

*Revision of the classification/upgradation certain cities/towns on the basis of Census-2011 for the purpose of grant of House Rent Allowance and Transport Allowance to Central Government employees*

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has given its approval to the proposal of the Ministry of Finance, Department of Expenditure for reclassification/upgradation of certain cities/towns on the basis of Census-2011, for the purpose of grant of House Rent Allowance (HRA) and Transport Allowance to Central Government employees.

On the basis of the final population figures of Census-2011, two cities have qualified for being upgraded from 'Y' class to 'X' class and 21 cities have qualified for being upgraded from 'Z' to 'Y' class for the purpose of HRA. Six cities have qualified for being upgraded from "Other Places" to specified higher class for the purpose of Transport Allowance.

The revised classification of cities shall take effect from 01.04.2014. The impact on the exchequer on account of upgradation of 29 cities, would be approx. Rs.128 crore for the year 2014-15.

Background: HRA and Transport Allowance are admissible to Central Government employees depending upon employees' Basic Pay (including NPA where applicable)/Grade Pay and the classification of the city/town where they are posted. The existing classification of cities/towns in different classes viz. 'X', 'Y' and 'Z' for the purpose of HRA and 13 specified cities classified earlier as 'A-1' / 'A' and "Other Places" for the purpose of Transport Allowance, is as per the criterion recommended by the 6th Central Pay Commission. The existing qualifying limits of population for classification for HRA purpose is 50 lakhs & above for 'X', 5 - 50 lakhs for 'Y' and below 5 lakhs for 'Z' class city. Transport allowance is payable at 'higher rates' in 13 specified cities classified earlier as 'A-1' / 'A' (that is those cities having population of 20 lakhs & above) and at 'lower rates' in all other places.

The classification of cities/towns for this purpose is revised on the basis of their population as reflected in the decennial census report. The existing classification of various cities/towns is based on 2001 Census figures. The criterion of population for this purpose has been followed as recommended by the Central Pay Commissions.

Cities/towns to be upgraded on the basis of census-2011 for grant of House Rent Allowance

*Cities to be upgraded/re-classified as "X"*

Ahmadabad(UA); Pune (UA);

Cities to be upgraded/re-classified as "Y"

Nellore (UA); Gurgaon (UA); Bokaro Steel City (UA); Gulbarga (UA); Thrissur (UA); Malappuram (UA); Kannur(UA); Kollam (UA); Ujjain (M. Coprn.); Vasai-Virar

City (M. Corpn.); Malegaon (UA); Nanded-Waghala (M.Corp.); Sangli (UA); Raurkela (UA); Ajmer (UA); Erode (UA); Noida (CT); Firozabad (NPP); Jhansi (UA); Siliguri (UA); Durgapur (UA)

Cities/towns to be upgraded on the basis of census-2011 for grant of Transport Allowance

Cities to be added for higher rates of Transport Allowance (i.e. which have population of more than 20 lakh to qualify for earlier classification as "A-1"/ "A" as stipulated in O.M. No. 21(2)/2008-E.II(B) dated 29.8.2008):

Patna (UA); Kochi (UA); Indore (UA); Coimbatore (UA); Ghaziabad (UA)

Source: *PIB News*