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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 ***temporary body***, which constituted periodically for ***every 10 years*** 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 –**
  - Economic conditions in the country and the need for fiscal prudence.
  - 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
  - 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^{th} 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 8th Central Pay Commission
2. Indian Express | Cabinet's approval to 8th Central Pay Commission