

7th Central Pay Commission

The 7th Central Pay Commission has submitted its 899 page Report to the Central Government on 19th Nov, 2015. Highlights of the Report have been furnished hereunder. Some of the paras of the Report, which would explain the salient features of the recommendations of the Pay Commission on Pay and Pension structures, which are to be implemented from 1-1-2016 have also been extracted.

Highlights

Date of Effect: 1-1-2016

Minimum Pay: Rs. 18,000

Fitment Formula: 2.57

Pay Band and Grade Pay introduced by VI CPC dispensed with

Minimum Pension / Family Pension: Rs.9,000

No change in the rates of Pension & Family Pension - to continue at the present rates of 50% & 30 % of Pay respectively

Gratuity: Ceiling of gratuity enhanced from the existing Rs.10 lakh to Rs.20 lakh from 01.01.2016. The ceiling on gratuity to increase by 25 percent whenever DA rises by 50%.

Death Gratuity : Rates revised

Enhanced family pension

No change in the periods of payment of enhanced family pension either in case of death while in service or after retirement

Age-related Additional Pension and Family Pension to the Older Pensioners:

No increase in the Rates of additional pension/family pension. No change in the ages at which the additional pension is allowed

Ceiling of Earned Leave for purposes of Leave Encashment on retirement: No change

Commutation & period of restoration

No change either in the maximum percentage of commutation or in the period of restoration

Fixed Medical Allowance: Enhancement not recommended

Dearness Relief: existing formula and methodology for calculating the Dearness Relief to continue.

Revision of Pension

Complete parity in pension recommended

- i) Pay to be fixed on notional basis with reference to the Pay Matrix recommended by the pay Commission by adding the number of increments earned in that level while in service, at the rate of three

- percent. Fifty percent of the total amount so arrived at shall be the revised pension
- ii) Basic Pension fixed as per VI CPC to be multiplied by 2.57 which will give the value of the revised pension from 1-1-2016

Pensioners given the option of choosing the formulation whichever is beneficial to them

Fitment formula 2.57 (arrived at after merging DR expected to increase to 125% w.e.f 1-1-2016 from the present 119 %. Computation: Basic 100 + DR 125+ fitment 32 = 257 = 2.57). Overall increase works out to 14.22 % of the emoluments as on 1-1-2016.

Medical Facilities

Introduction of Health Insurance Scheme for Central Government employees and Pensioners recommend

Postal Dispensaries to be merged with CGHS

Revocation of Ministry of Health and Family Welfare's Order dated 1 August, 1996 , recommended (the Order had stated that P&T Pensioners who were not participating in CGHS while in service may not be extended medical facility under CGHS)

Extracts of some of the relevant paras on revision of Pay and Pension

Determination of Minimum Pay

4.2.13 After considering all relevant factors, the Commission is of the view that the Minimum Pay in Government recommended at Rs.18,000 per month, w.e.f. 01.01.2016, is fair and reasonable and one which, along with other allowances and facilities, would ensure a decent standard of living for the lowest ranked employee in the Central Government.

5.1.14 After analysing the issues brought out by various stakeholders, this Commission suggesting a New Pay Model that is expected to not only address the existing problems but will also establish a rationalised system which is transparent and simple to use.

5.1.15 To begin with, the system of Pay Bands and Grade Pay has been dispensed with and the new functional levels being proposed have been arrived at by merging the grade pay with the pay in the pay band. All of the existing levels have been subsumed in the new structure; no new level has been introduced nor has any existing level been dispensed with.

Table 3: Levels as per the Pay Matrix

Existing Pay Bands	Existing levels of Grade Pay	Available for*	New Levels
PB-1	1800	C	1
	1900	C	2
	2000	C,D	3
	2400	C	4
	2800	C,D	5
PB-2	3400	D	5A
	4200	C,D	6
	4600	C,D	7
	4800	C,D	8
	5400	C	9
PB-3	5400	C,D,M	10
	5700	M	10A
	6100	D	10B
	6100	M	10B
	6600	C,D,M	11
PB-4	7600	C	12
	7600	M	12
	8000	D	12A
	8400	M	12B
	8700	C	13
	8700	D	13
	8900	C	13A
	8900	D	13A
	9000	M	13B
	10000		14
HAG			15
HAG+			16
Apex			17
Cabinet Secretary, Defence Chiefs			18

*C: Civil; D: Defence; M: Military Nursing Service (MNS)

Table 4: Rationalisation Applied in the Present Pay Structure

**Minimum Pay Existing Rs. 7,000 Future Rs. 18,000
Maximum Pay “ Rs.90,000 “ Rs. 2,50,000**

Pay Band 1 (5200-20200)					
Grade Pay	1800	1900	2000	2400	2800
Current Entry Pay	7000	7730	8460	9910	11360
Rationalised Entry Pay	18000	19900	21700	25500	29200

(multiplied by 2.57)

Pay Band 2 (9300-34800)				
Grade Pay	4200	4600	4800	5400
Current Entry Pay	13500	17140	18150	20280
Rationalised Entry Pay	35400	44900	47600	53100

(multiplied by 2.62)

Pay Band 3 (15600-39100)				
Grade Pay	5400	6600	7600	
Current Entry Pay	21000	25350	29500	(multiplied by 2.67)
Rationalised Entry Pay	35400	44900	47600	

Pay Band 4 (37400-67000)			
Grade Pay	8700	8900	10000
Current Entry Pay	46100	49100	53000
Rationalised Entry Pay	118500	131100	144200
	(2.57)	(2.67)	(2.72)

HAG	(67000-79000)	
Current Entry Pay	67000	(2.72)
Rationalised Entry Pay (2.72)	182200	
HAG +	(75500-80000)	
Current Entry Pay	75500	(2.72)
Rationalised Entry Pay (2.72)	205400	
Apex	80000	(fixed) (2.81)
Rationalised Pay	225000	
Cabinet Secretary	90000	(fixed) (2.78)
Rationalised Pay	250000	

[^] In the existing system no entry pay has been prescribed at the level of GP 5400 (PB-2). Therefore a logical figure has been interpolated here based on the fitment table issued by Government of India post VI CPC recommendations.

Table 5: Pay Matrix (Civilian Employees)

Pay Band	5200-10100					9300-34800					15600-39100			37400-67000			67000-79000	75500-80000	80000
Grade Pay	1800	1900	2000	2400	2800	4200	4600	4800	5400	5400	6600	7600	8700	8900	10000				
Entry Pay (EP)	7000	7730	8460	9910	11360	13500	17140	18150	20280	21000	25350	29500	46100	49100	53000	67000	75500	80000	
Level	1	2	3	4	5	6	7	8	9	10	11	12	13	13A	14	15	16	17	
Index	1.57	1.57	1.57	1.57	1.57	1.62	1.62	1.62	1.62	1.67	1.67	1.67	1.67	1.67	1.72	1.72	1.72	1.81	
1	18000	19900	21700	25500	29200	35400	44900	47600	53100	56100	67700	78800	118500	131100	144200	182200	205400	225000	
2	18500	20500	22400	26300	30100	36500	46200	49000	54700	57800	69700	81200	122100	135000	148500	187700	211600		
3	19100	21100	23100	27100	31000	37600	47600	50500	56300	59500	71800	83600	125800	139100	153000	193300	217900		
4	19700	21700	23800	27900	31900	38700	49000	52000	58000	61300	74000	86100	129600	143300	157600	199100	224400		
5	20300	22400	24500	28700	32900	39900	50500	53600	59700	63100	76200	88700	133500	147600	162300	205100			
6	20900	23100	25200	29600	33900	41100	52000	55200	61500	65000	78500	91400	137500	152000	167200	211300			
7	21500	23800	26000	30500	34900	42300	53600	56900	63300	67000	80900	94100	141600	156600	172200	217600			
8	22100	24500	26800	31400	35900	43600	55200	58600	65200	69000	83300	96900	145800	161300	177400	224100			
9	22800	25200	27600	32300	37000	44900	56900	60400	67200	71100	85800	99800	150200	166100	182700				
10	23500	26000	28400	33300	38100	46200	58600	62200	69200	73200	88400	102800	154700	171100	188200				
11	24200	26800	29300	34300	39200	47600	60400	64100	71300	75400	91100	105900	159300	176200	193800				
12	24900	27600	30200	35300	40400	49000	62200	66000	73400	77700	93800	109100	164100	181500	199600				
13	25600	28400	31100	36400	41600	50500	64100	68000	75600	80000	96600	112400	169000	186900	205600				
14	26400	29300	32000	37500	42800	52000	66000	70000	77900	82400	99500	115800	174100	192500	211800				
15	27200	30200	33000	38600	44100	53600	68000	72100	80200	84900	102500	119300	179300	198300	218200				
16	28000	31100	34000	39800	45400	55200	70000	74300	82600	87400	105600	122900	184700	204200					
17	28800	32000	35000	41000	46800	56900	72100	76500	85100	90000	108800	126600	190200	210300					
18	29700	33000	36100	42200	48200	58600	74300	78800	87700	92700	112100	130400	195900	216600					
19	30600	34000	37200	43500	49600	60400	76500	81200	90300	95500	115500	134300	201800						
20	31500	35000	38300	44800	51100	62200	78800	83600	93000	98400	119000	138300	207900						
21	32400	36100	39400	46100	52600	64100	81200	86100	95800	101400	122600	142400	214100						
22	33400	37200	40600	47500	54200	66000	83600	88700	98700	104400	126300	146700							
23	34400	38300	41800	48900	55800	68000	86100	91400	101700	107500	130100	151100							
24	35400	39400	43100	50400	57500	70000	88700	94100	104800	110700	134000	155600							
25	36500	40600	44400	51900	59200	72100	91400	96900	107900	114000	138000	160300							
26	37600	41800	45700	53500	61000	74300	94100	99800	111100	117400	142100	165100							
27	38700	43100	47100	55100	62800	76500	96900	102800	114400	120900	146400	170100							
28	39900	44400	48500	56800	64700	78800	99800	105900	117800	124500	150800	175200							

Pay Band	5200-20200					9300-34800					15600-39100				37400-67000			67000-79000	75500-80000	80000	90000
Grade Pay	1800	1900	2000	2400	2800	4200	4600	4800	5400	5400	6600	7600	8700	8900	10000						
Entry Pay (EP)	7000	7730	8460	9910	11360	13500	17140	18150	20280	21000	25350	29500	46100	49100	53000	67000	75500	80000	90000		
Level	1	2	3	4	5	6	7	8	9	10	11	12	13	13A	14	15	16	17	18		
Index	2.57	2.57	2.57	2.57	2.57	2.62	2.62	2.62	2.62	2.67	2.67	2.67	2.67	2.67	2.72	2.72	2.72	2.81	2.78		
29	41100	45700	50000	58500	66600	81200	102800	109100	121300	128200	155300	180500									
30	42300	47100	51500	60300	68600	83600	105900	112400	124900	132000	160000	185900									
31	43600	48500	53000	62100	70700	86100	109100	115800	128600	136000	164800	191500									
32	44900	50000	54600	64000	72800	88700	112400	119300	132500	140100	169700	197200									
33	46200	51500	56200	65900	75000	91400	115800	122900	136500	144300	174800	203100									
34	47600	53000	57900	67900	77300	94100	119300	126600	140600	148600	180000	209200									
35	49000	54600	59600	69900	79600	96900	122900	130400	144800	153100	185400										
36	50500	56200	61400	72000	82000	99800	126600	134300	149100	157700	191000										
37	52000	57900	63200	74200	84500	102800	130400	138300	153600	162400	196700										
38	53600	59600	65100	76400	87000	105900	134300	142400	158200	167300	202600										
39	55200	61400	67100	78700	89600	109100	138300	146700	162900	172300	208700										
40	56800	63200	69100	81100	92300	112400	142400	151100	167800	177500											

PENSION

Pensioners and Family Pensioners

10.1.8 The break-up of the total **51.96 lakh** Pensioners as on 01.01.2014 between Pensioners and Family Pensioners, category wise, is as under:

	Central Civil	Railway	Post	Defence	Defence Civilian	Total (in lakhs)
Pensioners	9.37	10.59	2.28	13.78	4.11	40.13
Family Pensioners	1.44	3.16	0.97	4.82	1.44	11.83
Total number of Pensioners	10.81	13.75	3.25	18.60	5.55	51.96

Raising the Existing Rates of Pension and Family Pension

10.1.25 The Commission sought the views of the government in this regard. The Department of Pension and Pensioners Welfare stated that the VI CPC had recommended calculation of pension @ 50 percent of last pay or the average emoluments (for last 10 months) whichever is more beneficial. The Commission also recommended delinking of pension from qualifying service of 33 years. Effectively the dispensation on pension has already been liberalised by the VI CPC. Further the recommendations of this Commission in relation to pay of both the Civilian and Defence forces personnel will lead to a significant increase in the pay drawn and

therefore in the ‘last pay drawn’/‘reckonable emoluments.’ **Therefore the Commission does not recommend any further increase in the rate of pension and family pension from the existing levels**

Quantum of Minimum Pension should Equal the Minimum Wage

10.1.27 The Commission sought the views of the government in this regard. The Department of Pension and Pensioners Welfare stated that as per the Orders issued after V CPC, the minimum pension in the government was Rs.1,275. The normal revised consolidated pension of a pre-2006 pensioner is 2.26 of the pre-revised basic pension. The revised minimum pension of Rs.3,500 is much more than 2.26 time of the pre-revised pension of Rs.1,275. Further the recommendations of this Commission in relation to pay of personnel will lead to a significant increase in the minimum pay from the existing Rs.7,000 per month to Rs.18,000 per month. This, based on the computation of pension, will raise minimum pension from the existing Rs.3,500 to Rs.9,000. The minimum pension based on the recommendations of this Commission will increase by 2.57 times over the existing level.

Increase in the Rate of Additional Pension and Family Pension to the Older Pensioners

10.1.30 The Commission sought the views of the government in this regard. Department of Pension and Pensioners Welfare stated that the additional pension for old Pensioners of the age of 80 years and above has been allowed as per the recommendations of VI CPC. However, it is felt that the same should be allowed from 75 years onwards. The Ministry of Defence has not supported the proposal. The Commission is of the view that **the existing rates of additional pension and additional family pension are appropriate.**

Increasing the existing time period of seven years for enhanced family pension

10.1.33 The Commission notes that the revision with regard to period of eligibility for the enhanced family pension of ten years was made based on recommendations of the VI CPC Report. No further change is being recommended by this Commission

Enhancement in the Gratuity Ceiling and its Indexation

10.1.37 The Commission notes that there is merit in the argument advanced to index the ceiling on gratuity so that the benefits of the enhanced ceiling are available to personnel in a manner which is more even over a time frame. **The Commission recommends enhancement in the ceiling of gratuity from the existing Rs.10 lakh to Rs.20 lakh from 01.01.2016.** The Commission further recommends, as has been done in the case of allowances that are partially indexed to Dearness Allowance, the ceiling on gratuity may increase by 25 percent whenever DA rises by 50 percent.

Rationalisation of Death Gratuity

10.1.41 The Commission, after examination of the matter, recommends the following revised rates for payment of death gratuity:

Length of Service	Rate of Death Gratuity
Less than one year	2 times of monthly emoluments

One year or more but less than 5 years	6 times of monthly emoluments
5 years or more but less than 11 years	12 times of monthly emoluments
11 years or more but less than 20 years	20 times of monthly emoluments
20 years or more	Half month of emoluments for every complete six monthly period of qualifying service subject to a maximum of 33 times of emoluments

Reduction in the time period for Restoration of Basic Pension

10.1.43 The Commission notes that prior to V CPC the commutation allowed was one-third. However, there was no restoration. The Supreme Court, vide their judgement dated 09.12.1986, allowed restoration of pension after 15 years. The Supreme Court in its judgement specifically stated that though the amount is recovered in 12 years, yet since there is a risk factor and some of the states are restoring pension after 15 years, the period of restoration is fixed at 15 years. The V CPC in its recommendation increased the percentage of commutation to 40 percent and recommended restoration period at 12 years. But the reduction of restoration period was not accepted by the government. The VI CPC did not recommend any change in the maximum percentage of commutation allowed or in the period of restoration. **This Commission also does not recommend any change either in the maximum percentage of commutation or in the period of restoration**

Revision of Pension

10.1.67 The Commission recommends the following pension formulation for Civil employees including CAPF personnel, who have retired before 01.01.2016:

i) **All the Civilian personnel including CAPF who retired prior to 01.01.2016 (expected date of implementation of the Seventh CPC recommendations) shall first be fixed in the Pay Matrix being recommended by this Commission, on the basis of the Pay Band and Grade Pay at which they retired, at the minimum of the corresponding level in the Matrix. This amount shall be raised, to arrive at the notional pay of the retiree, by adding the number of increments he/she had earned in that level while in service, at the rate of three percent. Fifty percent of the total amount so arrived at shall be the revised pension.**

ii) **The second calculation to be carried out is as follows. The pension, as had been fixed at the time of implementation of the VI CPC recommendations, shall be multiplied by 2.57 to arrive at an alternate value for the revised pension.**

iii) **Pensioners may be given the option of choosing whichever formulation is beneficial to them.**

10.1.68 It is recognised that the fixation of pension as per formulation in (i) above may take a little time since the records of each pensioner will have to be checked to ascertain the number of increments earned in the retiring level. It is therefore recommended that in the first instance the revised pension may be calculated as at (ii) above and the same may be paid as an interim measure. In the event calculation as per (i) above yields a higher amount the difference may be paid subsequently.

Illustrations on Revision of pension given by K P&T PA, based on recommendations of the Seventh CPC vide para 10.1.67 above.

However, it is to be noted that the computation of revised pension made now is subject to acceptance of the recommendation of the VII CPC by the Government and the quantum of increase in revised pension may vary according to the changes that may be made by the Government in the formulation on revision of pension suggested by the VII CPC.

Illustration No.1

Date of Retirement :31-3-2004

Qualifying Service : over 33 years

Pay Scale from which Retired , V CPC:Rs. 6500-200-10500

Last Pay drawn : Rs. 8500

Pension sanctioned on retirement: Rs. 4200

Grade pay under VI CPC : Rs. 4600

Level as per the Pay Matrix (Table 3) : Level - 7

Number of increments earned in level 7 while in service: 6

Minimum of the corresponding pay level in VII CPC- Rs. 44900 (Table 4)

Revision of Pension under VII CPC

Option- I

1. Basic Pension fixed in VI CPC Rs. 9492
 2. Initial Pension fixed under VII CPC 9492 X 2.57 = Rs.24395 (using a multiple of 2.57)

Option- II

3. Minimum of the corresponding pay level in VII CPC = 44900 (level-7)
 4. Notional Pay fixation based on 6 Increments = 53600 (Index. 7 of Pay Matrix- Table -5)
 5. 50 % of the notional pay so arrived = 26800

6. Pension amount admissible (higher of Option 1 and 2) Rs. 26,800

Increase in Basic Pension: Option I : 24395-9492 = 14903

:Option II : 26800-9492 = 17308

Increase in Basic pension due to parity in pension = 2405

Increase in emoluments as on 1-1-2016 : Due as per **option II** (VII CPC) Rs.26800

Drawn (VI CPC)

Basic 9492 + DR @ 125% = 11865 Total : 21357

Increase = 5443

Increase in emoluments as per Option I: Due wef 1-1-2016 24395

Drawn 21357

Difference 3038

Increase due to parity 2405 + normal revision 3038 = Total increase Rs.5443 (Option - II is more beneficial)

Note: Computation of revised pension is done on the presumption that Grade Pay of Rs. 4,600 is allowed to be taken into account for revision of pension in respect of pre-2006 Pensioners.

Illustration No. 2

Date of birth 5-10-1932

Age as on 1-1-2016 : 84 years

Age-related additional pension admissible: 20% of revised basic pension

Date of Retirement : 31-1-1990

Qualifying Service : Over 33 years

Pay Scale from which Retired : IV CPC: 4500-150-5700

Last Pay drawn : Rs. 5100

Pension sanctioned on retirement: Rs. 2550 (IV CPC)

Revised Pension under V CPC : Rs. 7150

Revised Pension under VI CPC : Rs. 23050

Grade pay under VI CPC : Rs. 8700

Level as per the Pay Matrix (Table 3) - Level 13

Number of increments earned in level 13 while in service : 4

Minimum of the corresponding pay level in VII CPC : Rs.1,18,500 (Table 4)

Revision of Pension under VII CPC

Option- I

1. Basic Pension fixed in VI CPC Rs.23050

2. Initial Pension fixed under VII CPC $23050 \times 2.57 = 59239$ (using a multiple of 2.57)

Option- II

3. Minimum of the corresponding pay level in VII CPC = 118500

4. Notional Pay fixation based on 4 Increments =133500

(Index 5 of Pay Matrix – Table 5)

5. 50 % of the notional pay so arrived = 66750

6. Pension amount admissible (higher of Option 1 and 2) Rs.66750

Increase in Basic Pension : Option I $59239-23050 = 36189$

: Option II $66750-23050 = 43700$

Increase due to parity in pension = 7511

Increase in emoluments as on 1-1-2016 : Due as per **option II** (VII CPC) Rs. 66750

Drawn (VI CPC)

Basic 23050 + DR @ 125% = 28813 Total = 51863

Increase = 14887

Increase in emoluments as per option- I : Due w.e.f 1-1-2016 59239

Drawn 51863

Difference 7376

Increase due to parity 7511 + normal revision 7376 = Total increase Rs.14887

Illustration No. 3

Date of Retirement :1-8-2003

Qualifying Service : 29 years

Pay Scale from which Retired , V CPC: Rs. 4500-125-7000

Last Pay drawn : Rs. 5500

Pension sanctioned on retirement: Rs. 2417

Grade pay under VI CPC : Rs. 2800

Level as per the Pay Matrix (table 3) : Level 5

Number of increments earned in level 5 while in service : 8

Minimum of the corresponding pay level in VI CPC: Rs. 29200 (Table 4)

Revision of Pension under VII CPC

Option- I

1. Basic Pension fixed in VI CPC Rs. 5464
2. Initial Pension fixed under VII CPC $5464 \times 2.57 =$ Rs.14043 (using a multiple of 2.57)

Option- II

3. Minimum of the corresponding pay level in VII CPC = 29200 (level 5 – Table 3)

4. Notional Pay fixation based on 8 Increments =37000
(Index 9 of Pay Matrix- Table 5)

$$5. 50\% \text{ of the notional pay so arrived} = 18500$$

6. Pension amount admissible (higher of Option 1 and 2) Rs. 18500

Increase in Basic Pension Option I :14043-5464 = 8579

Option II : $18500 - 5464 = 13036$

Increase in Basic pension due to parity in pension = 4457

Increase in emoluments as per Option I : Due w.e.f. 1-1-2016 14043
Drawn 12294
Difference 1749

***Increase due to parity 4457 + normal revision 1749 = Total increase Rs.6206
(Option - II is more beneficial)***

Note: Computation of revised pension is done on the presumption that there will not be pro rata reduction in pension for less than 33 years of service, since there is no mention of such reduction in para 10.1.67 of VII CPC report.

Medical Facilities

Postal Dispensaries

9.5.9 The Commission feels that modalities should be worked out to utilise the existing manpower of the Postal Dispensaries and steps should be taken to merge the remaining 33 Postal Dispensaries with CGHS. This will benefit a large number of Postal Employees and Pensioners. This will also benefit those Central Government employees/pensioners who are otherwise eligible for coverage under CGHS but are being denied this facility because of absence of CGHS Centres in their Cities.

The Commission feels that Ministry of Health and Family Welfare's Order dated 1 August, 1996 - which states that P&T Pensioners who were not participating in CGHS while in service may not be extended medical facility under CGHS- is discriminatory and should therefore be revoked. This would enable all P&T Pensioners, irrespective of their participation in CGHS while in service, to avail medical facilities under CGHS after making requisite subscription.

17.40 Health Insurance: The Commission strongly recommends the introduction of Health Insurance Scheme for Central Government Employees and Pensioners. In the interregnum, for the benefit of Pensioners residing outside the CGHS areas, the Commission recommends that CGHS should empanel those Hospitals which are already empanelled under CS (MA)/ECHS for catering to the medical requirement of these Pensioners on a cashless basis. This would involve strengthening of administrative capacity of nearest CGHS Centres. The Commission recommends that the remaining 33 Postal Dispensaries should be merged with CGHS. The Commission further recommends that all Postal Pensioners, irrespective of their participation in CGHS while in service, should be covered under CGHS after making requisite subscription. The Commission recommends that possibility of such a combined network of various Medical Schemes should be explored through proper examination. (para 9.5.18)