

**Press Information Bureau
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Cabinet**

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7th Central Pay Commission

The Union Cabinet today gave its approval to the Terms of Reference of 7th Central Pay Commission (CPC) as follows:-

- a) To examine, review, evolve and recommend changes that are desirable and feasible regarding the principles that should govern the emoluments structure including pay, allowances and other facilities/benefits, in cash or kind, having regard to rationalization and simplification therein as well as the specialized needs of various Departments, agencies and services, in respect of the following categories of employees:-
 - i. Central Government employees-industrial and non-industrial;
 - ii. Personnel belonging to the All India Services;
 - iii. Personnel of the Union Territories;
 - iv. Officers and employees of the Indian Audit and Accounts Department;
 - v. Members of regulatory bodies (excluding the Reserve Bank of India) set up under Acts of Parliament; and
 - vi. Officers and employees of the Supreme Court.
- b) To examine, review, evolve and recommend changes that are desirable and feasible regarding principles that should govern the emoluments structure, concessions and facilities/benefits, in cash or kind, as well as retirement benefits of personnel belonging to the Defence Forces, having regard to historical and traditional parities, with due emphasis on aspects unique to these personnel.
- c) To work out the framework for an emoluments structure linked with the need to attract the most suitable talent to Government service, promote efficiency, accountability and responsibility in the work culture, and foster excellence in the public governance system to respond to complex challenges of modern administration and rapid political, social, economic and technological changes, with due regard to expectations of stakeholders, and to recommend appropriate training and capacity building through a competency based framework.
- d) To examine the existing schemes of payment of bonus, keeping in view, among other things, its bearing upon performance and productivity and make recommendations on the general principles, financial parameters and conditions for an appropriate incentive scheme to reward excellence in productivity, performance and integrity.
- e) To review the variety of existing allowances presently available to employees in addition to pay and suggest their rationalization and simplification, with a view to ensuring that the pay structure is so designed as to take these into account.

- f) To examine the principles which should govern the structure of pension and other retirement benefits, including revision of pension in the case of employees who have retired prior to the date of effect of these recommendations, keeping in view that retirement benefits of all Central Government employees appointed on and after 01.01.2004 are covered by the New Pension Scheme (NPS).
- g) To make recommendations on the above, keeping in view:
 - i. the economic conditions in the country and need for fiscal prudence;
 - ii. the need to ensure that adequate resources are available for developmental expenditures and welfare measures;
 - iii. the likely impact of the recommendations on the finances of the State Governments, which usually adopt the recommendations with some modifications;
 - iv. the prevailing emolument structure and retirement benefits available to employees of Central Public Sector Undertakings; and
 - v. the best global practices and their adaptability and relevance in Indian conditions.
- h) To recommend the date of effect of its recommendations on all the above.

The Commission will make its recommendations within 18 months of the date of its constitution. It may consider, if necessary, sending interim reports on any of the matters as and when the recommendations are finalised.

The decision will result in the benefit of improved pay and allowances as well as rationalization of the pay structure in case of Central Government employees and other employees included in the scope of the 7th Central Pay Commission.

Background

Central Pay Commissions are periodically constituted to go into various issues of emoluments' structure, retirement benefits and other service conditions of Central Government employees and to make recommendations on the changes required.

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