

# FIVE THINGS TO KNOW ABOUT THE PAY COMMISSION

The Seventh Central Pay Commission, headed by ex-judge **A K Mathur** (pictured), gave its recommendations to the government on Thursday. It recommends a 23.55 per cent rise in emoluments – including pay, allowances and pension – for serving and retired central government employees. If accepted, the recommendations will cost the government ₹1,02,000 crore during FY 2016–17.

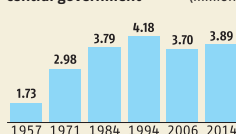
*Business Standard* takes a look at five key takeaways from the nearly 900-page report:

## 1 IS INDIA'S BUREAUCRACY REALLY THAT BIG?

As the table below illustrates, between 1957 and 2014, the size of the central government nearly doubled. But only one-tenth of these employees are engaged in civilian work while the rest are uniformed men or work in commercial departments.

Even fewer are employed for the process of drafting and implementation of government policies. According to the Seventh Pay Commission, there are

### Total sanctioned strength of the central government (million)



## 2 ARE PERSONNEL IN THE INDIAN DEFENCE FORCES UNDERPAID?

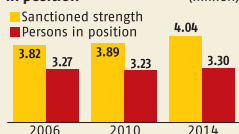


The Seventh Pay Commission asked the Institute for Defence Studies and Analyses (IDSA), a research institute for defence and security, to compare the salary structure of personnel in the Indian

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### Sanctioned strength v/s persons in position (million)



defence forces with those in the US and the UK. On the basis of IDSA's report, the pay commission found the defence personnel in India were "placed quite well".

### Rank-pay structure across nations

Rank	India (\$)	USA (\$)	UK (\$)
General/Equivalent	11,710	15,125	22,489
Ratio of salary to country's per capita income	24.09	3.32	6.9
Colonel/Equivalent	8,367	9,625	10,275
Ratio of salary to country's per capita income	17.21	2.11	3.15
Lieutenant colonel/Equivalent	6,866	7,500	8,176
Ratio of salary to country's per capita income	14.13	1.65	2.51
Subedar-major/Equivalent	5,412-4,097	7,509	5,703
Ratio of salary to country's per capita income	11.13-8.43	1.65	1.75
Sepoy/Equivalent	1,361	1,416	1,725
Ratio of salary to country's per capita income	2.8	0.31	0.53

Note: Comparisons based on purchasing power parity



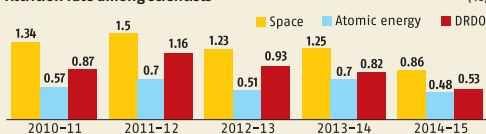
## 3 FEWER SCIENTISTS ARE LEAVING GOVERNMENT

The Seventh Pay Commission has collected data on the number of scientists leaving the government. The data reveal the attrition rate – defined as the number of scientists resigning/taking VRS during a year as a percentage of all scientists on the payroll at the end of that year – has been falling. The commission attributes the fall to the



performance-related incentive scheme. This is a variable component of pay and is awarded on the basis of the performance of individual, group and organisation, measured against goals set for a given period of assessment. It is based on the principle of differential reward for differential performance.

### Attrition rate among scientists



## 4 THE OLDER YOU ARE, THE SMALLER THE MINISTRY YOU GET

The Seventh Pay Commission did an analysis of the age composition of the employees in smaller ministries and departments (Criteria: where persons in position (PIP) were less than 500). The analysis reveals that in most of the smaller ministries, the larger proportion of employees is from the older age group, while very few are from the younger lot.

Data provided to the commission indicates an unusually large percentage of personnel in the age group of 50-60



years in certain ministries and departments – 75 per cent in textiles, 64 per cent in coal, 62 per cent in urban development, 60 per cent in petroleum and natural gas, 57 per cent in science and technology, 56 per cent in heavy industry, 52 per cent in new and renewable energy, 51 per cent in AYUSH and 50 per cent in power. The government might want to change this ratio, as a large number of these employees will retire in few years.

### Age criterion

Ministry/department	Total PIP	20-30 years	30-40 years	40-50 years	50-60 years
Petroleum and natural gas	230	1.7	12.2	26.1	60
Steel	210	2.4	23.8	38.1	35.7
Tourism	500	2.8	14.4	65.2	17.6
Coal	305	3.6	6.5	25.6	64.3
Youth affairs and sports	281	5.7	28.8	18.9	44.1

Note: PIP is persons in position

## 5 QUESTIONS WHICH DIVIDED THE COMMISSION

### THE EDGE TO THE IAS: At present, the Indian Administrative Service (IAS) has an edge over the other two all-India services: The Indian Police Service (IPS) and the Indian Forest Service (IFS), as the members of the IAS get two additional increments (of three per cent each) over their basic pay. These are denied to the other two services. The chairman of the commission, A K Mathur, recommended these additional increments be extended to both the IPS and IFS.

Vivek Rae, a member of the commission and a former IAS officer, disagreed with the chairman and wanted the increment to only remain for the IAS. Rathin Roy, the third member of the commission, did not recommend extending the financial edge to the other two services. Rather, he argued, doing away with the financial edge altogether.



### SUPERANNUATION OF CAPP PERSONNEL: The age of retirement in the Assam Rifles and the Central Industrial Security Force is 60 years, while for the BSF, CRPF, ITBP and SSB, it is 57 years, up to the rank of the commandants. According to the chairman, "The grounds stated for justifying differential age of superannuation are not very convincing." Therefore, Roy and he recommended 60 years as the uniform age for superannuation. Rae disagreed and favoured 57 years as the age for superannuation in the CAPP.

**NON-FUNCTIONAL UPGRADATION (NFU) FOR MILITARY:** The commission disagrees on the extension of NFU for military. While the chairman said the NFU should be extended to the CAPFs, Indian Coast Guard and the defence forces, Rae and Roy disagreed. They "favoured abolition of NFU at SAC and HAG level".