

**GOVERNMENT OF INDIA  
PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS  
LOK SABHA**

UNSTARRED QUESTION NO:2906  
ANSWERED ON:29.08.2012  
VARIABLE PAY SYSTEM  
Mani Shri Jose K.

**Will the Minister of PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS be pleased to state:**

- (a) Whether to boost efficiency and productivity, the Government proposes to introduce a variable pay system for bureaucrats linked to performance;
- (b) if so, the details thereof;
- (c) Whether the Fourth, Fifth and Sixth Pay Commissions had called for a performance related incentive system like extra increments for meritorious performers and denial of regular increments for under performance;
- (d) if so, whether such an incentive mechanism will be based on both targets and cost savings; and
- (e) if so, the details thereof?

**Answer**

Minister of State in the Ministry of Personnel, Public Grievances and Pensions and Minister of State in the Prime Minister's Office.  
(SHRI V. NARAYANASAMY)

(a) & (c): Yes Madam. Successive Pay Commissions, starting from Fourth Pay Commission have recommended rewarding better performance and some form of performance related reward. The Fourth Central Pay Commission had recommended variable increments for rewarding better performances. The Fifth Central Pay Commission had recommended the scheme of performance related increments for all Central Government employees where an extra increment was to be paid to the exceptionally meritorious performers and the under-performers were to be denied the regular/normal increment. Sixth Central Pay Commission recommended variable increment for Central Government employees in PB-3 depending upon the performance. Separately a Performance Related Incentive Scheme has also been recommended for all Central Government employees.

(b) & (d) to (e): Government of India has accepted in principle the recommendation of the Sixth Central Pay Commission for introduction of a Performance Related Incentive Scheme (PRIS) in the form of pecuniary benefit over and above the regular salary, based on the targeted performance and performance parameters, out of the Non-Plan budgetary savings, for the Central Government employees.