



Hearty Welcome to ICF

Sri.P.Mahesh
Additional Member (Mechanical Engineering),
Railway Board

Incentive System in Indian Railways Production Units & Workshops

Presentation by

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In the presence of

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Incentive, PCO Allowance, Special Allowance & Training Allowance for SSE & JE in 7th CPC Pay Matrix

Area of Working	Incentive Bonus / Allowances
Incentive Bonus for SSE working in shop floor	15% of basic pay
PCO Allowance for SSE	6% of basic pay
Rate of Incentive Bonus for JE per hour	Rs. 111.70
PCO Allowance for JE	12% of basic pay
Special Allowance for Safety Officers (SSE)	6% of basic pay
Training Allowance (AWTI & TTC)	12% of basic pay

Incentive System

- Introduced on the Railways in Chittaranjan Locomotive Works (CLW) in the year 1954 to step up the production of Locomotives.
- CLW Patter incentive scheme extended to other Production Units & Railway Workshops in 1960-61.
- Enabling Railways to get higher productivity and economic utilisation of Rolling Stocks & other assets as well as the man-power.
- GIS – In PUs RWF, RCF & PLW and in Workshops in Bhopal, Guntupalli, Tirupathi and Mancheswar.

Advantages of Incentive System (one time and recurring)

- 1) After the introduction of incentive system 35,000 to 40,000 men were able to be re-deployed in additional lines of production and maintenance.
- 2) Utilisation of same infrastructure was nearly doubled by introducing night shifts in some Workshops to step up out turn.
- 3) Railways had estimated saving of Rs.650 crores per annum as a result of introduction of Incentive Scheme in Railway Workshops on the then prevailing average wage rates of Rs.1550 per month for direct workers which have increased many folds over the years.
- 4) Innumerable further savings by method study, process modification, etc resulting in reduction of Allowed Time due to the introduction of efficient processes.

Advantages of Incentive System (one time and recurring)

- 5) Continuous monitoring and improvement in manufacturing / maintenance process.
- 6) Saving on account of reduced holding of Rolling Stock for P.O.H.
- 7) Identification, monitoring & elimination of deficiencies and bottlenecks in production / maintenance lines.
- 8) Accountability for quality & traceability for safety issues can be easily done in the Incentive system.
- 9) Efficiency of man power, machine and other infrastructure utilisations are now comparable among various PUs & Workshops on realistic terms.
- 10) Good management tool for assessing workforce's (employees) ability and efficiency.

Revision of rates of Incentive & reduction in allowed time for productivity improvement

CLW scheme Visa-vis ILO	Normalized time of an 80 rating person	Built in bonus %	Contingency %	Fatigue %	Gauging, if applicable %	AT reduction by RB in %	Total W/out Gauging Hrs
Original 1954 scheme	100 hrs	33.3	12.5	25	5		187
Modified in Year 1999	100 hrs	33.3	10	12.5	5		165
Modified in Year 2009	100 hrs	33.3	10	12.5	5	5	157
Modified in Year 2019	100 hrs	33.3	10	12.5	5	5	149

Reduction in staff strength in PUs & Workshops in the period of two incentive revisions

- Staff was reduced by 18% down from 5,02,582 to 4,13,767 between the year 1999 and 2009.
- In the year 2019 the strength was further reduced by 25% to 3,10,222.
- Among 3,10,222 employees just above one lakh employees are eligible for incentive bonus.

Increase in number of Rolling stocks & their indices between the year 2014-15 and 2024-25

	2014-15	2024-25	% increase
Number of Locos	10,773	16,092	49.4 %
Number of Coaches	68,588	98,173	43.1 %
Number of wagons	2,54,006	3,46,366	36.4 %
Number of passenger trains run daily	13,098	13,940	6.4 %
Passenger Train KM (in Million)	759.3	835	10.0 %
Number of Goods trains run daily	9202	11631	26.4 %
Goods Train KM (in Million)	401.9	520	29.4 %

Factorisation of rates of incentive

Hourly Incentive Rates were initially fixed by dividing the Mean of Pay in the Pay Scale with 208 i.e. the standard working hours in a month.

After the introduction of 3rd, 4th & 5th CPC scales minimum of Pay in the Pay scale (instead of mean of Pay scale) was taken to arrive incentive rates.

After the implementation of 6th CPC incentive rates were unjustly revised by 2 times of then existing rates, deviating from the established principle of incentive rates on the basis of the mean (or minimum) of the pay.

After implementation 7th CPC pay matrix a factor of 2.25 is applied to arrive new incentive rates. Instead of Rs.95.67/hour Rs.72.45/hour has been fixed for Technician GR-III. 24.3% less

Production Control Organisation Allowance (PCO Allowance) part of incentive system

Railway Board letter No.E(NG) I-78SR6/44 dated **09.06.1978** - “if staff from the shop floor are posted to the Production Control Organisation (Progress, Inspection, Rate fixing and planning, Jig & Tool) in their existing scale of pay they will receive a special pay of 10% of the pay admissible to them in their posts in shop floor”.

PCO Allowance (Special Allowance) for SSE & SE: RBE No. 193/1999, dated 10.08.1999. Calculated at 7.5% of basic pay w.e.f 01.09.1999.

After **6th CPC**, SE/SSE drawing grade pay of Rs.4600 were granted PCO Allowance of 7.5%.

7th CPC, without studying details of Incentive system, in line with its general approach of rationalizing the percentage-based allowances by a factor of 0.8, revised the rates of PCO allowance for SSE in level-7 to 6% ($7.5\% \times 0.8 = 6\%$) of basic pay.

Implementation of RBE No.155/2022 for upgradation of SSEs to level-8 & NFU to level-9

- 1) In certain Group-C categories including Technical Supervisors, new grade of Pay Level-8 has been introduced w.e.f. 01.12.2022 to mitigate stagnation among these categories. They will be eligible for non-functional financial upgradation to Pay level-9 on completion of four-year service in Pay level-8.
- 2) No change in the nomenclature/designation, duties and responsibilities and classification of the posts after upgradation and they will remain classified as Group 'C'.
- 3) Entire scheme of upgradation was made financially neutral proposition.

- 4) Even though matching surrender for the purpose of financial neutrality was done for entire upgraded posts, only around 15% of SSEs upgraded to level-8 from level-7 got the benefit of pay fixation, since all others were already placed in level-8 and level-9 through MACPS.
- 5) It is pertinent to note that SSEs working in functional level-7, got the financial upgradation under MACPS to level-8 and 9 are eligible for PCO allowance.
- 6) Allowances are paid to any particular category based on their nature of work and as per requirements for train operation & maintenance in open line, major maintenance in workshops, manufacturing activities in Production units, etc.
- 7) Eligibility for allowances like NDA, NHA and PCO Allowance are paid to all Group-C employees irrespective of their pay level, if they are posted / rostered for the respective work.
- 8) These allowances are paid as per accepted recommendations of pay commissions.

Estimated strength of SSE in level-8 working in PCO wings

	Estimated strength of SSE in level-8 working in PCO wings
Production Units	342
Mechanical Workshops	1924
S&T Workshops	25
Engineering Workshops	Nil
Total	2291

Situation in ICF

Pay level	Number of SSEs	% to total	Before RBE No 155/2022	After RBE No 155/2022
Level-7	31	23.85%	6% PCO allowance	6% PCO allowance
Level-8 (MACPS)	65	50.00%	6% PCO allowance	Nil
Level-9 (MACPS)	34	26.15%	6% PCO allowance	Nil
Total	130	100.0%		

SSE receiving functional promotion from level-7 to level-8 and non-functional promotion from level-8 to level-9 with pay fixation benefit

	Level-7	Level-8 Functional		Level-9 Non functional	
		With PCO allowance	With out PCO allowance	With PCO allowance	With out PCO allowance
Basic pay	58,600	60,400	60,400	62200	62200
DA @ 60%	35160	36400	36400	37320	37320
PCO allowance @ 6%	3516	3,624	0	3732	0
Total	97,276	1,00,424	96,800	1,03,252	99,520

SSE in functional level-7, already reached level-8 through MACPS, upgraded to level-8 functional without pay fixation benefit

	Level-8 MACPS	After upgradation to level-8 Functional
Basic pay	62200	62200
DA @ 60%	37320	37320
PCO allowance @ 6%	3732	0
Total	1,03,252	99,520

Way Forward

- 1) PCO allowance may please be continued to be paid for SSEs upgraded / promoted to level-8 and working in PCO organization.**
- 2) NDA, NHA and PCO allowance may be paid for personnel receiving non-functional upgradation to level-9 after 4 years of service in level-8.**
- 3) Railway Board may please send fresh proposal to DoE, Ministry of Finance for reconsideration of the issue.**

Thank you

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