

INDIAN RAILWAYS TECHNICAL SUPERVISORS ASSOCIATION

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Date: 14-9-2016

**Additional Secretary (Expenditure),
Government of India,
North Block,
New Delhi-110001**

For kind consideration of the Committee of Secretaries
- On Minimum Pay & Fitment Factor of 7th CPC

Subject: MINIMUM PAY & MULTIPLE FACTOR AFTER 7TH CPC

Reference: i) Para 10.1.67 of Report of 7th Pay Commission

ii) Para 3 & 4 of Resolution No. 1-2/2016-IC dated 25-7-2016 of Govt of India on 7th CPC Report

We have to make the following submissions for the kind consideration of the Committee for regarding Minimum Pay and Fitment / Multiplication Factor:

1. MODIFICATIONS ACCEPTED BY SUPREME COURT & PRESENT DAY REQUIREMENTS IGNORED BY 7TH CPC FOR DECIDING MINIMUM PAY BY Dr. W. AYKROYED FORMULA

- a) The Minimum Pay Fixed at Rs.18000 by the 7th CPC is very much unjust and meager and ignores the accepted norms in this regard.
- b) The Minimum wage of Rs.18000 proposed by 7th Pay Commission is based on Dr Aykroyed formula for Minimum Need Based Wage which was adopted by 15th Indian Labour Conference held in 1957. This needed to be updated as per present day requirements. As per law of natural justice and as per directions of the Supreme Court of India issued as long back as in 1991 in the case of Reputekos Brett & Co. Vs Workers & others.
- c) Prescribed provision of 25% to cover education, recreation, festivals & medical expenses has been reduced to 15% by 7th CPC. Similarly provision for housing has been reduced from prescribed 7.5% to 3% which are totally inadequate, unjust and unrealistic..
- d) In para 4.2.8, Step-1, 7th CPC indicated that a family is comprising of three consumption units, as per norms set by 15th Indian Labour Conference (ILC) in 1957.
- e) Computing husband as one unit, wife as 0.8 unit and two children each below the age of 14 as 0.6 unit is very much inadequate and 15th ILC had not considered maintenance of aged parents.
- f) Maintenance and Welfare of Parents and Senior Citizens Act, 2007 make it a legal obligation for children and heirs to provide maintenance to senior citizens and parents, by monthly allowance.
- g) It is therefore, necessary that while calculating cost for maintenance household the aged parents should also be considered as 2 Units besides the husband, wife, two Children as consumption units per family and the same should be taken at least as four (if not five) instead of three.
- h) Dr. W. Aykroyd formula on food & other requirements and associated requirements specified by 15th ILC shall be applied for 4 consumption units per family.
- i) Minimum Pay works out to be Rs.24,000 (instead of Rs.18000 recommended by the 7th CPC) and the multiple factor 3.43 (instead of 2.57 recommended by the 7th CPC)

- j) Table-1 of 7th CPC for calculation of minimum pay needs to be redrawn as under by keeping 4 consumption unit per family:

Table-1

Calculation of Minimum Pay as on 01.01.2016 for four consumption unit per family							
		Per day PCU	Unit	Per month 4 PCU	Unit	Price/ Unit Rs.	Expenses Rs.
1	Rice/Wheat	475	gm	57.00	kg	25.93	1478.01
2	Dal (Toor/Urad/Moong)	80	gm	9.60	kg	97.84	939.26
3	Raw Vegetables	100	gm	12.00	kg	58.48	701.76
4	Green Vegetables	125	gm	15.00	kg	38.12	571.80
5	Other Vegetables	75	gm	9.00	kg	32.80	295.20
6	Fruits	120	gm	14.40	kg	64.16	923.90
7	Milk	200	ml	24.00	litre	37.74	905.76
8	Sugar/Jaggery	56	gm	6.72	kg	37.40	251.33
9	Edible Oil	40	gm	4.80	kg	114.02	547.30
10	Fish			3.33	kg	268.38	894.60
11	Meat			6.67	kg	400.90	2672.67
12	Egg			120	no.	4.27	512.40
13	Detergents etc			Rs/month		388.41	388.41
14	Clothing			7.33	meter	164.88	1208.57
15	Total (1-14)						12290.97
16	Fuel, Electricity, Water Charges						3072.74
17	Total-(15) divided by 0.8						15363.71
18	Marriage, Recreation, Festivals, etc.						2711.24
19	Total-(17) divided by 0.85						18074.95
20	Provide for Skill by adding 25% to (19)						4518.74
21	Sum (19+20)						22593.69
22	Housing @						698.77
23	Total-Divide no.21 by 0.97						23292.47
24	Step up of 3% on No.23 as DA is projected at 125% on 01.01.2016						698.77
25	Final Minimum Pay as on 01.01.2016 (23+24)						23991.24
26	Rounding off						24000

2. MINIMUM PLUS DA WITH 40% FIXATION BENEFIT

- 40% fixation benefit was given over 4th CPC scale to 5th CPC scale in general to all the scales.
- 40% of maximum of 5th CPC scale was given over 5th CPC scale as fixation benefit in general in 6th CPC scales.
- But, only 14.29% (i.e even less than 15%) of basic pay has been given as fixation benefit is after the 7th CPC over 6th CPC pay, which is grievously inadequate.
- Table-2 given below gives the comparison on fixation benefit given after 6th CPC & after 7th CPC.

Table-2

5 th CPC		6 th CPC			% increase from 5th CPC Pay + DA to 6th CPC Pay	6th CPC Pay + 125% DA	7th CPC Pay	% increase from 6th CPC Pay + DA to 7th CPC
5th CPC Pay	5th CPC Pay + DA 86%	PB	GP	6th CPC Basic Pay				
2750	5115	PB-1	1800	7000	36.85%		18000	14.29%
3050	5673	PB-1	1900	7730	36.26%	22050	19900	13.68%
3200	5952	PB-1	2000	8460	42.14%	24507	21700	19.66%
4000	7440	PB-1	2400	9910	33.20%	25389	25500	15.18%
4500	8370	PB-1	2800	11360	35.72%	30996	29200	16.18%
5000	9300	PB-2	4200	13500	45.16%	35186	35400	16.54%
7450	13857	PB-2	4600	17140	23.69%	42525	44900	22.50%
7500	13950	PB-2	4800	18150	30.11%	51314	47600	12.83%
8000	14880	PB-2	5400	21000	41.13%	59063	53100	16.37%
8000	14880	PB-3	5400	21000	41.13%	63882	56100	18.73%
10325	19205	PB-3	6600	25350	32.00%	66150	67700	16.58%
12000	22320	PB-3	7600	29500	32.17%	81302	78800	17.05%
14300	26598	PB-4	8700	46100	73.32%	94248	118500	14.24%
15400	28644	PB-4	8900	49100	71.41%	145215	131100	19.91%
14300	26598	PB-4	10000	53000	99.26%	153059	144200	35.21%

- e) The Multiple Factor of 2.57 proposed by the Pay Commission for Pay Fixation is totally unjust, inadequate and arbitrary especially keeping in view the high inflation (in real terms and wage rise in the organized sector including the PSUs after two revisions in PSUs since the Sixth CPC. The Fixation Benefit needs to be at least 40% - as after the last two Pay Commissions and the Common Multiple Factor may please be fixed at least (Pay+DA) + 40% of Pay + DA, ie. 3.15 times of 6th CPC basic pay.

Table -3 showing calculation of new pay which will be equal to Pay + Pay fixation benefit equal to 40% of 6th CPC Pay + DA

1	Minimum Pay (6 th CPC)	7000
2	DA @ 125%	8750
3	Pay + DA	15750
4	Fixation benefit (40% of Pay + DA) & Proposed increase in real wage	6300
5	New Pay (3+4)	22050
6	Increase in basic pay (in Rs.) (5 - 1)	15050
7	No. of times increase in basic pay	3.15
8	Real wage no. of times increase	1.40

- k) Minimum Pay works out to be Rs.22,100 (instead of Rs.18000 recommended by the 7th CPC) and the multiple factor 3.15 (instead of 2.57 recommended by the 7th CPC)

3. MINIMUM PAY BY MERGER OF DA EVERY TIME THE DA RISES BY 50%

- a) Merger of DA with Pay & Pension was always done every time the DA crossed 50%, except after the Sixth Pay Commission and that norm justifiably needs to be restored.
- b) Minimum Pay as on 1-1-2016 would be Rs.19,687 if DA was merged with Pay when the DA crossed 50% (from 1-1-2011) and when it crossed 100% even without any relief or fixation

benefit of 7th CPC and the Minimum Pay would be Rs. 22,483 or say 22,500 with 14.29% of total emoluments Fixation benefit given by the 7th CPC (which itself was the lowest ever after any CPC) - as per detailed calculations submitted below:

4. a) Minimum Pay after DA Merger at 50% & 100% and with 14.29% rise.

$$7000 \times 1.5 = 10500 \times 1.5 = 15750 \times 1.25 = \text{Rs.}19687 \times 1.1429 = \underline{\underline{22500.272}} \text{ or say } \underline{\underline{\text{Rs.}22000}}$$

b) Fitment Factor after DA Merger at 50% & 100% and with 14.29% rise

$$= 22500 / 7000 = 3.21 \text{ times of BP}$$

c) Even if the Merger of DA was done only once after it crossed 50% (on 1-1-2011), Minimum Pay as on 1-1-2016 would have been Rs.18375 (without any relief or fixation benefit of CPC) and Rs.20984 or say Rs.21000 with 14.2% Fixation benefit given by the 7th CPC as per details below:

d) Minimum Pay after DA Merger at 50% & 100% and 14.2% rise:

$$= 7000 \times 1.5 = 10500 \times 1.75 = 18375 \times 1.1429 = \text{Rs.}21000.7875 \text{ or say } \text{Rs.}21000.$$

e) Fitment Factor after DA Merger at 50% and 14.2% rise

$$21000 / 7000 = 3 \text{ times of BP}$$

f) All the foregoing calculations of Minimum Pay and Fitment Factor are linked to only 14.2% rise of wages as inherent in the recommendations of 7th CPC – which is the lowest ever rise after a Pay Commission in recent years.

g) The minimum Pay may please be fixed as Rs.22500 and the multiple factor for revision of Pay and Pension may please be fixed as 3.21.

4. It is, therefore, requested that, in view of above submissions:

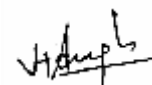
a) Minimum Pay may please be fixed as Rs.24,000 and the multiple factor 3.43, by modifying Dr. W.Aykroyed Formula & 15th ILC norms by duly taking into account Maintenance and Welfare of Parents and Senior Citizens Act, 2007. (or)

b) Minimum Pay be fixed as Rs.22,100 and the multiple factor 3.15 by giving 40% fixation benefit for the 6th CPC Pay & DA. (or)

c) Minimum Pay may please be fixed as Rs.22500 and the multiple factor for revision of Pay and Pension may please be fixed as 3.21, by merging the DA with Pay whenever it crossed 50% with fixation benefit of 14.2% equitant to the rise recommended by 7th CPC.

Thanking you in anticipation,

Yours faithfully,



Harchandan Singh,
General Secretary, IRTSA