

No alternative for Pay Commission [Loksabha Q&A]

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA

UNSTARRED QUESTION NO: 1652

ANSWERED ON: 27.07.2018

Pay Commission Reports

RAJENDRA AGRAWAL

Will the Minister of FINANCE be pleased to state:-

(a) Whether the reports of successive Pay Commissions have been increasing the burden on Government finances/exchequer in partially accepting their recommendations for increase in wages and if so, the details thereof;

(b) whether the last Pay Commission has suggested productivity linked pay hike to the deserving employees to eliminate below average or mediocre performance and if so, the details thereof;

(c) whether such periodic hikes in wages resulting from Pay Commission recommendations trigger similar demands from the State Government/public utility employees, imposing burden on already strained State finances and if so, the details thereof; and

(d) whether the Government is considering an alternative for increasing the salaries and allowances of Central Government employees and pensioners in future instead of forming Pay Commission and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI P. RADHAKRISHNAN)

(a) The financial impact of the recommendations of the Central Pay Commission, as accepted by the Government, is normally pronounced in the initial year and gradually it tapers off as the growth in the economy picks up and fiscal space is widened. While implementing the recommendations of the last Central Pay Commission, i.e., the Seventh Central Pay Commission, the Government staggered its implementation in two

financial years. While the recommendations on pay and pension were implemented with effect from 01.01.2016, the recommendations in respect of allowances after an examination by a Committee have been implemented with effect from 01.07.2017. This has moderated the financial impact of the recommendations. Moreover, unlike the previous 6th Pay Commission, which entailed substantial impact on account of arrears, the impact in the year 2016-17 on account of element of arrears of revised pay and pension on the present occasion of the 7th Central Pay Commission pertained to only 2 months of the previous financial year of 2015-16.

(b) The Seventh Central Pay Commission in Para 5.1.46 of its Report proposed withholding of annual increment in the case of those employees who are not able to meet the benchmark either for Modified Assured Career Progression (MACP) or regular promotion within the first 20 years of their service.

(c) The service conditions of employees of State Governments fall within the exclusive domain of the respective State Governments who are federally independent of the Central Government. Therefore, the concerned State Governments have to independently take a view in the matter.

(d) No such proposal is under consideration of the Government.