

LOK SABHA DEBATES

LOK SABHA

Friday, August 8, 1997/Shravana 17, 1919 (Saka)

*The Lok Sabha met at Four Minutes Past
Eleven of the Clock*

[MR. SPEAKER *in the Chair*]

HOMAGE TO MARTYRS OF FREEDOM MOVEMENT

MR. SPEAKER: Hon. Members, this House observe in solemnity today, the 55th anniversary of the Quit India Movement.

As you are aware, on 9th August, 1942, the leaders of the freedom struggle, under the guidance of Mahatma Gandhi, gave a clarion call to the men and the women, the young and the old, the rich and the poor from all parts of the country to launch the Quit India Movement to liberate the country from the yoke of alien rule and for ushering in *swaraj* and sovereignty. Mahatma Gandhi exhorted them to do or die for freedom. The entire nation rose like one entity and resolutely resisted the repression that followed. The unique struggle was characterised by non-violence. The twin tools of *ahimsa* and *satyagraha*, espoused by Mahatma Gandhi, were adhered to even in the face of grave provocation. This determination shook the foundations of the colonial rule and sounded its last post.

The sacrifices made by the freedom fighters ultimately led to the dawn of freedom on the horizon of India. It is our sacred duty to pay respectful obeisance to the memory of all those patriots. We can endeavour to repay our debt to them by strengthening the unity and integrity of the country.

The House may now stand in silence for a short while in memory of the martyrs of freedom movement.

11.05 hrs.

The Members then stood in silence for a short while.

(Interruptions)

MR. SPEAKER: Do not raise any slogans please.

11.06 hrs.

ORAL ANSWERS TO QUESTIONS

[Translation]

Fifth Pay Commission

*241. SHRI BHIMRAO VISHNUJI BADADE:

SHRI ANAND RATNA MAURYA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have received the Fifth Central Pay Commission's recommendations;

(b) if so, the broad features thereof;

(c) whether the Central Government employees have shown their resentment over some of the recommendations and have also threatened to go on indefinite strike;

(d) if so, the reason therefor alongwith the demands made by these employees; and

(e) the steps proposed to be taken by the Government to remedy the situation?

[English]

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (e) The Fifth Central Pay Commission submitted its final Report on 30th January, 1997 to the Government. The Commission has made wide ranging recommendations covering all aspects of service conditions like pay, allowances, leave entitlements and retirement benefits, etc. of the employees of Central Government/Union Territories, including the Armed Forces personnel. Some Associations/Unions of the employees have represented to the Government against certain recommendations of the Commission. The representations are mainly against the scales of pay for certain categories of employees, pay-fixation in revised scales of pay, rate of increments, abolition of posts, etc. The Government have decided to resolve certain urgent issues on a Fast Track basis and other issues through the normal, established procedure.

[Translation]

SHRI BHIMRAO VISHNUJI BADADE: Mr. Speaker, Sir, it appears that the reply of the question number 241 given by the hon. Minister is not upto the points. In this question I have sought the information about the salient features of the recommendations of Fifth Pay Commission and the benefits to be given to the employees. This country is being governed on socialist pattern. Newspapers are reporting for quite some time that DANICS, Subordinate Services and many other employees are going on strike. On the one hand some categories of officers and employees are proposed to be given favourable treatment and on the other hand all the employees of class-IV category and employees working in the Secretariat are not proposed to be treated

so favourably. Some are getting more while others are getting less. I would like to know the stand of the Government in this regard.

Secondly, I would like to submit that the Fifth Pay Commission has recommended House Rent Allowance, but it is not proper to include this amount in the salary of employees for the purpose of calculation of Income Tax. I am unable to understand why this amount is included in the income ...*(Interruptions)* Sir, through you, I would like to request the Government to apprise this august House of the disparities noticed in the report of the Fifth Pay Commission.

[English]

SHRI NIRMAL KANTI CHATTERJEE: Sir, I was a Member of a Pay Commission.

MR. SPEAKER: That is why I should not give you a chance. You know too much.

SHRI P. CHIDAMBARAM: Sir, it would not be possible, in the space of an answer, to spell out the details of the recommendations. The recommendations are well known; copies of them have been placed in the Parliament Library; and it has appeared in the Press also. Therefore, I agree broad idea about what the recommendations were and I have also given an idea about the demands made by the Associations/Unions.

Sir, the Pay Commission is in the nature of an Award. It is not quite an Award, but it is in the nature of an Award. One part of the Pay Commission is in a way related to another part of the Pay Commission. We cannot look upon a Pay Commission in a disjointed manner. So, the Government, consistent with the past practice, takes the whole recommendations and broadly accepts them. While doing so, the Government pays attention to some specific demands or grievances which have been made and tries to improve upon certain recommendations in order to meet these demands.

In fact, on the Fifth Central Pay Commission, the Government has made a number of improvements. I can read out the list of improvements made by the Government, particularly for the Armed Forces Personnel, for the Central Police and Paramilitary organisations, for scientific personnel. We have also made improvements in the S-1 and S-2 scales of pay, improvements in the increments and improvement in the fixation formula. Yet there are some issues which are unresolved. A few issues have been identified. They have been sent to a Fast Track Committee. There will be anomalies affecting one or a small number of employees in each Department. These anomalies are usually resolved through the Anomalies' Committee. Each Department will try to resolve them. There is a JCM also.

Therefore, the Government believes that it has acted fairly, having regard to the availability of resources. It has made a generous offer to the employees; and we believe that we have met most of the aspirations of the employees.

However, since some demands are still outstanding, the Government has now instructed the Cabinet Secretary to once again have another round of consultations and discussions with the JCM and explain to them the package that has been offered by the Government. I hope that through this process of consultation and discussion the remaining issues will also be resolved.

[Translation]

SHRI BHIMRAO VISHNUJI BADADE: Mr. Speaker, Sir, through you, I would like to submit to the hon. Minister that two-four days ago Shri Pramod Mahajan raised the issue that the Govt. should make its stand clear in this regard. We are witnessing that the Government is being pressurised by the IAS Officers. It is being reported that the arrears, after the implementation of the recommendations of the Fifth Pay Commission, are going to be paid from 1996. These arrears are also going to be included in the income for the purpose of calculation of Income Tax. The hon. Minister should tell us the details in this regard. Three-four days ago Hon'ble Shri Chidambaram stated that the Government is still holding talks with the Employees Unions, therefore, nothing could be said about the implementation of the recommendations of the Fifth Pay Commission. The Government is aware of all these things. The Government accept to demands of IAS Officers whereas the demands of other categories of employees are not accepted.

Sir, I would like to submit that an IAS Officer gets a handsome salary. His wife is also employed and she too earns a handsome salary. But the salaries of both husband and wife are taken separately for the purpose of calculation of income tax. Why? If the salaries of both husband and wife are clubbed together then the Government will get huge, tax revenue from their income. What I want to ask is as to why the Government does not intend to do so. The hon. Minister has not yet made clear the outcome of the negotiations held between the Government and the Union on this issue despite the assurance given by him to disclose about the result of the deliberations at the earliest ...*(Interruptions)*.

[English]

MR. SPEAKER: You cannot go on asking questions like this.

SHRI BHIMRAO VISHNUJI BADADE: Sir, it is a very important question.

MR. SPEAKER: I know that it is very important but it is more important to be precise also.

SHRI BHIMRAO VISHNUJI BADADE: Yes, Sir.

[Translation]

Similar situation has been going on for year in regard to the salary of the Members of Parliament.

[English]

MR. SPEAKER: I am not allowing your question. Please sit down.

[Translation]

SHRI BHIRMRAO VISHNUJI BADADE: Mr. Speaker, Sir, the Minister should tell us about the stand of the Government on the talks held so far with Unions and by what time the outcome will be disclosed.

[English]

MR. SPEAKER: What is this? It is a sheer wastage of time.

I do not understand his question. Mr. Minister, if you have understood, you can answer.

(Interruptions)

SHRI P. CHIDAMBARAM: Government does not accept the principle that allowances should be net of taxes. We affirm the principle that all income, salary plus allowances are always subject to the tax laws of the day. Therefore, there is no question of granting allowances net of taxes and we do not accept that principle.

As regards arrears, what we have said is that the recommendations of the Pay Commission regarding pay, etc., will come into force from 1.1.1996 and the increase in allowances will come into force from 1.8.1997. As regards arrears, what we have said is that, having regard to the cash outflow this year, 50 per cent of the arrears will be kept in the GPF and will be locked in for a period of two years. It will be in the account of the employee; it will earn interest; and he may draw it after two years. We must also promote savings. I think all of us support promotion of savings. What is wrong with promoting savings?

MR. SPEAKER: Yes, Member of the Pay Commission.

SHRI P. CHIDAMBARAM: Not this Pay Commission.

MR. SPEAKER: Some other Pay Commission.

SHRI NIRMAL KANTI CHATTERJEE: Sir, may I indicate how grateful I am for giving me a chance?

I have this question. There have been three distortions ... (Interruptions)

SHRI MADHUKAR SARPOTDAR: Sir, he should not get a chance being a Member of the Pay Commission.

MR. SPEAKER: I will also give you a chance.

SHRI NIRMAL KANTI CHATTERJEE: Member of what? I am not a Member of either Shiv Sena or Maharashtra Pay Commission!

MR. SPEAKER: Please put the question now.

SHRI NIRMAL KANTI CHATTERJEE: There are at least three kinds of distortions. My question would be whether I am right in my understanding and if so, what

the Government proposes to do or has already proposed to do.

Coming to distortions' part, the principle of a new Pay Commission is to always take into account the dearness allowance, merge it with the basic and then try to fix the basic pay at the new stage. The problem arises here. Firstly, a distortion takes place when you fix the scale and increment rate within that scale. If the increment rates are not in terms of the dearness allowance or consumer price index, then there is a real reduction in the increment rate. This has happened in the new scales proposed. This is one distortion. The second distortion is...

MR. SPEAKER: That is the problem with knowledgeable people who cannot come to the question.

(Interruptions)

SHRI NIRMAL KANTI CHATTERJEE: What has happened is, they talk of disparity.

MR. SPEAKER: I have to give others also a chance.

SHRI NIRMAL KANTI CHATTERJEE: I will just conclude. The disparity between the lowest and the highest employees has arisen because of the consumer price index. In the course of the recommendations of the last Pay Commission, they said that in certain cases, it would be 100 per cent neutralisation and in certain other cases, it would be 70 per cent. The consumer price index is that of the industrial working class. The top brackets are not affected by that. The prices of durable consumer goods come down. Prices of watches come down. The consumer price index of industrial working class do not reflect the increase in cost.

[Translation]

SHRI BHIRMRAO VISHNUJI BADADE: Do not allow him to distort the Question Hour.

MR. SPEAKER: I am reiterating time and again.

[English]

I cannot be teaching here.

SHRI NIRMAL KANTI CHATTERJEE: Therefore, the second distortion is in terms of disparity.

MR. SPEAKER: You cannot go on speaking on distortions, therefore, you are distorting the whole Question Hour.

SHRI NIRMAL KANTI CHATTERJEE: The third distortion is a matter of policy. There is a distortion between different kinds of services like the college teachers, the research workers, the IAS, the engineering services and the IFS.

That is a matter of social point of view whether or not distortions are taking place. What does he take into account? ... (Interruptions) Sir, I am brief on my point.

SHRI P. CHIDAMBARAM: It is possible to explain these

technical matters but only across the table. It is not possible to explain this in the space of an answer.

MR. SPEAKER: Yes, you can do it individually but not in the Question Hour.

SHRI P. CHIDAMBARAM: But let me respond very briefly. It is not correct to say that there is any distortion in the scales of pay. The replacement scales have been recommended by the Pay Commission after applying a particular formula. I believe that the formula is broadly correct and justified. Three other Members constituting a Pay Commission can agree upon one formula. The point is that three Members of the Pay Commission have agreed upon a formula and the formula appears to be broadly correct and just. However, Government, having regard to the demands made by a section of the employees, particularly the ones in the S-1 and S-2 scales, has improved the increments and has improved the scales by allowing S-1 and S-2 a starting point which is higher than the lowest of the scale and the increments have also been revised.

I can plot it on a graph and show that the increments recommended by the Fifth Pay Commission on a graph, level by level, is higher than the increments recommended by the Fourth Pay Commission. Nevertheless, we improved even upon those increments and gave them higher increments. Therefore, I do not believe that there is anything basically wrong in what Government has done about the scales of pay and the increments.

SHRI NIRMAL KANTI CHATTERJEE: It is not adequately higher.

SHRI P. CHIDAMBARAM: This is a matter of availability of resources and how these resources have to be applied. The point is that the burden of this Pay Commission today in implementing the recommendations of this Pay Commission is an additional Rs. 8,000 crore per year. The salary bill of the Government for civilians was Rs. 20,000 crore, for the Defence Services about Rs. 7,000 crore. The total comes to Rs. 27,000 crore. The implementation of recommendations of the Pay Commission will cost an additional amount of Rs. 8,000 crore a year.

Since the Pay Commission has not, in our view, accurately computed the cost of commutation and gratuity and improvements made, it adds another Rs. 1,800 crore. The total burden now is Rs. 27,000 crore plus Rs. 10,600 crore is the incremental burden per year. This has immediately got implications for the State Governments whose salary bills altogether is one-and-a-half times the salary bill of the Central Government. The salary bill of the Central Government in any year now is approximately Rs. 37,600 crore.

While we can debate it, we must also—I appeal most humbly—have regard to the fact that there are claims of Defence, there are claims of the social sector, there are claims for education, there are claims for health and there are claims for investment. Having regard to all this, we

believe that the package offered is generous.

The last point raised is about parity. The parity at the end of the Fourth Pay Commission was 1:10.7. As a result of the improvements made by the Government of India, the Fifth Pay Commission reiterated that parity should be 10.7. As a result of improvements made, the parity factor pre-tax is 1:10.2 and the parity factor post-tax is 1:7.74. Now, 1:7.74 post-tax, we believe, is a fair parity.

SHRI JASWANT SINGH: Mr. Speaker, Sir, I will be very brief. My question is specific. The Government is the largest employer in the country. The Centre and the States included, we are talking of a wage bill of roughly Rs. 150,000 crore. Therefore, whatever we do by way of Pay Commission has really very long-term consequences. So, everyone is concerned about it. I have specific clarifications on two counts. One is that I recognise the inevitability of a Pay Commission of this kind. While accepting it, this is the benefit that the Government, as an employer, grants to the employee. What about obligations of work ethics—duties?

Would the Government while accepting it say something about them also?

Sir, it is my understanding that the Chiefs of Staff of all the three Services have very strongly urged that there be a thing called 'token military service pay' by which a soldier, an airman, a naval rating could be differentiated from the police force. Now, even after all these allowances, which we have read in the Report, the anomaly is that a policeman ends up by taking more pay than a soldier, a sailor and an airman. The distinction, the separation that the three Chiefs had wanted between the Armed Forces personnel and the police personnel was not really a token differentiation but it was also a recognition of status; it was also what they are required to do by way of duty and service to the nation. Would the Finance Minister kindly elaborate on these two aspects?

SHRI P. CHIDAMBARAM: Sir, I cannot answer the second part of the question. It must be put to the Defence Minister. It is a very technical issue.

SHRI JASWANT SINGH: No, it is not Defence. It came to the Finance Minister.

SHRI P. CHIDAMBARAM: Sir, I cannot recall any proposal which came to me using this phrase 'token military service', I cannot recall it. I will look into it and if there is anything which comes to my notice, I will certainly write to them. But I cannot recall anything straightway. In all the hours of discussion that I had, I have not heard this. Maybe, it has come in some other manner.

Sir, on the first point about work ethics and attitude, I share the concern of the hon. Member. We try to instill in the employees that corresponding to the increased benefits that are being ...*(Interruptions)*

SHRI JASWANT SINGH: The work ethics of the Government is a different matter.

MR. SPEAKER: Why not the Parliament?

(Interruptions)

SHRI P. CHIDAMBARAM: Sir, the work ethics of the Government, the Opposition, and everybody is under review. I am grateful that we all are under review by the people because we are sitting in front of television cameras. So, the work ethics of everyone is under review.

Sir, I support the appeal made by the hon. Member that we must improve the work ethics and attitude of Government employees. This must start at the top. Unfortunately, we are not getting the best out of our employees. The kind of work that is being churned out is not commensurate with the kind of investment that is being made in the human resource development ... (Interruptions)

PROF. RASA SINGH RAWAT: Sir, it concerns the government employees. We all want to participate in it. That is why we require more time on this ... (Interruptions)

SHRI P. CHIDAMBARAM: Sir, the first thing we must agree to is that Government must be lean and efficient. Unless we are clear in our minds that Government must be lean, we cannot improve efficiency. Efficiency is the function of the size of the Government. We must have a right size for the Government. There are a number of recommendations of the Pay Commission regarding merger of Departments; right-sizing the Government etc. These are being looked into departmentally. ... (Interruptions)

SHRI NIRMAL KANTI CHATTERJEE: Sir, now let there be a full-fledged discussion in the Parliament on this.

Government is not merely a political talk. All the employees are involved in the Government activities. Let us have a full-fledged discussion on this under rule 193.

MR. SPEAKER: You can give a notice for this.

SHRI NIRMAL KANTI CHATTERJEE: All right. Let us give a notice on this.

MR. SPEAKER: Please give the notice. I will see subject to availability of time.

[Translation]

Repayment of Loan by States

*242. SHRI SATYAPAL JAIN: Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government are aware that various States of the Country have to repay dues under various heads to the Union Government;

(b) if so, the position thereof, State-wise;

(c) whether the Union Government are contemplating any proposal regarding recovery or waiving of dues;

(d) if so, the details thereof; and

(e) if not, the steps being taken by the Government for the recovery of dues?

[English]

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (e) A Statement is laid on the Table of the House.

Statement

(a) Yes, Sir.

(b) The States have to repay to the Ministry of Finance dues under three heads (i) Current Plan loans (ii) Current Small Savings Loans and (iii) Consolidated Loans.

State-wise position of outstanding loans as on 31.3.97 is given below:

Sl. No.	States	Plan loan	Small Savings Loan	Consolidated Loans	Total
1	2	3	4	5	6
1.	Andhra Pradesh	5,444.08	3,532.03	1,364.66	10,340.77
2.	Arunachal Pradesh	181.56	34.26	14.12	229.94
3.	Assam	715.2	1,800.34	1,128.96	3,644.50
4.	Bihar	4,243.65	3,685.87	1,557.70	9,487.22
5.	Goa	286.44	196.07	317.45	799.96
6.	Gujarat	2,482.60	6,757.67	599.1	9,839.37
7.	Haryana	1,247.52	1,980.95	309.49	3,517.96
8.	Himachal Pradesh	271.63	1,290.09	98.53	1,660.25