

FIFTH PAY COMMISSION : SOME MAJOR ISSUES

B N DATAR

Second V. V. Giri Memorial Lecture

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**GIRI INSTITUTE OF DEVELOPMENT STUDIES
LUCKNOW**

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SECOND V V GIRI MEMORIAL LECTURE

25 FEBRUARY 1995

GIRI INSTITUTE OF DEVELOPMENT STUDIES

Sector O Aliganj Housing Scheme

LUCKNOW 226 020

To,

PROFESSOR M. L. DANTWALA

**First Economist Member of
Central Pay Commission**

**Second Pay Commission
(1957 - 1959)**

SHRI B.N.DATAR

Completed Post-graduation degree from Bombay and London Universities with distinction.

Started career as Assistant Labour Commissioner in the Bombay Government and worked for 8 years.

Worked in different responsible positions in the Planning Commission and Labour Ministry, Government of India, for about 20 years.

Contributed substantially to the preparation of the Report of the National Commission on Labour as its Member Secretary.

Subsequently on invitation from the ILO joined its Regional Office, Bangkok as Co-ordinator of Labour Policy and Institution Branch of that Office for 5 years.

After coming back to India, undertook the responsibility of establishing the Ambekar Institute for Labour Studies (AILS) and worked as its Honorary Director for 5 years.

The AILS is established under the trade union auspices. Still continues as the Adviser to the Institute.

Prepared several reports and papers and actively participated in international and national seminars and conferences for the last 45 years.

Published several books on different aspects of Labour Problems in India and in Asia.

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APPENDIX

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FIRST PAY COMMISSION (1946-47)

The following will be the terms of reference to the Commission --
To enquire into and report on --

- a) the conditions of service for the Class I, Class II and Subordinate Central Services as well as establishments now designated as inferior who are subject to the Civil Services (Classification, Control and Appeal) Rules or the Railway Services (Classification, Control and Appeal) Rules and Railway Servants, as defined in para 101, State Railway Establishment Code, Vol. I with particular reference to --
 - i) the structure of their pay scales and standards of remuneration with the object of achieving rationalisation, simplification and uniformity to the fullest degree possible;
 - ii) the extent to which the present leave terms should be altered and simplified; and
 - iii) conditions of retirement and the extent to which the existing regulations in regard to pensions and contributory provident funds require simplification.
- b) the machinery for negotiating and settling questions relating to conditions of service which may arise out of differences between Government and its employees;
- c) the principles on which the remuneration, of industrial workers and daily rated employees of Government should be based.

SECOND PAY COMMISSION

(1947-1959)

The terms of reference of the Commission will be as follows -

- a) examine the principles which should govern the structure of emoluments and conditions of service of the Central Government employee;
- b) consider and recommend what changes in the structure of emoluments and conditions of service of different classes of Central Government employees are desirable and feasible keeping in mind the considerations mentioned below;
- c) recommend, in particular, the extent to which benefits to Central Government employees can be given in the shape of amenities and facilities; and
- d) in making their recommendations, the Commission will take into account the historical background, the economic conditions in the country and the implications and requirements of developmental planning, and also the disparities in the standard of remuneration and conditions of service of the Central Government employees on the one hand and of the employees of the State Governments, Local Bodies and aided institutions on the other, and all other relevant factors.

THIRD PAY COMMISSION

(1970-1973)

The Commission will be required to enquire into and make recommendations on --

- a) the principles which should govern the structure of emoluments and conditions of service of Central Government employees;
- b) what changes in the structure of emoluments and conditions of service of different classes of Central Government employees are desirable and feasible.
- c) death-cum-retirement benefits of Central Government employees;
- d) the structure of emoluments and conditions of service, including death-cum-retirement benefits, of personnel belonging to the All India Services;

- e) the structure of emoluments including benefits in cash and kind and death-cum-retirement benefits of personnel belonging to the Armed Forces, having regard to their terms and conditions of service;
- f) the structure of emoluments and conditions of service, including death-cum-retirement benefits, of employees of Union Territories; and
- g) while enquiring into the level of minimum remuneration, the Commission may examine the Central Government employees demand for a need-based minimum wage having regard to all relevant factors.

FOURTH PAY COMMISSION

(1983-1985)

The terms of reference of the Commission will be as follows -

- a) to examine the present structure of emoluments and conditions of service, taking into account the total packet of benefits, including death-cum-retirement benefits, available to the following categories of Government employees and to suggest changes which may be desirable and feasible --
 - a) Central Government employees - industrial and non- industrial
 - b) Personnel belonging to the All India Services
 - c) Employees of the Union Territories.
- b) To examine the present structure of emoluments taking into account the total packet of benefits in cash and kind including death-cum-retirement benefits available to Armed Forces personnel and to suggest changes which may be desirable and feasible, having regard to their terms and conditions of services.
- c) to examine the variety of allowances and benefits in kind that are presently available to the employees in addition to pay and to suggest rationalisation and simplification thereof with a view to promoting efficiency in administration.
- d) to make recommendations on the above having regard, among other relevant factors, to the prevailing pay structure under the Public Sector Undertakings, State Governments, etc., economic conditions in the country, the resources of the Central Government and the demands thereon such as those on account of developmental planning, defence and national security.

FIFTH PAY COMMISSION

(1994 - 19)

The terms of reference of the Commission will be as follows --

- a) to evolve the principles which should govern the structure of emoluments and those conditions of service of Central Government employees which have a financial bearing.
- b) to examine the present structure of emoluments and conditions of service of the following categories of Government employees, taking into account the total packet of benefits available to them and suggest changes therein which may be desirable and feasible --
 - i) Central Government employees - industrial and non- industrial
 - ii) Personnel belonging to the All India Services;
 - iii) Personnel belonging to the Armed Forces;
 - iv) Personnel of the Union Territories; and
 - v) Officers and employees of the Supreme Court of India and the High Court of Delhi.
- c) to examine, with a view to having proper pension structure for pensioners, the existing pension structure including death- cum- retirement benefits and make recommendations relating thereto which may be desirable and feasible.
- d) to examine the work methods and work environment as also the variety of allowances and benefits in kind that are presently available to the aforementioned categories in addition to pay and to suggest rationalisation and simplification thereof with a view to promoting efficiency in administration/ reducing redundant paper-work and optimising the size of the Government machinery.
- e) to make recommendations on each of the foregoing having regard, among other relevant factors, to the prevailing pay structure and retirement benefits available under the State Governments, etc., economic conditions in the country, the resources of the Central Government and the demands thereon such as those on account of economic and social development, defence and national security and requirements of sound fiscal management.

NOTES AND REFERENCES

1. V.B. Karnik : Indian Trade Unions - A Survey - 1978 P. 125
2. Government of India : Fourth Central Pay Commission Report Part I, 1986. Page 1 - Introduction.
3. The new Economic Policy and The New Industrial Policy were announced by the present Government within a month of its taking over the reins of Government in June - July, 1991.
4. Government of India : Fourth Central Pay Commission op cit PP- 4-5
5. Ibid P.11
6. Government of India : Report of the First Pay Commission (1947)
7. Government of India : Report of the Fourth Pay Commission op cit Chapter 7
8. Of special interest to Public Servants was the statement made by Sardar Vallabhbhai Patel in his capacity as Deputy Prime Minister against the backdrop of criticism made in the Assembly about the loyalty of Indian Civil Servants during the discussion on constitutional provisions regarding services : recruitment and service conditions of their members, their tenure of office, their dismissal, removal and reduction of rank etc. He made two specific points : i) The services must be above party and we should ensure that political considerations either in its recruitment or in its discipline and control are reduced to a minimum or eliminated altogether and ii) It would be a grave mistake to leave these matters to be regulated either by central or provincial legislation. Constitutional guarantees and safeguards are the best medium to providing for these (all India) services and are likely to be more lasting.
9. Government of India Report of the National Commission on Labour PP - 95-99
10. Government of India : Ministry of Labour and Employment : Tripartite Conclusions and Recommendations (1968) PP - 17-18.
11. Prime Ministers (Mrs. Indira Gandhi's) inaugural address to the Conference of Heads of Public Undertakings - June, 1966.
12. The National Commission on Labour was constituted in December, 1966, to review *inter alia* the changes in conditions of labour since Independence and to report on existing conditions of labour. The

Commission transmitted its report to Government in September, 1969.

13. Government of India - Ministry of Labour and Employment Report of the National Commission on Labour - 1969 Chapter 25.
14. Government of India - Report of the Third Central Pay Commission - 1973 P.52.
15. Government of India - Report of the Study Group on Wages Incomes and Prices May, 1978 P.132.
16. 'The Economist' July 31, 1982 P.27.
17. ILO - Conventions and Recommendations - 1982 PP. 25-27.
18. Ambekar Institute for Labour Studies : Economic Review 1991-92 A Trade Union Perception - 1992 (MIMEO) P.5.
19. The enthusiasm evinced by the then Labour Minister was not restricted to his introducing the bill. He encouraged debates on the subject by organisations interested in the subject and personally attended some of these debates.
20. AILS : Economic Review 1991-92 op cit P.8. .fo N3
21. Ibid PP.9-11.
22. Ibid PP.11-13. 23. Apart from the Survey PIRG has come to the same conclusion in its publication Alternative Economic Survey 1993-94.
24. Government of India : Economic Survey 1992-93 PP - 72-92
25. AILS Economic Review 1991-92 Op cit 1992 mimeo P - 15
26. AILS Economic Review 1992-93-A Trade Union Perception 1993 P.5-6.
27. Government of India : Economic Survey 1992-93 op cit P - 17
28. PIRGs Survey claims to work towards improved presentation style and content and the direction of the Survey PIRGs Alternative Economic Survey 1993-94 Preface.
29. Ibid PP. 1-5.
30. Ibid Preface (All this and more is in justification of effort put in by members of PIRG.)
31. Ibid "Prices and Distribution" PP 69-77 There is no rebuttal of conclusion reached in ES (1993-94) The reasons given by Government seem to have been challenged in PIRG Publication.

32. Ibid PP.74-75. Also see i) AILS National Seminar Report on New Industrial Policy and ii) Seminar Report on Exit Policy.
33. Government of India : Planning Commission : Eighth Five Year Plan Forward by the Prime Minister and E.S. 1992-93.
34. B.N. Datar, Indian Journal of Labour Economics Vol. XXXI Number 1-2 P.2.
35. The Author had the benefit of being a participant in the Conference of Senior Personnel Officers in the Banking Industry organised by the Indian Banks Association in October, 1992. Bankers who addressed that conference expressed these sentiments. fo N4
36. ILO - The World of Work Anniversary Issue 1994 : Michel Hansennen PP.4-6.
37. Ibid : South Asia - T.S. Papola PP.51-53.
- 38, 39, 40. PIRG Publication quoted in AILS - Economic Review 1992-93, A Trade Union Perception, 1993 (mimco) P.46, Para X-1
41. TIME MAGAZINE date - June 15, 1993.
42. Government of India Report of the I Pay Commission 1947 PP - 26-31
43. Government of India Report of the II Pay Commission 1959 Chapter IV
44. Government of India Report of the III Pay Commission 1973 Chapter V
45. ILO Conventions and Recommendations op cit PP - 25-27.
46. The minimum of Rs.195/- as accepted by Central Government was Rs.10/- higher than the majority recommendation.
47. ILO .. Technical Conference on Public Service - 1975 Report II.
48. Recent journalistic reports about concessions include reservation for women in services and in legislative bodies.
49. Rural women in some areas of Andhra Pradesh seem to have taken matters in their own hands and conducted compaigns against drinking and in bringing to book the oppenders against crimes against women.
50. 'INDIA TODAY' Salaries UP, UP and Away September 30, 1994 PP - 171-181.
51. Ibid - P.176.

52. Reference is to i) The Rath Committee which reported in mid seventies and ii) Seal Committee which is reported to have advised Government in early 'eighties.
53. The Gajendragadkar Commission settled the dearness issue in 1967 after the Das Commission had done similar exercise three years earlier.
54. Government of India Report of the Study Group, 1975 Chapter VII op cit.
55. Government of India - Report of the III PC Vol. IV Part I Chapter 56 quoted in B.N. Datar - University of Pune : V.G. Kale Memorial Lecture, 1982.
56. Ibid PP 64 - 65.
57. Ibid PP - 66 - 67 The foreign experience quoted is old. It has been mentioned for whatever it may be worth.
58. Government of India - Report of the II Pay Commission 1959 PP - 450-459.
59. BBC - The Complete Yes Prime Minister - 1989 PP. 155-159.
60. Maniben Kara Institute (HMS) : Wages in Public Sector in India - A Comparative Study 1991 Foreward.

