

INDIAN RAILWAYS TECHNICAL SUPERVISORS' ASSOCIATION

(Estd. 1965, Regd. No.1329, Website <http://www.irtsa.net>)



Harchandan Singh,
Chairman, IRTSA,
C.Hq. 32, Phase 6, Mohali,
Chandigarh-160055.
(Ph:0172-2228306,
Mob:9316131598)

M. Shanmugam,
Central President, IRTSA
4, Sixth Street, TVS Nagar,
Padi, Chennai - 600050.
Email- cpirtsa@yahoo.com
Mob: 09443140817

K.V.Ramesh,
General Secretary, IRTSA
G3-LIKITH HOMES, 3, Lakshmanan Nagar
West Street, Peravallur, Chennai-600082.
rameshirtsa@yahoo.co.in Ph: 044-29998007
9003149578, 9444100842

No:IRTSA/Memo-30

Date:28.06.2024

**Smt. Nirmala Sitharaman
Hon'ble Minister for Finance**

Respected Madam,

Sub: Appeal on behalf of Government Employees for the consideration in forthcoming Union Budget 2024-25.

On behalf of entire Government Employees and Railway employees, IRTSA wishes to highlight following important issues for the kind consideration in forthcoming Union Budget 2024-25.

1) Formation of 8th Central Pay Commission.

- a) Since the implementation of 7th CPC recommendations w.e.f. 01.01.2016, many changes have taken place in Government functioning, performance & size of Indian economy, GDP growth, quantum of various tax collections, role of various government departments, inflation pattern, erosion of real wages due to inflation, condition of service, role of private sectors in public utilities and government's regulation over them, number of employees in each department, number of employees covered under National Pension Scheme (NPS), considerable reduction in poverty, changes in consuming pattern of employees & general public, etc.
- b) There are many legal cases pending across the country in various courts regarding anomalies in pay level, increment, pay fixation, promotions, MACPS, retirement benefits, etc, consuming precious time of Courts and affecting efficiency of Government functioning.
- c) There should be a continuous improvement in quality of public service and scope for administrative reforms. New pay commission needs to be constituted for elimination of disparities/anomalies in salaries between different group of employees and for the reasons explained above. Sufficient time should be given to the Pay Commission to study all principles relating to pay & allowance, working conditions, promotional avenue, classification of posts, etc and to hear the views of every stakeholder including staff side.

2) Restoration of old pension scheme for all Central Government Employees appointed after 01.01.2004 to maintain social & economic security at old age.

Abolition of National Pension Scheme (NPS) and extending Old Pension Scheme (OPS) for all central Government employees appointed after 01.01.2004, since it is discrimination against two set of employees. They are 1) Effective salary is less for NPS employees, 2) Uncertainty regarding actual value of pension, 3) No assurance of pension equal to 50% of last pay drawn, 4) Lump sum withdrawal from NPS at any time is taxable, 5) No dearness relief for neutralizing inflation, 6) etc

3) Revision of commutation table

- a) Commutation table was revised after the implementation of 6th CPC recommendations w.e.f. 2nd September 2008 with the interest rate of 8%. 7th CPC didn't recommend any change in the commutation rules and hence the table remains same for 14 long years. Even by applying central pay commissions' periodicity of 10 years for revision of pay & allowances and other service conditions, revision of commutation table based on present economic situations & interest rates
- b) Interest rates for commuted value of pension may be arrived taking into consideration of repo rates. Repo rate is the interest rate at which the central bank of a country lends money to commercial banks.
- c) Repo rates were high at the rate of 9% in the year 2008, when interest rate of 8% was fixed for commuted value of pension on 2nd September 2008. Repo rate came down to 6.5% in 2016, when 6th CPC recommendations were implemented. It has further lowered to 4% in the 2020 and as on 23.10.2022 repo rate remains as 4%. From the year it remained below 6%, for more than two years it is maintained at the rate of 4%.

4) Restoration of commuted portion pension on completion of 12 years

Commutation table was revised w.e.f. 2nd September 2008 with the interest rate of 8%. Commutation rules the table remains same for 14 long years. Considering the sweeping changes in the interest rates, increase in life expectancy, restoration of commuted portion pension on completion of 12 years may please be accepted and implemented.

5) Exempting Compensatory Allowances from Income Tax

5th CPC recommended that "the Salaries and Pensions Recommended by it are not really adequate if they are to be fully taxed. Accordingly, it has recommended that all Allowances and Pensions should be paid Net of Taxes". Pension and all Compensatory Allowances including DA/ DR (Dearness Allowance / Dearness Relief), HRA (House Rent Allowance), CCA (City Compensatory Allowance and TA (Transport Allowance) may please be Exempted from the Income Tax to avoid erosion of Real Wages.

6) Income tax exemption limit

In the new tax regime existing basic exemption limit of Rs.3 lakh and standard deduction of Rs.50,000 are very meagre considering the size of the economy, inflation and erosion in real money value. Income tax basic exemption may please be raised to Rs.6 lakh and standard deduction may please be raised as Rs.2 lakh.

7) Removing ceiling of Rs. 5 Lakh on subscription to General Provident Fund (Central Services) in a financial year

The primary objective of this fund is to provide a dependable source of retirement income for government employees. Employees can withdraw their savings from the fund upon retirement or resignation from service. During service employees are eligible for refundable / non-refundable withdrawals for purchase or construction of house, purchase of land, to meet out marriage and educational expenses of wards, to meet out medical expenses for self and family, etc. Accumulation of fund in GPF is a dependable finance management for all Central Government Employees. Ceiling of Rs.5 lakh on subscription of GPF in a financial year put Government Employees in more vulnerable situation exposed to financial risks.

8) Central Government Employees Group insurance Scheme (CGEGIS) – Revision of coverage & monthly subscription

Rates of subscription and insurance cover for Central Government Employees Group Insurance Scheme (CGEGIS) were last revised in January 1990. Recommendations of Fifth & Sixth CPCs on CGEGIS rates of subscription & insurance cover were not implemented by the Government. The Cabinet in its meeting held on 29.06.2016 to consider the recommendations of 7th CPC decided not to accept the steep hike in monthly subscription towards CGEGIS recommended by the Commission. Continuing the same rates of insurance amount for 30 long years defeats the basic purpose of providing insurance cover to the employees so as to extend adequate security to the families in the event of employees' death

9) Augmenting capacity, modernising facilities and introduction of super speciality treatments in Railway Hospitals.

Indian Railways is having 125 hospitals spread across the nation. In the recent past Railway Hospitals are left out of capacity augmentation and modernisation. Introduction of super speciality treatments are not happening according to present day requirement. Sufficient fund may please be allotted for Railway Hospitals for augmenting capacity, modernising facilities and introduction of super speciality treatments in Railway Hospitals.

10) Increase in per capita contribution for Staff Benefit Fund in Indian Railways

Existing per capita grant of Rs.800 was fixed on 1st April 2014. Even after the completion of ten years since last revision and implementation of 7th CPC recommendations w.e.f. 01.01.2016 no revision has been done in grant for SFB. Considering the changes happened in last 10 years and increase in inflation rates, per capita grant for SFB may please be revised four times.

Thank you in anticipation.



K.V.RAMESH
General Secretary, IRTSA
9003149578

Copy for kind information
Additional Secretary, Department of Expenditure, Ministry of Finance.