

INDIAN RAILWAYS TECHNICAL SUPERVISORS ASSOCIATION

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No:IRTSA/7th CPC/Memo/2014-2

Date:28.7.2014

**CHAIRMAN,
SEVENTH CENTRAL PAY COMMISSION,
NEW DELHI.**

(Through: Secretary, Seventh CPC by Email to secy-7cpc@nic.in)

Sir,

SUBJECT:- SUPPLEMENTARY MEMORANDUM

-APPEAL FOR SUO-MOTO CONSIDERATION FOR “GRANT OF INTERIM RELIEF & MERGER OF DA (DEARNESS ALLOWANCE) TO CENTRAL GOVERNMENT EMPLOYEES”.

Reference:- i) Terms of Reference para “5” of the Pay Commission - Gazette Notification of Government of India No.1/1/2013-E.III(A) Dated 28.2.2014.

ii) Our Memorandum Dated 26th May, 2014, to 7th CPC.

In continuation of our detailed Memorandum to the Pay Commission, cited above, we make the following submissions for the kind consideration of the Pay Commission, requiring immediate and urgent attention of the Pay Commission to mitigate the serious and ever rising hardship of the Central Government employees and Pensioners.

1. SUO-MOTO CONSIDERATION FOR GRANT OF INTERIM RELIEF FOR INTERIM REPORT – TO MITIGATE EXISTING HARDSHIP:

Grant of Interim Relief and Merger of DA, as justified hereunder, may please be considered under Para ‘5’- of Terms of Reference of the Seventh Pay Commission which inter-alia states that - “The Commission may consider, if necessary, sending interim report on any of matters as and when recommendations are finalized.”

Finalisation of Report of the Pay Commission is bound to take considerable time. Meanwhile the employees will continue to seriously suffer on account of various reasons given below. It is therefore, imperative that adequate Interim Relief be provided to them to mitigate their ever rising hardship.

Term of Reference for an Interim Report by the Pay Commission, allows & facilitates the Pay Commission under its inherent suo-moto powers to consider and

recommend for grant of an of Interim Relief and Merger of DA to Central Government employees and Pensioners – on following grounds besides others:

2. URGENT NEED FOR GRANT OF INTERIM RELIEF & MERGER OF DA:

1.1 There is an urgent need for grant of Interim Relief and Merger of DA (Dearness Allowance) to the Central Government Employees & Pensioners to mitigate the serious hardship suffered by them because of the following reasons:

i) Serious Impact of heavy inflation and price rise and consequential erosion of real wages since the implementation of the Sixth Pay Commission:

Cost of living had increased in “back-breaking” proportions. High inflation has eroded the real value of money. The Pay & Allowances fixed after the Sixth Pay Commission, had lost their real value which has seriously eroded over the years due to fast changes happening around the world as well as within the Country. Major changes in the pattern & requirement of Education, Housing & Health system in the country and changes in the pattern of diet and food requirements have all added to the financial needs of a common man– especially at the Lower and Middle levels.

ii) Unrealistic and erroneous compilation of Price Index (for Industrial Workers) on which calculation of DA is based:

Compilation of Consumer Price Index for Industrial Workers (CPI – IW) (on which payment of DA is based) –is totally unrealistic and not in accordance with the actual Market rates prevailing all over the Country for all the Consumer items. Weightage given to various items for compilation of Consumer Price Index, are disproportionate and not in accordance to the existing pattern of consumption by the working class due to changed economic and social requirements, especially in respect of Housing, Education and Other elements.

Cost of living as per actual rise of prices has gone up by over 200% but the DA being paid is only 100% from January, 2014.

iii) Non-Merger of DA on crossing 50% DA since 1st January, 2011 and 100% DA since 1st January, 2014 – which is unprecedented & unjust:

DA had crossed 50% mark in January 2011, and the 100% mark in January 2014. But unlike in the past, it is for the first time in the last 40 years - since the Third Pay Commission - that the DA had not been merged with Pay on the grounds that it had not been recommended by the Sixth Pay Commission. This was one of the most retrograde part of the Report of Sixth Pay Commission.

Employees have become very restless and frustrated – both on account of erosion of wages due to inflation and non-merge the Dearness Allowance. This was most unjustified and against the practice and recommendations of all the previous three Pay Commissions (from 3rd CPC to 5th CPC) all of whom had

recommended for automatic Merger of DA with Basic Pay/Pension whenever it crosses 50%.

iv) Changes in the Economic scenario since Sixth CPC;

Major changes have taken place in the economic scenario especially in India, during the last 8 years – after the Sixth Central Pay Commission recommendations effective from 01.01.2006 – as apparent from the vital statistics given below:

VITAL CHANGES SINCE SIXTH CPC:

- a) **Per Capita Net National Product (NNP) had grown by 126.9% between the financial year 2005-06 and 2011-12 as per Current Prices and by 46.2% between the financial year 2005-06 and 2011-12 as per Constant Prices.** Rise of NNP formed the basis for wage revision by Fifth CPC.
- b) **Major increase in Revenue Receipts:-** Total Revenue Receipts of Central Government have increased from Rs. 4,30,940 crores in 2005-06 to Rs. 9,10,556 crores in 2011-12 i.e. by **(+) 111.3%**.
- c) **Revenue Expenditure** has also grown by 141.4% and **GDP** (Gross Domestic Product) has also grown by 61.2%.
- d) **DECLINE IN PERCENTAGE OF EXPENDITURE ON PAY & ALLOWANCES:** Expenditure on Pay & Allowances – as percentage of Total Expenditure has gone down by 2.4%.

v) More frequent revision in the Wages in PSUs & elsewhere in the country;

There is a major disparity of wages with Public Sector Undertaking on account of higher Pay Scales but also on account of other benefits – including much higher HRA, C.C.A. and other allowances as well as Ex-gratia payment in lieu of Bonus – ranging from Rs.25,000 to Rs.50,000 or even more P.A. in the PSUs. In comparison Railway-men and other Central Government employees are paid PLB of less than Rs.9000 P.A. Thus the gap or disparity of wages is very high between the PSUs & the CG employees..

Disparity has become even more enormous on account of more frequent revision of wages (after every 5 years) in comparison to a 10 years gap in the revision of wages of Central Government employees.

vi) Other related factors.

- a) **Dearth of talent in Govt. Service due to brain drain to Private & Corporate Sectors:** Talented and meritorious personnel are no more attracted to Government jobs due to low wages & perks. They are all seeking employment in Private and Corporate Sectors – both in the initial and intermediate levels – for greener pastures.

- b) **Impact of Globalization**:- Globalization and market economy has changed the entire economic scenario in the country. Multinationals, Corporate Sector and Private Companies – have come up in a big way –in the existing and entirely new sectors, thereby offering numerous job opportunities with attractive salaries and wage packages etc. Globalization has also affected everyday life in many other ways. This is not reflected in the CPI (IR).

vii) Grant of Interim relief therefore becomes all the more imperative and essential to make good for the larger gap of time between the wage revisions of the Central Government employees as compared to PSUs and others.

3. CONCLUSION & DETERMINATION OF QUANTUM OF INTERIM RELIEF:-

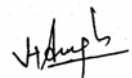
- i. All the forgoing facts fully justify the urgent need and desirability for grant of Interim Relief to the Central Government employees, forthwith, pending final recommendations of the Seventh Pay Commission.
- ii. The criteria adopted by the Fifth Pay Commission to determine the Minimum Pay of each Pay Scale could be adopted by the Seventh Pay Commission to determine the quantum of Interim relief to be granted forthwith.
- iii. The quantum of Interim relief may therefore, be 50% of the Basic Pay *based on rise of per capita NNP on constant prices.*

4. APPEAL:- It is, therefore, requested that:- the Pay Commission may please consider and recommend the following under its inherent suo-moto power:

- i) **50% of basic pay may please be granted as Interim Relief w.e.f. 1.1.2014, to all the Central Government employees.**
- ii) **50% of Pension & family pension may please be granted as Interim Relief to all Pensioners w.e.f. 1.1.2014.**
- iii) **100% DA may please be merged with basic pay & pension for all purposes w.e.f. 1.1.2014.**

Thanking you. With kind regards,

Yours faithfully,



(Harchandan Singh)
General Secretary, IRTSA