

Government of India  
Ministry of Finance  
Department of Expenditure

**LOK SABHA  
STARRED QUESTION NO.\*568**

**TO BE ANSWERED ON FRIDAY, THE 06<sup>TH</sup> APRIL, 2018/  
CHAITRA 16, 1940 (SAKA)**

**PAY COMMISSION REPORTS**

**QUESTION**

**\*568. SHRI JOSE K. MANI:**

Will the **Minister of FINANCE** be pleased to state:

- (a) whether the reports of successive Pay Commissions have been increasing the burden on Government finances/ exchequer in partially accepting their recommendations for increase in wages and if so, the details thereof;
- (b) whether the last Pay Commission has suggested productivity linked pay hike to the deserving employees to eliminate below average or mediocre performance and if so, the details thereof;
- (c) whether such periodic hikes in wages resulting from Pay Commission recommendations trigger similar demands from the State Government/public utility employees, imposing burden on already strained State finances and if so, the details thereof; and
- (d) whether the Government is considering an alternative for increasing the salaries and allowances of Central Government employees and pensioners in future instead of forming Pay Commission and if so, the details thereof?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI P. RADHAKRISHNAN)**

**A Statement is laid on the Table of the House**

**Statement Annexed with the Lok Sabha Starred Question No. 568 dated 06.04.2018 raised by Shri Jose K. Mani regarding Pay Commission Reports**

- (a) The financial impact of the recommendations of the Central Pay Commission, as accepted by the Government, is normally more pronounced in the initial year and gradually it tapers off as the growth in the economy picks up and fiscal space is widened. While implementing the recommendations of the last Central Pay Commission, i.e., the Seventh Central Pay Commission, the Government staggered its implementation in two financial years. While the recommendations on pay and pension were implemented with effect from 01.01.2016, the recommendations in respect of allowances have been implemented with effect from 01.07.2017 after an examination by a Committee. This has moderated the financial impact of the recommendations. Moreover, unlike the previous 6<sup>th</sup> Pay Commission, which entailed substantial impact on account of arrears, the impact in the year 2016-17 on account of element of arrears of revised pay and pension on the present occasion of the 7<sup>th</sup> Central Pay Commission pertained to only 2 months of the previous financial year of 2015-16.
- (b) The Seventh Central Pay Commission in Para 5.1.46 of its Report proposed withholding of annual increment in the case of those employees who are not able to meet the benchmark either for Modified Assured Career Progression (MACP) or regular promotion within the first 20 years of their service.
- (c) The service conditions of employees of State Governments fall within the exclusive domain of the respective State Governments who are federally independent of the Central Government. Therefore, the concerned State Governments have to independently take a view in the matter.
- (d) No such proposal is under consideration of the Government.

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