

Time to setup Seventh Pay Commission

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There is a long pending demand for a wage revision every 5 years or rather a continuous process of wage revision through a Permanent Pay Body and the demand was rightly conceded by Fifth Pay Commission – though not accepted by the Government. Date of implementation of 6th CPC has completed 5 year on 1-1-2011. It is, as such, time to set up Seventh Pay Commission.

PARITY OF PERIODICITY FOR WAGE REVISION WITH PSUs

The Government has already conceded to effect wage revision in PSUs after every 5 years. The disparities with PSUs & Corporate Sector have increased further since Sixth Pay Commission submitted its Report as the PSUs got a big wage hike w.e.f. 2007 thus increasing the gap further with Central Government employees. The disparity will be further increased as the next wage review in PSUs is due in 2012 and the wage disparity can be just visualized especially due to fast improvement in economy.

It is imperative that the same criteria for revision of wages every 5 years as adopted in PSUs, should be adopted for revision of wages and pension of Central Government Employees and Pensioners.

DA component in the wages would exceed 50% w.e.f. January, 2011. But merger of DA will not be done (as in the past) due to retrograde recommendations of the Sixth Pay Commission not to merge the DA on reaching 50% but to give only a nominal increase of 25% in some Allowances – other than DA & HRA.

Anomalies in Sixth CPC Report are not expected to be removed - except by a Pay Commission - since the Government is apparently not ready to agree on any of the major issues of concern.

The other view point on demand for Seventh CPC is that since decision on some of the issues arising after Sixth Pay Commission and its anomalies are pending for a final decision and as such it is not appropriate to demand Seventh Pay Commission at this stage. But the Government may take its own time in accepting the demand for Seventh Pay Commission. In the meanwhile the pending issues could be sorted out in the Anomalies Committees or other Forums (like JCM or DC). In any case, the outstanding issues can be referred to the next Pay Commission. As such, the demand for Seventh Pay Commission needs to be pursued effectively – especially keeping in view the heavy inflation and other aspects mentioned above.

Fourth CPC recommended a Permanent Machinery to undertake periodical review of the pay, allowances and conditions of service of Central Government employees.

VIEWS OF PREVIOUS PAY COMMISSIONS

Fifth CPC in Chapter 171 had recommended that the “Government may set up a Constitutional body, which should be responsible for maintaining and updating the basic data on pay and allowances of Government employees and to review the pay scales and rates of allowances and other related matters on a continuing basis.”

Fifth CPC further proposed that the mandate for such a Pay Body should be to suggest revision of pay scales every year by merger of dearness allowance or with reference to the cost of living index.

The only argument that Govt. can possibly have against the suggestion is that the Govt. will be required to spend more on pay and allowances than it does now, because of the lag between the need for pay revision and the actual revision itself. This is a false argument and fails to take into account the simmering discontent that such a palpably unjust mechanism engenders among its employees.

Fifth Pay Commission recommended that “It would be in the fitness of things if the Permanent Pay Body is given a constitutional status and authority, as is the case with the Finance Commission.” Fifth CPC also mentioned in Para 171.13 in its report that: “In the Chapter on Dearness Allowance we have suggested that each time the CPI increases by 50% over the basic index used by the last Pay Commission it should be converted into Dearness Pay. Such DP should be counted for all purposes, including retirement benefits.”

It is regrettable that the Sixth Pay Commission in Para 4.1.18 of its report, had recommended that the DA should not be merged on reaching 50% (and an increase of 25% in some Allowances be given – other than DA & HRA). The Merger of DA on crossing 50% was proposed to be discontinued on the ground that the Increments had been recommended to be on percentage basis (instead of fixed ones in each Scale earlier). It was further contended by the Sixth Pay Commission that the Base point for calculating the Consumer Price Index should also be raised if the DA was to be merged.

Both these contentions of Sixth Pay Commission were not only inconsistent with the recommendations of the previous Pay Commissions; these were also against the established laws of economics on which the very concept of grant of DA and merger thereof after reaching a reasonable level were based – to avoid wage erosion and its distortion.

The demands for Merger of DA after reaching 25% and revision of DA after every 3 months instead of 6 months were also summarily rejected by the Sixth CPC. But the worst part of it was that while the Sixth Pay Commission found merit in the recommendations of the Fifth Pay Commission that the “DA should be paid net of Taxes”, Sixth CPC failed to make any further comment or recommendation thereon. As such the Government found it convenient to ignore it all together.

As mentioned earlier, there seems to be no possibility to get the anomalies of Sixth Pay Commission removed – keeping in view the response of the Government in various Forums – including JCM – National Council, National Anomalies Committee (NAC) & SCOVA etc.

Seventh Pay Commission should therefore be set up forthwith for revision of wages and Pensions from 1st January, 2011. There is strong justification for the same and we hope that this will soon find many Trade Unions to take up the issue in right earnest.

As it happens always - whenever a new idea is floated it takes time for the people to accept it. But the efforts must go on sincerely and earnestly. This is one such issue which needs to be pursued effectively to its logical conclusion at the earliest

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