

CHAPTER I

INTRODUCTION

- 1.1** Government of Kerala in GO MS No. 115/2005/Fin. dated 14/03/2005 appointed a Pay Revision Commission consisting of
1. **Shri. R. Narayanan, IAS (Retd)**
(Chairman)
 2. **Shri.C.M. Radhakrishnan Nair IPS (Retd)**
(Member)
 3. **Shri. A.K. Thomas,**
Formerly Director of Panchayats
(Member)
 4. **Smt. P. Chandramathy Amma,**
Additional Secretary, Finance Department,
(Member Secretary)
- 1.2** The Terms of Reference of the Commission were as follows:-
- (i) To examine and suggest necessary modifications of pay and allowances of:
 - (a) posts under Kerala Government Service, including part-time contingent service;
 - (b) posts, including part-time posts, under educational institutions of the Government, aided schools and colleges, institutions covered by direct payment scheme and autonomous institutions under the State Government (excluding those covered by U.G.G/AICTE etc., scheme of scales of pay and also posts for which Central scales of pay have already been allowed, such as teaching staff in Medical Colleges, etc;) and
 - (c) posts under local bodies
 - (ii) To examine the present structure of pay and allowances, other emoluments and service conditions, including promotion avenues and fringe benefits, available to the above categories of employees and recommend necessary changes on these items, indicating the dates from which each such change shall be applicable. Also to consider the extension of fringe benefits which are available to Central Government employees at present and not available to State Government employees. Further, to examine whether other service benefits enjoyed by State Government employees but which are not available to the Central Government employees, shall be continued and if so to what extent and to what period.
 - (iii) To examine the present Civil service set up as a whole and make suggestions to increase its efficiency and social accountability,

- (iv) To examine the need to give interim relief to employees and submit the Commission's views in this regard within 3(three) months.
- 1.3** In a further order dated 22/03/2005 vide GO (MS) No.145/2005/Fin Government laid down the terms and conditions under which the Chairman, Members and Member Secretary are expected to work.
- 1.4** Since the terms of reference did not originally include the pensioners, another Government order was issued vide G.O. MS No.153/2005/Fin. dated 30/03/2005 including a clause requiring the Commission to examine the benefits available to service pensioners and recommend changes, if any, needed.
- 1.5** In G.O. MS No.182/2005/Fin dated 16/4/2005 sanction was accorded for creating a total number of 30 posts under the Pay Revision Commission, which constituted the Secretariat of the Pay Commission.
- 1.6** In the terms of reference, the Commission were ordered to examine and suggest necessary modifications of pay and allowances inter-alia of posts within the autonomous institutions also. Since autonomous institutions were excluded from the purview of the Pay Revision Committee 1997, it was felt that a similar exclusion for the present Commission would also be desirable and accordingly the matter was taken up with the Government, which issued an order GO (Ms) No. 267/2005/Fin. dated 06/06/2005 deleting the term autonomous institutions included in the terms of reference.
- 1.7** Although the Commission was constituted as early as 14/3/2005, it took quite some time to set-up the office of the Commission because a suitable venue had to be found, equipments and furniture had to be purchased and the staff identified and posted against the temporary posts created by the Government. The office of the Commission started functioning only during the middle of May 2005. The Commission are grateful to the Honourable Speaker of the Legislative Assembly for having agreed to their request to provide office space within the annex of the new Legislative Assembly complex. The office space provided for the Chairman and Members, Member Secretary and the staff was adequate to enable the Commission to function efficiently. Necessary equipments including Computer and furniture were procured in quick time and the staff were posted without too much delay.
- 1.8** To begin with, the Commission held a few preliminary sittings specifically to chalk out an appropriate methodology of work. This Commission, unlike the Commissions of the past, were enjoined to examine the need to give interim relief to the employees and submit their views in this regard within three months. The Commission therefore decided that immediate attention should be focussed on the submission of a report dealing only on the matter of interim relief.

- 1.9** Since the work of the Commission had to be undertaken with confidentiality an office order was issued specially for the purpose of maintaining secrecy and assigning responsibilities to the Member Secretary. (Copy of the Rules of procedure is appended) The Commission held discussions with the major unions of Government employees and pensioners before formulating their report on interim relief. This report was given to the Government on **05/08//2005**. Copy of the report is given in **annexure-I**
- 1.10** Simultaneous with the preparation of the interim report, the Commission formulated a questionnaire which was circulated to selected individuals, to the Secretaries and Heads of departments and the various Associations of Government employees. In order to elicit the views of prominent persons from the public, the Commission also opened a web site which was www.prc2005@kerala.gov.in. Along with the preparation of the questionnaire, the Commission also devised a proforma which was circulated to all the Heads of departments, essentially for gathering information on the details of existing posts in each department, their scales of pay and other relevant details, germane to the work of the Commission in connection with processing the revision of the scales of pay of each of the departments. Wherever possible, special rules of the concerned departments were also called for. The information gathered was processed meticulously by the office and it was on that basis that discussions were held later with the employee representatives.
- 1.11** After the submission of the interim report, the Commission engaged four consultants specifically for the purpose of studying and reporting certain issues which would have a bearing on the ultimate recommendations of the Commission. These consultants were one, the Centre for Development Studies, which was asked to prepare a report on the general financial situation of the State including the trends in State domestic product. The second consultant was the Institute of Public Auditors of India, Kerala Chapter, which was asked to submit a report on the issues relating to option and re-option and the effect of rule 28-A KSR Part I on fixation in the context of the Kerala pay revision. The third consultant was a retired Additional Secretary of the Finance department Shri. Ramachandra Panicker, N. who was asked to prepare a report on the implications of applying ‘mutatis mutandis’ the principles of the pension scheme which was based on the Central pattern of pension to their employees. Lastly, Dr. Sabu Thomas, a Fellow doing Applied Economic Research in the Kochi University was asked to give a report on the promotion opportunities including time bound grade and ratio promotion in Kerala comparing it with that of a few neighbouring States and the Centre. All these consultants gave their reports in time to the Commission, which gratefully acknowledge their contribution. Much of the material submitted by them has been made use of in the report of the Commission.
- 1.12** The Commission also organized a brain storming session wherein three specific issues were identified and circulated to selected individuals from various walks

of life. This session was a useful one wherein the general expectations of the employees and the balancing requirements between them and the State were brought to the forefront. Names of individuals who participated and the gist of the discussions are given in **annexure II**. The Commission is grateful to the participants of the brain storming session for having given their valuable views on the matter of pay revision.

1.13 After getting the materials from the Heads of department, the Commission chalked out a programme for discussions with the various Unions and Associations representing each of the departments. As many as 396 Associations and several individuals had given written memoranda with and without the questionnaire that had been circulated. Names of the Unions/Associations who have given memoranda to the Commission are listed in **annexure III**. The original method adopted by the Commission was to cover the Unions/Associations of 5 or 6 departments stage by stage and thereafter to invite the concerned Heads of department for a wrap up discussion. This procedure was followed from the middle of October 2005 till the first week of December 2005. Since the period of the Commission, according to GO MS No.115/2005/Fin. dated 14/3/2005 was only up to 31/12/2005, and taking note of past precedents when Pay Revision Commissions were given extensions, the Commission requested the Government to grant extension of time for a further period of nine months, since it was felt that such time would be required to cover all the departments and the pensioners and since the trend of every department was to raise issues critical to that department, it was felt that each of the issues will have to be discussed in the Commission before taking a final stand and that would require time. Government, however, was anxious that the Pay Revision Commission should submit its report at least by the end of February 2006 and in fact the Commission was directed to do so. This order of the Government necessitated a change in approach and methodology and accordingly, the Commission adopted a different method of clubbing together various Unions and collective discussions were held with them. Further, it was decided that the Heads of departments need not be separately invited and the Commission need to hear the Head of department only if a request to be heard came from the Head of department. The procedure adopted cannot be considered as the best, but it was the only way out, and it may be recorded that by and large whatever information the Commission wanted, was made available and only three Heads of department separately asked for being heard by the Commission.

1.14 Paucity of time has also made the Commission adopt a slightly different approach on the write up of the Chapters concerning the various departments. The method followed was to have the demands analysed in the respective files but include in the report only those, which are either accepted or accepted with modifications. Otherwise, mention has been made that only corresponding revision of scales of pay would be given. By following such a method the Commission were aware that an impression might gain ground that most of the

demands raised by employee organisations have been given the short shrift. However, the fact of the matter is that the demands raised by the employee representatives, have been looked into carefully and the Commission has been fair in their judgement based on logic and reasoning and as such they have not been specifically brought out in the report. Wherever very special demands have been made, but found not acceptable to the Commission, reasons for not accepting the demand have been mentioned. Finally, it has to be stated that the Commission would have desired to meet more people, interact with other State Governments and organisations, so that the comparative position could have been studied in depth. However, lack of time did not enable the Commission to undertake such discussions and visits.

1.15 The Commission would also like to reiterate what the previous Pay Revision Committee had observed that service rules governing civil service provide a fertile field for litigation and so it is possible that certain recommendations might have been made without knowing that the subject matter is under adjudication before a court of law. It is needless to point out that in such cases it is the final decision of the court of law that would prevail.

1.16 After the formation of the Kerala State in 1956, the present Pay Revision Commission is the VIIIth Commission appointed by the Government for revising the pay scales of the employees. The first Commission was in 1965 with Shri. K.M. Unnithan as Chairman. This was followed by the Shri V.K. Velayudhan Commission of 1968, Chandrabanu Commission of 1977, Shri. Justice Gopalan Nair Commission of 1983, Shri. Justice. Chandrasekhara Menon Commission of 1988, the Pay Equalization Committee under the Chairmanship of Shri. G. Gopalakrishna Pillai in 1992 and finally Shri. P.M. Abraham Committee of 1997. The present Commission has, therefore before it, vast material, available in the reports of the previous Commissions and since restructuring of pay and allowances is not a one time exercise, the recommendations of this Commission should be considered as a continuation of the process begun in 1965. As in the past, the endeavour of the Commission has been to assess the potential of the State to bear an increase in wages and balance it with the demands of the employees and thereby to grant maximum satisfaction to both. The recommendations of the Commission would obviously step-up the emoluments to all sections of the employees and although they may not reach upto the levels demanded by the various Unions/Associations, the Commission are confident that the package of recommendations which covers not only the scales of pay but also rates of increments, fixation, time bound grade promotions, allowances and other pertinent issues regarding emoluments will be a fair formula in the best interests of a large majority and that it would bear a fair comparison with per capita income levels of the State, and the salary structure in non-government structures.

1.17 The demands of most of the Unions/Associations were that the new pay scales should be effective from 01/3/2002 on the ground that the five year period after

the effective date of the previous Pay Revision Commission is over on that date. This demand has however not found favour with the Commission. The new pay structure has been evolved by merging 59% of DA to the basic pay and then stepping it up by a fitment which is in consonance with the pattern of the change of the pay structure at the Central Government. At the Centre, the change was effected with effect from 01/4/2004 when 50% of DA was set apart as dearness pay. Pay plus Dearness pay formed the base for calculating DA, HRA etc. For all practical purposes Pay plus Dearness Pay constituted the basic pay from 01/4/2004. There is therefore no case for granting revision in our State on a date earlier than 01/4/2004. In Kerala, where there are a large number of teachers in educational institutions including aided institutions, revision of the pay structure effective from the 1st of July has been found to be more appropriate. The Commission would therefore recommend that the revised pay scales may be granted from 01/7/2004 but that arrears from 01/07/2004 to 31/03/2005 may be treated as notional and actual monetary benefit be granted with effect from 01/4/2005 after adjusting the interim relief.
