

No.NC-JCM/2014/VII CPC

Dated: April 9, 2014

The Chairman,  
Standing Committee  
National Council(JCM),  
South Block,  
New Delhi

Dear Sir,

**Sub: Agenda for discussion in the Standing  
Committee of National Council(JCM)**

An agenda, comprising of **09** items, to be discussed in the Standing Committee of the National Council(JCM), is being enclosed herewith for necessary action.

Yours faithfully,

-sd-

**(Shiva Gopal Mishra)  
Secretary, Staff Side  
National Council(JCM)**

DA/As above

Copy to: All Constituent Organisations of the National Council(JCM) – for information.

## TERMS OF REFERENCE FOR THE 7<sup>th</sup> CENTRAL PAY COMMISSION

The Government of India have finalized the Terms of Reference of the 7<sup>th</sup> CPC and circulated the same vide Ministry of Finance's Resolution **No1/1/2013-E.III (A) dated 28<sup>th</sup> February, 2014**. It is a matter of concern that and disappointment that the Terms of Reference have been finalised unilaterally without having thorough discussion with the Staff Side and their views have also not been taken care of while doing so.

It may be recalled that a meeting was convened by the Secretary (Personnel) with the Staff Side members on 24<sup>th</sup> October, 2013 to discuss the possible Terms of Reference for the 7<sup>th</sup> CPC being appointed. In that meeting the Staff side had specifically requested that a copy of Terms of Reference for 7<sup>th</sup> CPC, as proposed by the Ministry of Finance may be circulated to all concerned and thereafter another meeting with Secretary, Department of Expenditure and Department of Personnel & Training be arranged with the Staff Side to discuss and finalise the same, which is clearly mentioned in para 11 of the Record Note of Discussion of that meeting. Subsequently, the Staff Side again requested for an urgent meeting with the Secretary (Expenditure) and Secretary DoPT for finalization of the Terms of Reference (ToR) for the Seventh Central Pay Commission vide its letter dated 23<sup>rd</sup> January, 2014. However, no such meeting was convened and Terms of Reference for the 7<sup>th</sup> CPC have been finalised by the Government on 28<sup>th</sup> February, 2014.

While going through the ToR, as finalized by the Government, it is observed that many of the suggestions of the Staff Side, in regard to **date of effect of Pay Commission, Merger of D.A., Interim Relief, representation of labour representative in the Commission itself, parity issues in regard to pensioners, settlement of the pending Anomaly items etc.**, have not been duly considered, which is a matter of dissatisfaction.

The Staff Side, therefore, demands that the Government must discuss the Terms of Reference for the 7<sup>th</sup> CPC with them and make necessary amendments/revisions to the Terms of Reference.

### **1. Revision of Wage with effect from 01.01.2011**

The present wage structure of the Central Government employees is in vogue on the basis of the recommendations of the 6<sup>th</sup> Central Pay Commission, which took effect from **01.01.2006** in the case of **Pay**, and in the case of **Allowances** from **01.09. 2008**.

The wage revision of the Central Government employees is done every 10 years, which was recommended by the 5<sup>th</sup> CPC, however, in the case of Central PUSs, the wage revision normally takes place after every five years. In the past, wage revision has been linked to the extent of erosion of real wages. The degree of inflation in the economy determines the pace of erosion of the real value of wages. The retail prices of those commodities which are computed for determining the minimum wages have risen by about 160% from 01.01.2006 to 01.01. 2011, whereas the D.A. compensation, in the case of Central Government employees, on that date had been just 51%.

Since wage revision in all the Central Public Sector Undertakings takes places every five years through collective bargaining, revision of wages of the Central Government employees in 10

years gives rise to serious disparity in wages and allowances of the Central Government employees, vis-a-vis those in Public Sector Undertakings, which is a major cause of discontentment among them. The Staff Side, therefore, demands that the wage revision of the Central Government employees must also take place after every 5 years on the analogy of CPUSs and therefore, Government must specify the date of effect of the recommendations of the 7<sup>th</sup> CPC accordingly, i.e. to take effect from **01.01.2011 in place of 01.01.2016**.

## **2. Merger of DA with Pay**

The wage revision of the Central Government employees takes place only through setting up of Central Pay Commissions, which has many a times proved to be a time consuming process. The 6<sup>th</sup> CPC submitted its report in the time frame provided to it, i.e. 18 months. Since the earlier Commissions had covered many aspects of the principles of wage determination and the periodicity of such revision had come down, the exercise might not now require a longer period of time as was the case earlier, still the 7<sup>th</sup> CPC shall require a reasonable time frame to go into the matter judiciously because the implementation of the recommendations of the 6<sup>th</sup> CPC have given rise to large number of anomalies and cadre related grievances.

The methodology adopted for compensating the erosion in the real value of wages in the interregnum period had always been through the mechanism of merger of a portion of DA. The 5<sup>th</sup> CPC had recommended that the DA must be merged with pay and treated as pay for computing all allowances as and when the percentage of Dearness compensation exceeds 50%. Accordingly even before the setting up of the 6<sup>th</sup> CPC the DA to the extent of 50% was merged with pay.

As on 1.1.2014, the Dearness compensation is 100%. The suggestion for merger of DA to partially compensate the erosion in the real wages was first mooted by the Gadgil Committee in the post 2<sup>nd</sup> Pay Commission period. The 3<sup>rd</sup> CPC had recommended such merger when the Cost of Living index crossed over 272 points i.e. 72 points over and above the base index adopted for the pay revision. In other words, the recommendation of the 3<sup>rd</sup> CPC was to merge the DA when it crossed 36%. The Government in the National Council JCM at the time of negotiation initially agreed to merge 60% DA and later the whole of the DA before the 4<sup>th</sup> CPC was set up. The 5<sup>th</sup> CPC merged 98% of DA with pay. It is, therefore, necessary that the Government takes steps to merge atleast 50% of DA with pay to compensate the erosion of the real value of wages immediately.

## **3. Appointment on compassionate grounds under the Central Government**

Under the pretext of Hon'ble Supreme Court directives, the Central Government introduced a 5% ceiling on compassionate ground appointment. On account of this ceiling limit of 5%, a large number of cases of appointment on compassionate grounds of the dependents of the deceased Central Government employees have been pending in different departments, with the result that, the bereaved families of the late employees are constrained to face undue hardship due to loss of bread winner. Some of such candidates, belonging to Department of Posts, approached the Hon'ble Court of Law and obtained favourable orders, however, these directives have not been acted upon. The Government has chosen to dillydally by filing SLP in the Supreme Court.

It may be recalled that, the Central Administrative Tribunals were established with the intention of expeditious settlement of disputes on service matters. Even recently the Prime Minister's office ordered that it would not be open for various Ministries to appeal against the orders of the Tribunal as a matter of course and efforts must be to explore the ways of acceptances of the judgements of the Tribunal. In the light of these directives, the SLP ought to have been withdrawn.

It is pertinent to further mention here that, the standing Committee on Department of Personnel in one of their reports has termed the scheme of compassionate ground appointments as a sacred assurance to a fresh entrant that if he dies in harness, his family shall not be left in lurch. Such an assurance is being breached by the provisions of limiting such appointments to 5% of vacancies.

The Staff Side is, therefore, of the firm view that this condition of 5% ceiling must be done away with to provide relief to the bereaved families of the deceased Central Government employees.

#### **4. Regularisation of Casual/Contingent/Daily Rate workers**

Due to ban on creation of posts and recruitment of personnel that continued for a very long period and the consequent strain on the existing workers, many departmental heads had to recruit personnel on daily rated basis or as casual workers. Thus, almost 25% of the present workforce in the Governmental organisations are casual workers deployed to do permanent and perennial nature of jobs, contrary to the prohibition of such unfair labour practices by the law of the land. In the fifties and sixties, even the casual workers who had been employed to do casual and non perennial jobs used to get priority for regular employment as and when vacancies for such permanent recruitment arise. It is, however, a matter of concern that thousands of persons are now recruited as casual workers and kept as such for years together and are paid pittance of a salary with no benefits, like Provident Fund, Dearness Allowance, other Compensatory Allowances etc. In order to ensure that they do not get the benefit of regularisation, these workers are technically discharged for a few days to be employed afresh again. The *modus operandi* differs from one department to another. While in some organisations, they are recruited through Employment Exchanges, in others, the functions are contracted out. Not only the quality of work suffers, but it is also an inhuman exploitation of the workers given the serious situation of unemployment that exists in the country. While the permanent solution is to sanction the necessary posts and resort to regular recruitment, the Government should evolve a scheme by which these casual/contingent/daily rated workers are made regular workers with all the concomitant benefits available for regular Government employees. Pending finalisation of such a scheme for regularisation, the non regular employees recruited for meeting the exigencies of work must be paid pro-rata salary on par with similarly placed regular employees on the principle of equal pay for equal work.

#### **5. Downsizing, Outsourcing, Contractorisation etc.**

To overcome the difficulties emanated from the total ban on recruitment and creation of posts and more specifically impacted by the 2001 executive fiat of the Government of India in the matter, many departments had to resort to outsourcing of its functions. Some were virtually closed down and a few others were privatised or contractorised. The large scale outsourcing and

contractorisation of functions had a telling effect on the efficacy of the Government departments. The delivery system was adversely affected and the public at large suffered due to the inordinate delay it caused in getting the requisite service. The financial outlay for outsourcing of functions of each department increased enormously over the years, as a consequence of which, the quality of work suffered. In order to ensure that the people do get a better and efficient service from the Government departments and to raise the image of the Government employees in the eyes of the common people, it is necessary that the present scheme of outsourcing and contractorisation of essential functions of the Government must be abandoned. The practice of outsourcing and contractorisation is nothing but a cruel exploitation of the alarming situation of unemployment. The system of outsourcing of the functions seeks to informalise the workforce. The contract/casual workers get not even one third of the salary of the regular work force. They have no social security benefits like pension, provident fund gratuity etc. The Central Government employees fought against the temporary service rules which was in vogue in sixties and ensured that the recruitment to Government service is permanent and the civil servants are not allowed to be fired at the whim and fancy of their bosses. The outsourcing and contractorisation has paved way for large scale entry of casual workers and has resulted in the reversal of what all achieved in this direction through struggles in the past two decades.

The prevalent system of outsourcing and contractorisation, therefore, needs to be abandoned and all the regular and perennial nature works should be entrusted on regular Government employees only.

#### **6. Revising Overtime Allowance(OTA) and Night Duty Allowance Rates**

It may be seen that the Overtime Allowance is seldom paid to the Government employees. It is only in case of emergency and in the contingency in which the work cannot be postponed, like that happens in the Railways in smooth running of trains round the clock, in the RMS Division of Postal Department, in the Atomic Energy Commission offices or when the Parliament is in session in other administrative offices, employees are asked to do work beyond the stipulated working hours. The Night Duty Allowance is, however, paid to Government employees who have to work in night shifts with certain stipulated conditions. The 4<sup>th</sup> CPC recommended that since there had been considerable misuse of the provisions relating to grant of OTA, the Government should find alternative methods to compensate the employees who are asked to work on over time and pending such a scheme being evolved recommended not to revise the rates. However, the Government did not bring in any new scheme but issued the directive that the OTA and Night duty allowance will be paid to the employees who are called upon to do overtime or night duty on the basis of the 4<sup>th</sup> CPC pay structure. This directive is still in vogue.

Owing to certain disagreements with the Government on these issues, this matter was referred to Board of Arbitration under the JCM Scheme, whereupon the Board of Arbitration, having found unreasonable position taken by the Government, gave out the award in favour of the staff and directed the Government to revise the order whereby the allowance will be linked to the actual pay of the Government employees. The Government did not accept this award and decided to approach the Parliament for rejection of the same. The matter has not yet been placed in the form of a resolution in the Parliament. Despite the fact that the employees had been abiding by the directive of their superiors to be on overtime/night duty, and despite having won the case before the Board of Arbitration they continue to be compensated on the basis of the Notional pay

as in 1986. There cannot be a much bigger injustice meted out to the employees. The Government must accept the award of the Board and issue instructions linking the Allowance to the actual pay of the employee.

**7. Stepping up of pay of seniors who are drawing less pay than the juniors consequent on fixation of pay due to implementation of 6<sup>th</sup> CPC recommendations between Direct Recruits and Promotees**

Consequent upon implementation of the recommendations of the VI CPC, in respect of pay scales of various categories of staff, there are certain situations where the senior who were promoted before 01.01.2006 are getting lesser pay than their juniors promoted after 01.01.2006, on fixation of their pay w.e.f. 01.01.2006. This, being a serious anomaly, has been raised by different department in their Departmental Anomalies Committees for redressal thereof. While clarifications regarding stepping up of pay of senior who are drawing less pay than the juniors between Direct Recruits and Promotees, i.e. the seniors and juniors placed in a pay scale, having some Direct Recruitment Quota, have already been issued, whereby seniors' pay has been stepped up and equated to the juniors. However, in grades where there is no element of Direct Recruitment available, this provision has not been made till date, with the result that, the seniors are still drawing lesser pay than their juniors after fixation of their pay in new pay scales w.e.f. 01.01.2006, which, being a serious anomaly, is resulting in discontentment prevailing among the seniors.

The main incongruity in this case is basically due to the fact that it is for the first time that the 6<sup>th</sup> CPC has recommended specific entry level pay for Direct Recruits (DRs). This has resulted in employees who were appointed in service prior to the DRs and got promoted earlier are getting less pay as compared to their counterparts recruited directly and who joined after 1.1.2006. It has always been the case that on promotion, the pay of a promoted employee is never fixed at less than the entry level of pay of that post as admissible to a direct recruit.

The Staff Side, therefore, is of the firm view that orders need to be issued to the effect that the pay on promotion w.e.f. 01.01.2006 would not be fixed less than at the prescribed minimum of the Entry Pay as provided for the Direct Entrants in the Revised Pay Rules, to eliminate this anomalous situation.

**8. Stepping up of pay of senior employees at par with their juniors consequent upon implementation of MACPS**

The Modified Assured Progression Scheme(MACPS) came into effect on 01.09.2008, and prior to this, Assured Career Progression(ACP) was in vogue. There are number of cases where the seniors who were promoted before implementation of the MACPS and the juniors who could not get normal promotion due to non-availability of vacancy or otherwise, and were extended the benefit of financial upgradation under MACPS on fulfillment of conditions laid down therein, the seniors are drawing lesser pay than their juniors under this scheme.

The MACP Scheme does not stipulate the provision of stepping up of pay of the seniors at par with their juniors, in case the seniors getting lesser pay than their juniors, which is absolutely unjustified and discriminative.

The Staff Side has repeatedly raised this issue in the MACPS's Anomaly Committee as well, however, this discrepancy has not been done away with till date, with the result that, the seniors are still drawing lesser pay than their juniors, having been extended the benefit of financial upgradation under MACPS and this is causing deep sense of frustration prevailing among the seniors.

Staff Side, therefore, is of the firm opinion that the above-mentioned discrepancy needs to be addressed at the earliest to provide relief to the seniors.

**9. Granting of Additional Pay to Loco & Traffic Running Staff**

On the basis of recommendations of the 6<sup>th</sup> CPC, Additional Pay of Rs.1000 p.m. with appropriate Dearness Allowance has been granted in favour of Loco Pilot(Mail/Express)/Sr. Motorman(PB-II, GP Rs.4200)/(Rs.6000-9800)(5th CPC). Similarly, Rs.500 has been granted to Loco Pilot(Passenger II/ Motorman)(PB-II, GP Rs.4200)/(Rs.5500-9000)(5th CPC) and Guard(Mail/Exp.)(PB-II, GP Rs.4200) (Rs.5500-9000)(5th CPC). But the same Additional Pay has not been granted to rest of the Loco & Traffic Running Staff, causing great injustice to these set of Loco & Traffic Running Staff.

It would be quite appropriate that the Additional Pay should be granted in favour of all other categories of Loco & Traffic Running Staff.