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Bharatiya Pratiraksha Mazdoor Sangh
(AN ALL INDIA FEDERATION OF DEFENCE WORKERS)
(AN INDUSTRIAL UNIT OF B.M.S.)
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Dear Members,

Kindly go through the draft on 8th CPC on the topics of Minimum Pay, Multiplication Factor, Merger of Pay Levels, Annual Increment, Pay Matrix.

Kindly offer your valuable suggestions.

Regards,

(Rabindra Kr Mishra)
General Secretary

8th Pay Commission Draft for Suggestions

Minimum Pay-

Principle adopted for minimum pay determination

The determination of minimum pay for Government employees has historically been guided by a careful balance between **economic realities, social justice, and administrative sustainability**. It is not merely a matter of wage fixation, but a broader exercise aimed at ensuring that the lowest-paid employee is able to maintain a **dignified standard of living** in line with the prevailing socio-economic conditions of the country.

Over successive Pay Commissions, various methodologies have been examined, including needs-based approaches, consumption standards, and income-based benchmarks. Among these, the concept of linking minimum pay with **growth in national income** has emerged as a rational and equitable framework, as it aligns the earnings of Government employees with the overall progress of the economy.

In this context, the approach adopted by the Fifth Central Pay Commission marked a significant evolution in pay determination philosophy by introducing a **modified version of the Constant Relative Income Criterion**, thereby ensuring that wage growth reflects changes in per capita income levels. The relevant extract of the recommendation is reproduced below:

> "*We would like to adopt a modified version of the Constant Relative Income Criterion as possibly the most equitable norm, both from the point of view of the employee as well as the Government. Taking Rs.750 as the basic pay fixed in 1986, and dearness*

allowance of Rs.1110 as on 1.1.96 we may adopt a compensation factor of 30.9% (See Annexe-41.5) as being the increase in the per capita net national product during When it is added to the existing basic pay (Rs.750) the period 1986-1995. This comes to Rs.574.74. and dearness allowance as on 1.1.96 (Rs.1110), the total works out as Rs.2434.75. This figure could be rounded off to Rs.2440, mean more than which would also incidentally a threefold jump in the basic pay from Rs.750 to Rs.2440. The interim reliefs of Rs.200 paid so far to the lowest functionary would naturally subsumed be within the above mentioned figure."

Annexe 41.5

Percentage increase in Per Capita Net National Product at factor cost

Year	Per Capita Net National Product (at factor cost) at constant prices
1986-87	1,871
1987-88	1,901
1988-89	2,059
1989-90	2,157
1990-91	2,222
1991-92	2,175
1992-93	2,239
1993-94	2,292
1994-95	2,449

Percentage increase in 1994-95 over 1986-87: 30.9

Determination of minimum pay under the 8th Central Pay Commission

In the same analogy, the revision of pay scales should be guided by objective economic indicators and prevailing socio-economic conditions. In this regard, the growth in **Per Capita Net National Product (NNP) at factor cost** provides a reasonable and scientific benchmark for assessing the increase in income levels over time.

As per data published by the Ministry of Statistics and Programme Implementation (MoSPI), the Per Capita Net National Income at current prices has increased from ₹1,03,219 in 2016–17 to ₹1,92,774 in 2024–25. This reflects an increase of approximately **86.76%** over the period.

The calculation is summarized below:

- Absolute Increase: ₹1,92,774 – ₹1,03,219 = ₹89,555
- Percentage Increase: (₹89,555 ÷ ₹1,03,219) × 100 = 86.76% (approx.)

It is pertinent to mention that this increase represents nominal growth at current prices and reflects the overall rise in income levels, including inflationary effects.

Applying the above growth factor to the existing minimum pay determined by the 7th Central Pay Commission yields the following:

- Minimum Pay (7th CPC): ₹18,000
- Dearness Allowance @ 58%: ₹10,440
- Sub-total: ₹28,440
- Increase @ 86.76%: ₹24,674.54
- Revised Minimum Pay: ₹53,114.54

However, the minimum pay determined by the 7th Central Pay Commission was based on a **3-unit family structure**, which does not adequately reflect the prevailing Indian socio-cultural framework. In Indian conditions, a government employee is generally responsible not only for the spouse and children but also for dependent parents.

Accordingly, a more realistic family composition may be considered as under:

- Government Servant – 1 Unit
- Spouse (gender-neutral) – 1 Unit
- Two Minor Children – 1.5 Units (0.75x2)
- Parents – 1.5 Units (0.75x2)
- **Total Family Size – 5 Units**

On this basis, the revised minimum pay works out to:

(₹53,114.54 ÷ 3) × 5 = ₹88,524.24

While the above calculation yields a minimum pay of ₹88,524.24 based on objective economic growth and a realistic family unit structure, it is equally important to recognise the broader fiscal implications for the Government. Pay revision impacts not only Central Government employees but also has cascading effects on pensions, allowances, and State Government pay structures. Therefore, any recommendation must balance **adequacy of wages** with **fiscal sustainability**, keeping in view factors such as revenue growth, fiscal deficit targets, and competing demands on public expenditure including infrastructure, social welfare, and defence.

At the same time, it is submitted that the minimum pay should not fall below a level that ensures a **dignified standard of living**, as envisaged in the principles of fair wages and earlier Pay Commission recommendations. The erosion of real income due to inflation, rising costs of essential services such as housing, education, and healthcare, and the increasing financial responsibilities of employees necessitate a reasonable upward revision.

In this context, a moderated and pragmatic approach is proposed. Instead of adopting the full computed figure of ₹88,524.24, a calibrated level of **₹72,000 per month** may be considered appropriate. This figure represents a **balanced midpoint** between the existing pay structure and the fully justified requirement, thereby ensuring:

- Partial but meaningful neutralization of inflationary pressures;
- Improvement in living standards without imposing excessive fiscal strain;
- Administrative feasibility and smoother implementation; and
- Alignment with long-term fiscal consolidation goals of the Government.

Thus, the suggested minimum pay of ₹72,000 per month emerges as a **prudent, sustainable, and socially just benchmark**, reconciling economic justification with fiscal responsibility.

It is, therefore, requested that the Hon'ble Commission may kindly consider:

1. Adoption of growth in Per Capita NNP as a benchmark for pay revision.
2. Revision of the family unit structure from 3 units to 5 units.
3. Fixation of minimum pay at an appropriate and just level, preferably around ₹72,000 per month.

<u>Fitment Factor</u>

The minimum pay has been proposed at **₹72,000 per month**, corresponding to the starting pay of **₹18,000** as determined by the 7th Central Pay Commission and implemented with effect from **01.01.2016**. The proposed figure thus represents a **fourfold increase** over the base pay prevailing at the time of implementation of the VII CPC recommendations.

This enhancement is grounded in objective economic analysis. As established earlier, the **Per Capita Net National Product (NNP) at current prices has increased by approximately 86.76%** during the period from 2016–17 to 2024–25. When this growth is applied to the existing pay structure along with Dearness Allowance neutralisation, the revised minimum pay works out to **₹53,114.54** for a 3-unit family. Further, when adjusted to a more realistic **5-unit family structure**, the minimum pay requirement rises to **₹88,524.24**.

In this context, the proposed minimum pay of **₹72,000** represents a **balanced and moderated outcome**, positioned between the computed requirement and fiscal considerations. The implied **fitment factor of 4.00** (₹72,000 ÷ ₹18,000) is therefore justified not only as a simple multiplier but as a reflection of cumulative economic growth, inflationary trends, and evolving household responsibilities.

It is also pertinent to note that this fitment factor includes a component of **1.58 on account of Dearness Allowance (DA) neutralisation**, which compensates for the erosion in real wages due to inflation since 01.01.2016. The remaining portion of the fitment factor represents the **real increase necessary to ensure a dignified standard of living**, consistent with the principles adopted by previous Pay Commissions.

Accordingly, the proposed fitment factor of 4.00, to be applied uniformly across all employees, ensures **equity, transparency, and administrative simplicity**, while adequately balancing **economic justification, social realities, and fiscal prudence**.

<u>Annual Increment</u>

Justification for Enhancing Annual Increment to 6% for Central Government Employees under the 8th CPC

The structure of pay revision in Government service rests on three foundational elements—**basic pay, Dearness Allowance (DA), and annual increment**. While periodic Pay Commissions address structural revisions and DA neutralises inflation, the **annual increment represents the only assured mechanism for real wage growth within a pay cycle**. In this context, a strong case emerges for revising the rate of annual increment from the existing **3% to 6%** under the forthcoming **8th Central Pay Commission**.

1. Historical Context and Need for Revision

The rate of annual increment at **3% of basic pay** was standardised by the **Sixth Central Pay Commission** and retained by the **Seventh Central Pay Commission**. At the time of its introduction, this rate was considered adequate in a relatively moderate inflation environment and in conjunction with other structural changes in pay.

However, over the past decade, economic conditions have undergone significant transformation:

- Sustained inflationary pressures have eroded real income levels.
- Consumption patterns and cost of living have increased substantially.
- Household financial responsibilities have expanded, particularly in urban and semi-urban contexts.

In such a scenario, the continuation of a **3% increment rate appears inadequate** to ensure meaningful real wage progression.

2. Distinction Between DA and Annual Increment

A critical conceptual distinction must be maintained:

- **Dearness Allowance (DA)** compensates for inflation and protects purchasing power.
- **Annual Increment** provides **real income growth** and rewards experience and service continuity.

Thus, while DA ensures survival, the annual increment ensures **improvement in standard of living**. A low increment rate effectively leads to **wage stagnation in real terms**, particularly between Pay Commission cycles spanning 10 years.

3. Comparison with Broader Economic Trends

Recent data indicates that **Per Capita Net National Product (NNP)** at current prices has increased by approximately **86.76% between 2016–17 and 2024–25**. This reflects a substantial rise in average income levels across the economy.

At the same time:

- The private sector in India provides **average annual increments of 8%–10%**, combining both inflation and performance-linked growth.
- Even in organised sectors, annual increases commonly exceed **6%**.

In contrast, Central Government employees receive:

- **3% annual increment (real growth)**
- DA adjustments separately

This creates a widening gap between **government compensation growth and overall economic income trends**, potentially affecting talent attraction and retention.

4. Inadequacy of 3% Increment Over a Pay Cycle

Over a typical **10-year Pay Commission cycle**, a 3% annual increment results in limited real growth:

- The cumulative increase remains modest when compared with rising living costs.
- Employees at lower pay levels experience **greater financial stress**, as increments are calculated on a smaller base.
- The gap between **entry-level and mid-career compensation** remains compressed, affecting motivation.

A **6% increment**, on the other hand:

- Provides a more meaningful progression over time.
- Reduces dependence on periodic pay revisions for income correction.
- Ensures a **smoother and more continuous growth trajectory**.

5. Alignment with Family-Based Needs and Social Realities

As highlighted in pay determination principles, the wage structure must support a **family-based consumption model**. In Indian conditions, an employee typically supports:

- Spouse
- Children
- Dependent parents

Given rising costs in **education, healthcare, housing, and elderly care**, the current increment rate does not adequately support evolving family needs. Enhancing the increment rate to **6%** would help partially bridge this gap in a sustained manner.

6. Administrative Simplicity and Equity

One of the strengths of the current system is its **uniformity and transparency**. Increasing the increment rate to 6%:

- Retains the **same simple structure** (percentage of basic pay)
- Ensures **equitable benefit across all levels**
- Avoids complexities associated with performance-linked pay systems

Thus, the proposal enhances adequacy without compromising administrative efficiency.

7. Fiscal Considerations

While any increase in increment rate has fiscal implications, the proposal remains **moderate and sustainable**:

- It does not involve immediate large-scale pay restructuring.
- The impact is **gradual and spread over time**.
- It reduces the need for **sharp corrections in future Pay Commissions**.

A calibrated increase to 6% represents a **balanced approach**, reconciling employee welfare with fiscal prudence.

8. Conclusion

The existing **3% annual increment**, though historically justified, no longer aligns with present economic realities and societal needs. A revision to **6% annual increment** is justified on the grounds of:

- Sustained increase in national income levels
- Rising cost of living and changing consumption patterns
- Need for meaningful real wage growth
- Alignment with broader market trends
- Support for family-based financial responsibilities

Accordingly, it is recommended that the **8th Central Pay Commission** may consider enhancing the rate of annual increment to **6% of basic pay**, thereby ensuring a more realistic, equitable, and forward-looking compensation framework for Central Government employees.

Proposed Pay Matrix

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	6600	7600	8700	8900	10000				
Pre-revised Pay	18000	19900 & 21700	25500 & 29200	35400	44900	47600	53100 & 56100	67700	78800	118500	131100	144200	182200	205400	225000	250000
Level with merger	1	2 & 3	4 & 5	6	7	8	9 & 10	11	12	13	13A	14	15	16	17	18
Fitment Factor	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Revised Entry Pay	72000	86800	116800	141600	179600	190400	224400	270800	315200	474000	524400	576800	728800	821600	900000	1000000
Pay on DNI	76300	92000	123800	150100	190400	201800	237900	287000	334100	502400	555900	611400	772500	870900		
3	80900	97500	131200	159100	201800	213900	252200	304200	354100	532500	589300	648100	818900			
4	85800	103400	139100	168600	213900	226700	267300	322500	375300	564500	624700	687000	868000			
5	90900	109600	147400	178700	226700	240300	283300	341900	397800	598400	662200	728200				
6	96400	116200	156200	189400	240300	254700	300300	362400	421700	634300	701900	771900				
7	102200	123200	165600	200800	254700	270000	318300	384100	447000	672400	744000	818200				
8	108300	130600	175500	212800	270000	286200	337400	407100	473800	712700	788600	867300				
9	114800	138400	186000	225600	286200	303400	357600	431500	502200	755500	835900					
10	121700	146700	197200	239100	303400	321600	379100	457400	532300	800800						
11	129000	155500	209000	253400	321600	340900	401800	484800	564200							
12	136700	164800	221500	268600	340900	361400	425900	513900	598100							
13	144900	174700	234800	284700	361400	383100	451500	544700	634000							
14	153600	185200	248900	301800	383100	406100	478600	577400	672000							
15	162800	196300	263800	319900	406100	430500	507300	612000	712300							
16	172600	208100	279600	339100	430500	456300	537700	648700	755000							
17	183000	220600	296400	359400	456300	483700	570000	687600	800300							
18	194000	233800	314200	381000	483700	512700	604200	728900								
19	205600	247800	333100	403900	512700	543500	640500	772600								
20	217900	262700	353100	428100	543500	576100	678900									
21	231000	278500	374300	453800	576100	610700	719600									
22	244900	295200	396800	481000	610700	647300	762800									
23	259600	312900	420600	509900	647300	686100										

24	275200	331700	445800	540500	686100											
25	291700	351600	472500	572900												
26	309200	372700	500900	607300												
27	327800	395100	531000	643700												
28	347500	418800	562900	682300												
29	368400	443900	596700													
30	390500	470500	632500													
31	413900	498700	670500													
32	438700	528600														
33	465000	560300														
34	492900	593900														
35	522500	629500														
36	553900															
37	587100															

Regards,

(Rabindra Kr Mishra)
General Secretary