

## **Pay Commission**

**Prelims:** Current events of national; and international importance | Polity & Governance

## Why in news?

The Union Cabinet, chaired by the Prime Minister has approved the Terms of Reference of 8th Central Pay Commission.

- Pay Commission It is the <u>temporary body</u>, which constituted periodically for <u>every 10 years</u> by the Central Government.
- **Purpose** To examine and recommend changes into various issues of emoluments structure, retirement benefits and other service conditions of Central Government employees.
- Under the Department of Expenditure, Ministry of Finance.
- Composition 1 Chairperson; 1 Part time Member & 1 Member-Secretary.
- **Tenure** It will make its recommendations *within 18 months* of the date of its constitution.
- Key aspects to be considered -
  - $_{\circ}$  Economic conditions in the country and the need for fiscal prudence.
  - $_{\circ}$  Need to ensure that adequate resources are available for developmental expenditure and welfare measures.
  - Unfunded cost of non-contributory pension schemes.
  - The likely impact of the recommendations on the finances of the State Governments which usually adopt the recommendations with some modifications; and
  - $_{\circ}$  The prevailing emolument structure, benefits and working conditions available to employees of Central Public Sector Undertakings and private sector.
- **Historical context** Since 1947, the Indian government has established *7 Pay Commissions*.
- 7<sup>th</sup> Pay Commission (2016-2026) Under the chairmanship of Justice Ashok Kumar Mathur.

- It recommended a 23.55% increase in pay, allowances and pension, which led to an additional annual outgo of Rs 1.02 lakh crore for the Central government.
- Minimum Pay Rs.18,000 per month
- Maximum Pay: Rs. 2,50,000 per month (for Cabinet Secretary)
- 8th Central Pay Commission -
  - Headed by Justice Ranjana Prakash Desai, a former Supreme Court judge & chairperson of the Press Council of India.
  - Member (Part-Time) Pulak Ghosh, Professor IIM Bangalore
  - Member-Secretary -Pankaj Jain, Petroleum Secretary.
- Implemention The pay and pension hikes are likely to be implemented retrospectively from January 1, 2026.

## References

- 1. PIB | Cabinet's approval to 8<sup>th</sup> Central Pay Commission
- 2. Indian Express | Cabinet's approval to 8th Central Pay Commission

