance will have to be the actual rent payable by an employee in a particular location as reduced by 10% of basic pay being the amount factored in the computation of minimum wage.

## 10. Pension

10.1 The retirement benefits of all Central Government employees appointed on or after 1.1.2004 are covered by the New Pension Scheme (NPS). What has been the experience of the NPS in the last decade?

We are of the considered opinion that the new pension scheme which came into existence for the employees recruited after 1.1.2004 must be scrapped. The old statutory pension scheme as was in vogue prior to 1.1.2004 must be made applicable to all Government employees irrespective of the date of their entry into Government service. The New pension scheme has in fact created a class within class amongst the Central Government employees which is discriminatory and impermissible. It is clearly in contravention of the dictum pronounced by the Constitution Bench of the Supreme Court in *Nakara Vs Union of India* and therefore deserves to be rescinded.

10.2 As far as pre-1.1.2004 appointees are concerned, what should be the principles that govern the structure of pension and other retirement benefits?

The concept of modified parity introduced by the 5<sup>th</sup> CPC as a measure to reduce the financial implication must be replaced with the full parity concept as was made applicable for the personnel retired prior to 1.1.1986. In other words, the pay of every

retired person must be re-determined notionally as if he is not retired and then his pension to be computed under the revised rules. This alone will protect the value of pension of a retired person.

5<sup>th</sup> CPC in their Para 127.6 has observed, “It needs to be averred emphatically that pension is not in the nature of alms being doled out to beggars. Senior Citizens (Retired Government employees) need to be treated with dignity and courtesy befitting their age. Pension is their statutory, inalienable, enforceable right & it has been earned by the sweat of their brow” Hon’ble Supreme Court, in its landmark Constitutional Bench judgement dated 17.12.1982 in the case of D.S. Nakara Vs Union of India ruled –

“A Pension scheme consistent with available resources must provide (adequate pension) so that the Pensioner would be able to live

- i) free from want, with decency, independence and self respect and
- ii) At a standard equivalent at pre-retirement level.
- iii) Pensioners from payment of pension form a homogenous class. Different formulae affording unequal treatment cannot be adopted to compute their pension solely on the ground that some retired earlier and some retired later.

A comprehensive scheme of retirement benefit has been suggested by the stake holders both as an agenda in the National Council meeting of JCM and the meetings of SCOVA. The Commission is requested to consider the well thought out scheme formulated in those agenda and make recommendations to the Government, so that the pension and retirement benefits will really become meaningful for the retired employees. We shall elucidate the points in detail when we submit the memorandum to the Commission on retirement benefits.

## 11. Strengthening the public governance system

11.1 The 6th CPC recommended upgrading the skills of the Group D employees and placing them in Group C over a period of time. What has been the experience in this regard?

The then existing Group D employees, to the best of our understanding have all been trained, upgraded or promoted to function as skilled group C employees and they perform well and efficiently.

11.2 In what way can Central Government organizations functioning be improved to make them more efficient, accountable and responsible? Please give specific suggestions with respect to:

- a) Rationalization of staff strength and more productive deployment of available staff;

- b) Rationalization of processes and reduction of paper work; and
- c) Economy in expenditure.

Whatever rationalization effected so far by the Government had been through an unscientific and arbitrary executive fiat like the one issued in 2001 and which was kept operative till 2009. The said exercise only reduced the staff strength drastically. We are not aware of any rationalization or reduction in Group A cadres through this exercise even though the executive instruction covered all grades and cadres in the Government service. In fact there had been no rationalization but only reduction of manpower overburdening the existing workers and making most of the Departments difficult to perform perfectly. In our considered opinion, the 7thCPC must recommend to the Government to set up a Committee in each department with experts from outside the organization, the officials from within the organization and representative of the Unions of the respective department to study the functional changes taken place over the years, especially due to the induction of modern technology the new challenges and the best way to meet those challenges, reduction in paper work, customer satisfaction and economy in expenditure and make suggestions to the Government for their acceptance and implementation.

## 12. Training/ building competence

To ensure that periodical professional training is imparted to all personnel to update the skills.

### 12.1 How would you interpret the concept of “competency based framework”?

No comments. This in fact is a matter which must be considered by an Administrative Reforms Commission rather than the Pay Commission.

### 12.2 One of the terms of reference suggests that the Commission recommend appropriate training and capacity building through a competency based framework.

- a) Is the present level of training at various stages of a person's career considered adequate? Are there gaps that need to be filled, and if so, where?
- b) Should it be made compulsory that each civil service officer should in his career span acquire a professional qualification? If so, can the nature of the study, time intervals and the Institution(s) whose qualification are acceptable, all be stipulated?
- c) What other indicators can best measure training and capacity building for personnel in your organization? Please suggest ways through which capacity building can be further strengthened?

In our opinion in- service training is the best course for skill development.

13.1 What has been the experience of outsourcing at various levels of Government and is there a case for streamlining it?

Outsourcing of Governmental functions per se is undesirable and must be stopped.

The experience has been sheer duplication of work by existing regular employees and deterioration of efficiency in public service. It encouraged rampant corruption and endangered the quality of service, safety and security of the organization.

13.2 Is there a clear identification of jobs that can be outsourced?

No. for reasons stated in reply to question No. 13.

#### 14. Regulatory Bodies

No comments.

14.1 Kindly list out the Regulators set up under Acts of Parliament, related to your Ministry/ Department. The total number of personnel on rolls (Chairperson and members + support personnel) may be indicated.

No comments. The reply has to be given Government Departments.

14.2 Regulators that may not qualify in terms of being set up under Acts of Parliament but perform regulatory functions may also be listed. The scale of pay for Chairperson /Members and other personnel of such bodies may be indicated.

No comments. The reply has to be given Government Departments.

14.3 Across the Government there are a host of Regulatory bodies set up for various purposes. What are your suggestions regarding emoluments structure for Regulatory bodies?

No comments.

#### 15. Payment of Bonus

One of the terms of reference of the 7th Pay Commission is to examine the existing schemes of payment of bonus. What are your suggestions and observations in this regard.

The present system of Productivity linked bonus is the product of bilateral agreements and cannot be changed through unilateral decisions. What is needed is that the Government must issue necessary guidelines to enable all departments to enter into such bilateral agreements with their staff unions so that the adhoc bonus system presently in vogue in many departments could be abolished. This apart, the Commission must recommend that PLB, being an incentive scheme in nature, must be computed on actual pay of an employee instead of the notional emoluments.

OOo