

Executive Summary

Chapter 17

17.1 **Minimum Pay:** After considering all relevant factors and based on the Aykroyd formula the minimum pay in government is recommended to be set at ₹18000 per month. (*chapter 4.2*)

17.2 **New Pay Structure:** The present system of pay bands and grade pay has been dispensed with and a new pay matrix has been designed. The status of the employee, hitherto determined by grade pay, will now be determined by the level in the pay matrix. Separate pay matrices have been drawn up for civilians, defence personnel and for military nursing service. All existing levels have been subsumed in the new structure; no new levels have been introduced nor has any level been dispensed with. (*paras 5.1.13 to 5.1.17*)

17.3 In the “**horizontal range**” of the pay matrix level corresponds to a ‘**functional role in the hierarchy**’ and as the employee’s level rises he or she moves from level to level. The “**vertical range**” for each level denotes ‘**pay progression**’ within that level and an employee would move vertically within each level as per the annual financial progression of three percent. The starting point of the matrix is the minimum pay which has been arrived based on 15th ILC norms or the Aykroyd formula. (*para 5.1.21*)

17.4 **Fitment:** The starting point for the first level of the matrix has been set at ₹18,000. This corresponds to the present starting pay of ₹7,000, which is the beginning of PB-1 viz., ₹5200 + GP 1800, on the date of implementation of the VI CPC recommendations. Hence the starting point now proposed is 2.57 times of what was prevailing on 01.01.2006. This fitment factor of 2.57 is being proposed to be applied uniformly for all employees. (*para 5.1.27*)

17.5 **Annual Increment:** The rate of annual increment is being retained at 3 percent. (*para 5.1.38*)

17.6 **Entry Pay:** The differential of entry pay between new recruits and promoted employees at various levels has been done away with. (*para 5.1.32 and para 5.1.33*)

17.7 **Modified Assured Career Progression (MACP):**

- i. This will continue to be administered at 10, 20 and 30 years as before.
- ii. In the new Pay matrix, the employees will move to the immediate next level in the hierarchy.
- iii. In the interest of improving performance level, the benchmark for MACP has been recommended to be enhanced from ‘Good’ to ‘Very Good.’

- iv. The Commission has proposed withholding of annual increments in the case of those employees who are not able to meet the benchmark either for MACP or a regular promotion within the first 20 years of their service. (paras 5.1.44-5.1.46)

17.8 **Defence pay matrix:** A pay matrix similar to that for civilian employees has been drawn up for defence personnel. The commencement of the Defence Pay Matrix for combatants corresponds to the existing GP 2000, which is the induction level for Sepoys and equivalent. The Pay Matrix designed for the defence forces personnel is more compact than the civil pay matrix keeping in view the number of levels, age and retirement profile of the service personnel. (para 5.2.13 and para 5.2.14)

17.9 **Military Nursing Officers (MNS):** Similarly, in the case of the pay matrix for (MNS), the existing uniqueness in the pay structure of MNS officers has been captured in the pay matrix designed for the MNS. (para 5.2.12)

17.10 **Military Service Pay (MSP):** The Defence forces personnel will continue to be entitled to payment of Military Service Pay for all ranks up to and inclusive of Brigadiers and their equivalents. The MSP per month recommended is as follows:

i.	Service Officers	₹15,500
ii.	Nursing Officers	₹10,800
iii.	JCO/ORs	₹ 5,200
iv.	Non Combatants (Enrolled) in the Air Force	₹ 3,600

17.11 MSP will continue to be reckoned as Basic Pay for purposes of Dearness Allowance, as also in the computation of pension. Military Service Pay will however not be counted for purposes of House Rent Allowance, Composite Transfer Grant and Annual Increment.

(para 5.2.22)

17.12 The Military Service Pay, which is a compensation for the various aspects e.g., intangibles linked to special conditions of service, conducting full spectrum operation including force projection outside India's boundaries, superannuation at a younger age and for the edge historically enjoyed by the Defence Forces over the civilian scales, will be admissible to the **Defence forces personnel only**. (para 6.1.31)

17.13. **MACP:** MACP for defence forces personnel will continue to be administered at 8,16 and 24 years of service. (para 6.2.85)

17.14 **Rationalisation of Trades:** All X trades should mandatorily obtain a qualification which is equivalent of a diploma in engineering (recognised by AICTE). The incentive structure will henceforth be linked with the qualifications as follows:

- i. X pay for JCOs/ORs in Group X at ₹3,600 per month for those currently in X pay, but not having a technical qualification recognised by AICTE).

- ii. X pay for JCOs/ORs in Group X at ₹6,200 per month for all X trades which involve obtaining a qualification which is equivalent of a diploma recognised by AICTE.
(para 6.2.79 and para 6.2.88)

17.15 **Defence Security Corps (DSC):** The benefit of MACP be permitted to DSC personnel also. However this benefit should be limited to a total of three upgrades in the entire service career, taking the combined length of the regular employment and the course of reemployment as defence service corps personnel. The first benefit of MACP may be extended to them after a period of eight years from their date of re-employment, in case they do not get a promotion during this period. (para 6.2.98)

17.16 **Grant of Annual Increment to Recruits:** The benefit of grant of first annual increment to recruits will be reckoned from date of enrolment. (para 6.2.94)

17.17 **Short Service Commissioned Officers:** Short Service Commissioned Officers will be allowed to exit Armed Forces any time between 7 and 10 years of service with a terminal gratuity equivalent of 10.5 months of reckonable emoluments. They will further be entitled to a fully funded one year Executive Programme or a M.Tech. programme at a premier Institute. (para 6.2.63)

17.18 **Headquarters Staff:** Parity in pay, up to the rank of Assistants, between the field staff and headquarter staff is recommended. It is recommended that the level of Assistants of CSS be brought at par with Assistants in the field offices who are presently drawing GP 4200. Accordingly, in the new pay matrix the Assistants of both Headquarters as well as field units will come to lie in Level 6 in the pay matrix and pay fixed accordingly. This level corresponds to pre-revised GP 4200. The corresponding posts in the Stenographers cadre will also follow similar pay parity between field and headquarter staff. The pay of those Assistants/Stenographers who have, in the past, been given higher Grade pay would be protected. (chapter 7.1)

17.19 Recently, through a government order 'edge in pay' has been extended to the Upper Division Clerks belonging to CSS in the Secretariat by way of grant of non-functional selection grade to GP 4200. This is available to 30 percent of UDCs. Since the Commission is recommending placement of all Assistants, field and Headquarters, in Level 6 of the pay matrix, which corresponds to pre-revised GP 4200, this non-functional selection grade to GP 4200 for Upper Division Clerks belonging to CSS is recommended to be withdrawn. (para 7.1.4 (j))

17.20 **Two Additional Increments** in CSS/CSSS are granted at the time of their promotion from the grade of Under Secretary/PPS to the grade of Deputy Secretary/Senior PPS. The Commission finds no merit in continuation of two increments for CSS/CSSS as no such

dispensation exists in any other service except the IAS and hence recommends abolition of the same. (para 7.1.6 (d))

17.21 Cadre Review: To hasten the process of cadre reviews and reduce the time taken in inter-ministerial consultations, it is recommended that the examination of the cadre restructuring proposal should be undertaken at the department level itself with one member each from DoPT and Department of Expenditure attending such meetings chaired by the concerned Secretary of the cadre seeking the review, in the capacity of the cadre controlling officer. The proposal can thereafter be placed before the Cadre Review Committee chaired by the Cabinet Secretary where the concerned Secretaries are represented. (para 7.3.17)

17.22 Common Categories: To streamline the common cadres residing in different Departments/Ministries/UTs it is recommended that the government assign specific ministries to be the nodal ministry for each such category. These nodal ministries be tasked with drafting model recruitment rules laying down the educational qualifications, job responsibilities and pay structure for all such categories. A few examples are the Statistical Cadres and Fire-fighting staff. (para 7.7.75)

17.23 Allowances: The entire structure of allowances have been examined de novo with the overall aim of transparency, simplification and rationalization, keeping amongst other things, the proposed pay structure in mind. The Commission has recommended abolishing 52 allowances altogether. Another 36 allowances have been abolished as separate identities, but subsumed either in an existing allowance or in newly proposed allowances. Particular emphasis has been placed on simplifying the process of claiming allowances. Allowances relating to Risk and Hardship will be governed by the proposed Risk and Hardship Matrix. (para 8.2.5)

17.24 Most of the allowances that have been retained have been given a raise that is commensurate with the rise in DA. Allowances that are in the nature of a fixed amount but fully indexed to DA have not been given any raise. Regarding percentage based allowances, since the Basic Pay will rise as a result of the recommendations of this Commission, the quantum of percentage based allowances has been rationalized by a factor of 0.8. (para 8.2.3)

17.25 Risk and Hardship Allowance: Allowances relating to Risk and Hardship will be governed by the newly proposed nine-cell Risk and Hardship Matrix, with one extra cell at the top, viz., RH-Max to include Siachen Allowance. This would be the ceiling for risk/hardship allowances and there would be no individual RHA with an amount higher than this allowance. (para 8.10.65 and para 8.10.66)

17.26 House Rent Allowance: In line with our general policy of rationalizing the percentage based allowances by a factor of 0.8, the Commission recommends that HRA should be rationalized to 24 percent, 16 percent and 8 percent of the Basic Pay for Class X, Y and Z cities respectively. The Commission also recommends that the rate of HRA will be revised to 27

percent, 18 percent and 9 percent when DA crosses 50 percent, and further revised to 30 percent, 20 percent and 10 percent when DA crosses 100 percent. (*para 8.7.15*)

17.27 Currently, in the case of those drawing either NPA or MSP or both, the amounts of NPA/MSP are included with the Basic Pay and HRA is being paid as a percentage of the total amount. The Commission recommends that HRA should be calculated as a percentage of Basic Pay only and that add-ons like NPA, MSP, etc. **should not be included** while working out HRA. (*para 8.7.16*)

17.28 The Commission, in the interactions it has had with the men on the ground at all field locations it has visited, has seen first-hand that the lack of proper housing compensation is a source of discontentment among these employees. The service rendered by PBORs of uniformed services needs to be recognized and Housing provisions of PBORs of Defence, CAPFs and Indian Coast Guard have been simplified and HRA coverage has been extended to them. (*para 8.7.26*)

17.29 Uniform related allowances have been amalgamated under a simplified Dress Allowance payable annually. It is thus recommended that uniform related allowances be subsumed in a single Dress Allowance (including shoes). (*para 8.16.14*)

17.30 Any allowance, not mentioned here (and hence not reported to the Commission), shall cease to exist immediately. In case there is any demand or requirement for continuation of an existing allowance which has not been deliberated upon or covered in this report, it should be re-notified by the ministry concerned after obtaining due approval of Ministry of Finance and should be put in the public domain. (*para 8.2.5*)

17.31 Entire CPMA will be payable to the PBORs of Defence Forces. Except Rum Allowance, other components of CPMA will be payable to PBORs of CAPFs, Indian Coast Guard, RPF and Police forces of Union Territories. Rum Allowance will be granted to PBORs of CAPFs and Indian Coast Guard as per the existing guidelines. (*para 8.17.25*)

17.32 Night Duty Allowance: While the present weightage of 10 minutes for every hour of duty performed between the hours of 22:00 and 06:00 the present prescribed hourly rate of NDA equal to $(BP+DA)/200$ may be continued, the amount of NDA should be worked out **separately for each employee** and the existing formulation for giving same rate of NDA for all employees with a particular GP should be abolished. (*para 8.17.77*)

17.33 OTA should be abolished (except for operational staff and industrial employees who are governed by statutory provisions). At the same time it is also recommended that in case the government decides to continue with OTA for those categories of staff for which it is not a statutory requirement, then the rates of OTA for such staff should be increased by 50 percent from their current levels. (*para 8.17.97*)

17.34 All non-interest bearing Advances have been abolished. (*para 9.1.4*)

17.35 Regarding Motor Car Advance and Motor Cycle/Scooter/Moped Advance, since quite a few schemes for purchase of vehicles are available in the market from time to time. The employees should avail of these schemes and both these advances should be abolished. (para 9.1.7)

17.36 Regarding other interest-bearing advances, the following is recommended: (para 9.1.8)

(i)	PC Advance	₹50,000 or actual price of PC, whichever is lower	May be allowed maximum five times in the entire service.
(ii)	HBA	34 times Basic Pay OR ₹25 lakh OR anticipated price of house, whichever is least	The requirement of minimum 10 years of continuous service to avail of HBA should be reduced to 5 years. If both spouses are government servants, HBA should be admissible to both separately. Existing employees who have already taken Home Loans from banks and other financial institutions should be allowed to migrate to this scheme.

17.37 The three different kinds of leave admissible to civilian/defence employees which are granted for work related illness/injuries—Hospital Leave, Special Disability Leave and Sick Leave are being subsumed and rationalized into a composite new Leave named Work Related Illness and Injury Leave (WRIIL). (para 9.2.36)

1. Full pay and allowances will be granted to all employees during the entire period of hospitalization on account of WRIIL.
2. Beyond hospitalization, WRIIL will be governed as follows:
 - a. For Civilian employees, RPF employees and personnel of Police Forces of Union Territories: Full pay and allowances for the 6 months immediately following hospitalization and Half Pay only for 12 months beyond that. The Half Pay period may be commuted to full pay with corresponding number of days of Half Pay Leave debited from the employee's leave account.
 - b. For Officers of Defence, CAPFs, Indian Coast Guard: Full pay and allowances for the 6 months immediately following hospitalization, for the next 24 months, full pay only.
 - c. For PBORs of Defence, CAPFs, Indian Coast Guard: Full pay and allowances, with no limit regarding period.

17.38 The Rates of contribution as also the insurance coverage under the Central Government Employees General Insurance Scheme have remained unchanged for long. The following rates of CGEGIS are recommended: (para 9.3.6)

Level of Employee	Monthly Deduction (₹)	Insurance Amount (₹)
10 and above	5000	50,00,000
6 to 9	2500	25,00,000
1 to 5	1500	15,00,000

17.39 A simplified process for Cadre Reviews and revamping of the screening process under Central Staffing Scheme have been recommended. (para 7.3.41)

17.40 **Health Insurance:** The Commission strongly recommends the introduction of health insurance scheme for Central Government employees and pensioners. In the interregnum, for the benefit of pensioners residing outside the CGHS areas, the Commission recommends that CGHS should empanel those hospitals which are already empanelled under CS (MA)/ECHS for catering to the medical requirement of these pensioners on a cashless basis. This would involve strengthening of administrative capacity of nearest CGHS centres. The Commission recommends that the remaining 33 postal dispensaries should be merged with CGHS. The Commission further recommends that all postal pensioners, irrespective of their participation in CGHS while in service, should be covered under CGHS after making requisite subscription. The Commission recommends that possibility of such a combined network of various medical schemes should be explored through proper examination. (para 9.5.18)

17.41 **Pension:** The Commission recommends a revised pension formulation for civil employees including CAPF personnel **and** Defence personnel, who have retired before 01.01.2016. This formulation will bring about **complete parity** of past pensioners with current retirees:

- i. All the personnel who retired prior to 01.01.2016 (expected date of implementation of the Seventh CPC recommendations) shall first be fixed in the Pay Matrix being recommended by this Commission, on the basis of the Pay Band and Grade Pay at which they retired, at the minimum of the corresponding level in the matrix. This amount shall be raised, to arrive at the notional pay of the retiree, by adding the number of increments he/she had earned in that level while in service, at the rate of three percent. Fifty percent of the total amount so arrived at shall be the revised pension. In the case of the Defence personnel, total amount so arrived at shall be inclusive of MSP.
- ii. The second calculation to be carried out is as follows. The pension, as had been fixed at the time of implementation of the VI CPC recommendations, shall be multiplied by 2.57 to arrive at an alternate value for the revised pension.
- iii. Pensioners may be given the option of choosing whichever formulation is beneficial to them.

(para 10.1.67)

17.42 Since the fixation of pension as per formulation (i) above may take a little time it is recommended that in the first instance the revised pension may be calculated as at (ii) above

and the same may be paid as an interim measure. In the event calculation as per (i) above yields a higher amount the difference may be paid subsequently. (para 10.1.68)

17.43 The Commission recommends enhancement in the ceiling of gratuity from the existing ₹10 lakh to ₹20 lakh from 01.01.2016. The Commission further recommends, as has been done in the case of allowances that are partially indexed to Dearness Allowance, the ceiling on gratuity may increase by 25 percent whenever DA rises by 50 percent. (para 10.1.37)

17.44 **Lump sum Compensation for Invalidation due to Disability:** The Commission recommends an increase in the existing lump sum compensation of ₹9 lakh for 100 percent disability to ₹20 lakh. However it finds no justification to recommend broad banding for payment of Ex-gratia award to service personnel boarded out on account of disability/war injury attributable to or aggravated by military service. (para 10.2.65)

17.45 The Commission notes that cadets are not considered on duty during training and therefore cannot be treated at par with serving defence forces personnel. The Commission, however, keeping in view the facts relating to cadets, recommends an increased ex-gratia disability award from the existing ₹6,300 per month to ₹16,200 per month for 100 percent disability. (para 10.2.67)

17.46 **Disability Pension:** Keeping in view the tenets of equity, the Commission is recommending reverting to a slab base system for disability element, instead of existing percentile based disability pension regime. Distinct rates separately for officers, JCOs and ORs have been prescribed. (para 10.2.55)

17.47 **Ex-gratia Lump sum Compensation to Next of Kin:** The Commission is recommending the revision of rates of lump sum compensation for next of kin (NOK) in case of death arising in five separate circumstances, to be applied uniformly for the defence forces personnel and civilians. (para 10.2.77)

Circumstances	Proposed (₹)
Death occurring due to accidents in course of performance of duties.	25 lakh
Death in the course of performance of duties attribute to acts of violence by terrorists, anti-social elements etc.	25 lakh
Death occurring in border skirmishes and action against militants, terrorists, extremists, sea pirates	35 lakh
Death occurring while on duty in the specified high altitude, inaccessible border posts, on account of natural disasters, extreme weather conditions	35 lakh
Death occurring during enemy action in war or such war like engagements, which are specifically notified by Ministry of Defence# and death occurring during evacuation of Indian Nationals from a war-torn zone in foreign country	45 lakh

17.48 **Indian Coast Guard:** The Commission is recommending for the Indian Coast Guard:

- a. Merger of pay group Z into pay group Y. (*para 11.12.15*)
- b. X pay of ₹6,200 p.m. to all direct entry diploma holders. (*para 11.12.18*)
- c. Sarang Laskars to be upgraded to pay level 4 in the civilian pay matrix. (*para 11.12.21*)
- d. Upgradation of Director General to Apex Level. (*para 11.12.27*)

Other highlights are as under:

17.49 **The Edge:** The edge, presently accorded to the Indian Administrative Service in the form of two additional increments @ 3 percent over their basic pay at three promotion stages i.e., promotion to the Senior Time Scale (STS), to the Junior Administrative Grade (JAG) and the NFSG to continue in the proposed pay matrix.

17.50 Having regard to the difficult demands placed on police officers by their jobs including long working hours, the risk of personal injury and death and the immense public responsibility they carry, the view of the Chairman has recommended that this financial edge, as given to the IAS, be extended to the IPS as also to the third All India Service, the IFoS. (*para 7.2.38*)

17.51 In so far as the Indian Foreign Service is concerned, the existing dispensation shall continue. (*para 7.2.18 and para 7.2.19*)

17.52 Shri.Vivek Rae, Member, Seventh CPC is of the view that the financial edge for IAS and IFS is fully justified but has not agreed with the view that it should be extended to the IPS and the IFoS. (*para 7.2.20*)

17.53 Dr. Rathin Roy, Member, Seventh CPC is of the view that the financial edge accorded to the IAS and IFS should be removed. IAS officers have a multi-dimensional leadership role to play and in specific jobs such as that of DM/DC, officers occupying such positions must be able to be *primus inter pares* by administrative affirmation. According to him, if this position is to be reflected through superior financial remuneration, then their recruitment must be conducted separately. (*para 7.2.21*)

17.54 Chairman and Dr.Rathin Roy, Member are of the view that all AIS and Central Services Group A officers who have completed 17 years of service should be eligible for empanelment under the Central Staffing Scheme and the “two year edge”, presently enjoyed by the IAS should be withdrawn. Shri Vivek Rae, Member, has not agreed with this view and has recommended review of the Central Staff Scheme guidelines. (*para 7.2.23 and para 7.2.24*)

17.55 **Non Functional Upgradation for Organised Group ‘A’ Services:** The Chairman is of the considered opinion that since NFU has been in existence for the last ten years and is being availed by all the organised Group ‘A’ Services it should be allowed to continue. The same will be available not only to all organised Central Group ‘A’ Services but also members of CAPFs, ICG and Defence forces. NFU will henceforth be based on the respective residency periods in the preceding substantive grade. All the prescribed eligibility criteria and

promotional norms including 'benchmark' for upgradation to a particular level would have to be met at the time of grant of NFU. (*para 6.2.35, para 7.3.21 and para 7.3.22*)

17.56 Shri Vivek Rae, Member and Shri Rathin Roy, Member, have favoured abolition of NFU at SAG and HAG level. (*para 7.2.24*)

17.57 Chairman and Dr. Rathin Roy, Member, hold the view that the age of superannuation for all CAPF personnel should be 60 years uniformly. Shri Vivek Rae, Member, has not agreed with this recommendation and has endorsed the stand of the Ministry of Home Affairs. (*para 11.22.33 and para 11.22.34*)