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भारतसरकार/ Government of India

वित्तमंत्रालय /Ministry of Finance

व्ययविभाग /Department of Expenditure

(कार्यान्वयनसेल, 7thके. वे.आ/ Implementation Cell, 7th CPC)

North Block, New Delhi,
3rd August, 2017

OFFICE MEMORANDUM

Subject: Recommendations of the 7th Central Pay Commission (CPC) – bunching of stages in the revised pay structure under Central Civil Services (Revised Pay) Rules, 2016.

With reference to the subject mentioned above and in continuation of this Department's OM of even number dated 07.09.2016 and 13.06.2017, detailed instructions are hereby being issued on the application of the benefit on account of bunching of stages while fixing the pay in the revised pay structure as a response to a large number of references received from Ministries/Departments.

2. The provisions giving effect to the recommendations of the 7th CPC on extending the benefit on account of bunching were notified vide DoE O.M. dated 07.09.2016. Benefits on account of bunching have been extended during the initial fixation of pay in the revised pay structure while implementing the recommendations of earlier CPCs also. Bunching occurs in the fixation of pay when the pay at two or more consecutive stages in a Pay Scale/ Grade Pay in the pre revised scale get fixed at the same stage in the corresponding Pay Scale/ Level in the revised pay structure.
3. The modalities of determining the extent of bunching and the nature of benefits to be extended on account thereof, based on the recommendations of the CPCs, have differed across different Pay Commission periods. While the 5th CPC recommended that benefits be extended when more than four stages get bunched, the 6th CPC recommended that benefits be extended when two or more stages get bunched. The fitment tables drawn by the 6th CPC and notified by the Government subsequently provided for the benefit of bunching only when more than two stages were bunched. As regards the benefits to be extended on account of bunching, the 5th CPC recommended benefit of one increment for every four consecutive stages bunched, the 6th CPC recommended benefit of one increment for every two consecutive pay stages bunched. For HAG scales, however, benefit of one increment was given at each of the pay stages in the 6th CPC pay structure.
4. In terms of the DoE O.M. dated 07.09.2016 based on the 7th CPC recommendations, bunching occurs when two or more stages get bunched and benefit of one increment is to be given for every two stages bunched. These provisions are to be applied while revising the pay from the 6th CPC regime to the 7th CPC regime. In the 6th CPC pay structure, about 35 pay scales existing in the 5th CPC pay structure were

replaced by a system of running pay bands recommended by the 6th CPC. The 6th CPC pay structure consisted of 19 grades spread across four distinct pay bands and 4 distinct scales including two fixed scales. The 6th pay structure being replaced by the 7th CPC recommended Pay Matrix, thus, consists of 4 Pay Bands with 15 levels of Grade Pay, along with 4 standalone scales, viz., HAG scale, HAG+ scale, Apex scale (fixed) and the scale of Cabinet Secretary (fixed).

5. While in the 5th CPC structure, the stages in every pay scale were well defined, the stages were not well defined in the 6th CPC structure. The pay was to be fixed in the running Pay Band by rounding off to the next higher multiple of 10. Every multiple of 10 was a pay stage in the 6th CPC regime. However, all consecutive 10 rupee stages for any Grade Pay cannot be taken as consecutive stages for the purpose of bunching in reference to the 7th CPC recommendations as is also clear from the illustration contained in para 5.1.37 of the 7th CPC Report. Based on the illustration contained in para 5.1.37 of the 7th CPC Report, Department of Expenditure's O.M. dated 07.09.2016 provided that a difference of at least 3%, the rate of annual increment, in the 6th CPC pay structure was essential for counting of two stages. The 6th CPC had replaced the system of equidistant pay stages in a pay scale based on equal annual increments in the 5th CPC regime by a system of annual increment of 3% on the sum of pay in the running pay band and the Grade Pay which was to be added to the running pay as increment. Therefore, the pay stages in any given Grade Pay were specific to an employee and depended upon the initial fixation of pay in that Grade Pay. As a result, the amount of increment earned in the same Grade Pay would differ in the same Pay Scale/ Grade Pay not only between different employees but also across years for the same employee. To illustrate, an employee whose pay was fixed at Rs 46,100 in GP of 8700 in PB-4 would have the first annual increment of Rs 1390 which would be added to his running pay in the Pay Band, another employee whose pay initially was fixed at Rs 46,400 in the same Grade Pay would have the first annual increment of Rs 1400. In such a scenario where the pay stages are specific to the employee, it is not possible to arrive at universal pay stages for the purpose of determining the extent of bunching. Therefore, for the purpose of determining the extent of bunching in a system of running pay bands, the consecutive pay stages that need to be considered are the pay stages which are specific to the employee.

6. In the 5th CPC structure, the maximum and the minimum of every pay scale were well defined. In the 6th CPC structure, Entry Pay was separately notified for most Grade Pay levels to govern the entry pay of direct recruits in that level. The pay of those moving from a lower grade to a higher one on promotion was regulated in terms of provisions contained in Rule 13 of CCS (RP) Rules, 2008. As such, the Entry Pay notified for a given Pay Scale/ Grade Pay is the effective minimum of that Grade Pay for direct recruits. For an employee getting promoted, the sum of the minimum of the relevant Pay Band and the Grade Pay is the effective minimum pay. The 7th CPC, in its Report, has commented that this led to many situations where direct recruits drew higher pay as compared to personnel who reached that stage through promotion. Demands were received by the 7th CPC from many staff associations and employees for removal of this disparity which the 7th CPC refers to as differential entry pay.

7. In the revised dispensation for pay fixation in the New Pay Structure as recommended by the 7th CPC, direct recruits shall start at the minimum pay corresponding to the level to which recruitment is made, which will be the first cell of

each level. For those promoted from the previous level, the fixation of pay in the new level will depend on the pay they were already drawing in the previous level. The pay, however, cannot be less than the first stage of the relevant level. While enumerating the benefits of migrating to the new system at para 5.1.47 of the 7th CPC Report, it has been stated that **'the issue of differential entry pay has been resolved'**. At para 5.1.36 of the 7th CPC Report it has also been mentioned that rationalization has been done with utmost care to ensure minimum bunching at most levels. Rationalization has been done by the 7th CPC through the Index of Rationalisation (IoR) which has been multiplied with the Entry Pay in the 6th CPC regime to arrive at the first cell of each level. With the Entry Pay along with IOR being used as the determiner of the first cell, pay stages below the Entry Pay have been consciously brought up to the level of Entry Pay and its corresponding pay stage in the revised pay structure. As a result, all pay stages below the Entry Pay in any Level will, on re-fixation, converge to the first pay stage in that level. As this convergence takes place on account of a conscious decision of the 7th CPC intrinsic to the architecture of the Pay Matrix by indicating the Entry Pay as the starting point of each Level, benefit on account of bunching cannot be extended with reference to pay stages lower than the Entry Pay indicated by the 7th CPC for that level in the Pay Matrix. Extending the benefit of bunching with reference to pay stages below the entry pay will perpetuate the difference in pay on account of differential Entry Pay which was addressed by the 7th CPC.

8. Based on the above, it is clarified that the following shall be kept in view while determining the extent of bunching as also the benefits to be extended on account of bunching at the time of initial fixation of pay in the 7th CPC pay structure:

- (i) Benefit on account of bunching is to be extended when two or more stages get bunched.
- (ii) Benefit of one increment is to be extended on account of bunching of every two consecutive stages.
- (iii) As stipulated in MoF OM dated 07.09.2016, a difference of 3% to be reckoned for determination of consecutive pay stages, specific to each employee.
- (iv) All pay stages lower than the Entry Pay in the 6th CPC pay structure as indicated in the Pay Matrix contained in the 7th CPC Report are not to be taken into account for determining the extent of bunching.

9. All Ministries/ Departments are advised to review all cases wherein benefit on account of bunching has been extended in terms of this Department's OM dated 07.09.2016 and to re-fix the pay in terms of the instructions contained herein.


(V.K Singh)
Director

Distribution:

1. All Ministries/Departments as per standard list.
2. NIC, D/o Expenditure, Ministry of Finance, North Block, New Delhi with a request to upload the OM on website of the Department.