

REPORT OF THE COMMITTEE
TO RECOMMEND
PAY ELEMENT AND
KILOMETERAGE ALLOWANCE
FOR THE
RUNNING STAFF

New Delhi : 25th November, 2008

10/5

Board nominated a committee consisting of the following with the terms of reference enumerated below for recommending pay element component of Running Allowance and the rate of kilometre allowance admissible to running staff.

Committee

Official Side	Staff Side
(i) Adv.(IR) (Convener)	(i) General Secy./AIRF with one representative
(ii) Adv.L(RS)	(ii) General Secy./NFIR with one representative
(iii) EDME(Tr.)	
(iv) EDPC-I	
(v) EDF(E)	
(vi) EDTT(S)	

Terms of Reference

- (i) determine the quantum of pay element in running allowance and
- (ii) review the formula for computing rates of kilometerage allowance.

The Committee met on 3.11.2008 and 4.11.2008.

2. In the meeting of Committee held on 3.11.2008, the entire background and historical perspective of the issue was presented by EDPC. The gist of the issues presented are given below:

Pay Element

3. The issue relating to running allowance including the pay component in the allowance for running staff on Railways has been deliberated by various Committees in the past.

4. Prior to 1.8.1981, pay element for determining entitlement of the running staff for various purposes was reckoned at varying percentages. The pay element in running allowances was determined as 30% of the basic pay by the RAC-1980, which was implemented w.e.f. 1.8.1981. It was also decided that for computation of retirement benefits of the running staff, the pay element would be reckoned as 55% of the basic pay. The RAC 1980, in addition to determining the quantum of the pay component in running allowance also defined the rationale behind fixing this percentage. The RAC 1980 took a view that if there was no running allowance, a Driver 'A' Special would have been allotted the highest Group 'C' Scale available to the Supervisor to whom the Driver reported. In other words, had there been no scheme of running allowance, a Driver 'A' Special would have got the scale Rs.840-1040 (Third CPC scale). But for the continuance of the scheme, he was fitted in the scale of Rs. 550-750 (Third CPC Scale) with entitlement of running allowance. The difference of the mean of highest scales of Group 'C' pay and the mean pay of the pay scale of particular category of running staff is called the 'Component of Pay' or 'Pay Element' or the measure of depression, which as mentioned in the preceding para was determined as 30 per cent of basic pay.

5. There have been 3 Pay Commissions after the RAC 1980 Report and with the implementation of each Pay Commission, the depression has further eroded. After implementation of the 4th Central Pay Commission scales of pay, an exercise was carried out and downward revision in the pay element was found justified. No downward revision in the pay element was effected. Similar exercise was carried out after implementation of the 5th Central Pay Commission scales of pay and similar conclusion was reached. It was, however, decided not to effect any revision in the percentages in the pay element.

6. Thus, there was a need to review pay element for serving employees as well as the component of basic pay to be counted as pay for retiring running staff in the revised pay structure w.e.f. 1.1.06 i.e. from the date of implementation of the VI Pay Commission Report.

7. Now the 6th Central Pay Commission scales of pay have been implemented w.e.f. 1.1.2006 wherein higher than normal replacement scales have been granted to the running staff, justifying reduction in the pay element. Non-reduction in the pay element w.e.f. 1.1.1986 and thereafter w.e.f. 1.1.1996 has resulted in the running staff receiving higher pay packages. Effecting the requisite downward revision in the pay element w.e.f. 1.1.2006 would result in drastic reduction in the pay package of the running staff. Had the pay element been revised from time to time, it may have been possible to bring in

reduction in the percentage at which the pay element is being granted to the running staff.

8. It is brought to the fore that reduction in the pay element may not be possible now, in view of the sentiments expressed vociferously by the Staff side and particularly due to multiplication of the earlier decisions for non-reduction in the pay element. The ratio between average wage of non-running staff vis-a-vis average wage of running staff has significantly changed from 1980-81 at the stage of 1.00 : 1.16 and 1.00 and 1.69 in 2003-04. With the 6th Central Pay Commission's scales of pay having been implemented, this gap between the running and the non-running staff will further widen. It is also a fact that the depression of pay has successively eroded after implementation of the 4th Central Pay Commission's as also the 5th Central Pay Commission's scales of pay. Non-reduction in the pay element will further inflate the pay package of the running staff as a result of which the running staff will receive much higher emoluments and in many cases would also exceed that admissible to Group A officers. This will also lead to huge additional recurring financial implication. This is another factor which impedes calling for radical measures at this stage, that might affect overall productivity and running of the organization.

9. Members of the committee from Federation side also expressed concerns according to them the issue has to be seen in holistic proper perspective. The categories of staff who come under the nomenclature of running staff are crucial and vital to the running of the Railways. Consequent upon the implementation of the 6th CPC recommendations, Teachers, Nurses, Section Officer/Sr. Section Officer of Accounts have been placed in the Pay

Band which overshoots conventional Group 'C' scales. Gracial categories etc. this have to be seen in relation to the difficulties, skill levels and environment in which they work. The running staff are distinct from all other Group 'C' staff and their case has to be accordingly appreciated.

10. In view of the historical perspective given above and the fact that running staff productivity is critical to the Indian Railways, it is necessary that their motivation level is maintained at the highest level. More so, in view of the fact that any revision based on depression concept will drastically reduce these components at this stage which will de-motivate this critical category of railway staff, which is so vital to efficient Railway operations. Considering that the 30% pay element has remained frozen w.e.f. 1.1.73 i.e. over 35 years, and the pay element of retired running staff has been pegged at 55% w.e.f. 5.12.88 i.e. almost 20 years, irrespective of the erosion in the depression of pay scales, the Committee is of the opinion that the quantum of pay element during service as well as retirement benefits should be retained as existing at present.

FORMULA FOR WORKING OUT RATES OF KILOMETREAGE ALLOWANCE

11. Majority of the benefits granted under the scheme of running allowances to the running staffs are paid in the form of kilometers earned. Towards this end, a formula for working out rates of kilometreage allowance is in vogue, which is current since 1.8.1981. One of the components used for working out these rates is the pay element. As due to various reasons the Committee has recommended retention of the existing percentages as the pay element in running allowances. After implementation of the 6th Central Pay Commission's scales of pay, the concept of 'mean pay' of passenger grade, as

existing in the extant formula has been rendered inoperative as pay band is not a single scale of pay but amalgamation of several scales of pay. Hence certain modification in the extant formula is warranted to make it in tune with the prevailing setup. In this connection, we may revert to the recommendations of the 6th Central Pay Commission contained in Para 7.36.97 of their report wherein it has been recommended as under:-

“7.36.97 In Railways, certain allowances like Night Duty Allowance, Running Allowance, etc. are computed on the basis of pay scales attached to various posts. In the revised structure, pay scales for specific posts will cease to have any meaning. A revised formula for computing these allowances would, therefore, need to be evolved. One way to do this is to include this element in PRIS. In case, this is not immediately possible, the Railways may pay these allowances with reference to the minimum of pay in the pay band concerned along with the grade pay attached to the post. In the alternative, Railways may evolve some other suitable formula.”

This recommendation was, however, slightly modified through an errata as reproduced below :

“Observations made in Para 7.36.97 relating to Ministry of Railways and in Annex 4.4.41 of the Report are in the nature of suggestions/illustrations. The administrative Ministry concerned will need to take a final view thereon.”

12. Whereas introduction of a Performance Related Incentive Scheme, if so introduced on the Railways, would take considerable time, one of the practical and viable option at this stage is that rates of kilometreage allowance be worked

out with reference to the minimum of the pay in the pay band of Passenger grade [instead of mean of the pay scale], along with the grade pay attached thereto.

13. As kilometreage allowance contains a pay element, revision in the rates of this allowance requires to be carried out w.e.f 1.1.2006 and thereafter w.e.f 1.9.2008 when the revised rates of TA/DA are implemented. By application of this formula, the rates of kilometreage allowance for the Loco Pilots and the Guards work out as under:

Category	Pay Band	Grade Pay	30% Pay Element on minimum of Pay Band + Grade Pay	20 days TA/DA @ Rs. 105/ day	Av. Km	Rate of KMA w.e.f 1.1.2006	Rate of KMA w.e.f 1.10.97
1	2	3	4	5	6	7	8
Loco Pilot (Mail/Express)	9300-34800	4200				120.65	83.85
Loco Pilot (Passenger) Gr. I	9300-34800	4200	4050	2100	5100	120.60	83.80
Loco Pilot (Goods) Gr.II	9300-34800	4200				120.55	83.75
Mail Express Guard	9300-34800	4200				115.00	75.75
Passenger Guard	9300-34800	4200	4050	2100	535	114.95	75.70
Goods Guard	5200-20200	2800			0	114.90	75.65

14. By application of the above methodology, the rates of kilometreage allowance in respect of the Loco Pilots register an increase of 44% as compared to the rates in existence since 1.10.1997 whereas in the percentage increase in the case of Guards is 52%. This increase is not abnormal since the rates have

been revised after an interval of more than 8 years. By application of similar methodology w.e.f. 1.9.2008 when the rates of TA/DA are revised, assuming that the rate of TA/DA for employees in the pay band of Rs.9300-34800 with grade pay of Rs.4200 is fixed at Rs.210/- per day, i.e. double of the existing rates the consequential rates of kilometreage allowance with effect from 1.9.2008 would be as under:-

Category	Pay Band	Grade Pay	30% Pay Element on minimum of Pay Band + Grade Pay	20 days TA/D A @ Rs. 210/ day	Av. Km	Rate of KMA w.e.f. 1.9.2008	Rate of KMA w.e.f. 1.10.97
1	2	3	4	5	6	7	8
Loco Pilot (Mail/Express)	9300-34800	4200				161.80	120.65
Loco Pilot (Passenger) Gr. I	9300-34800	4200	4050	200	5100	161.75	120.60
Loco Pilot (Goods) Gr.II	9300-34800	4200				161.70	120.55
Mail Express Guard	9300-34800	4200				154.25	115.00
Passenger Guard	9300-34800	4200	4050	2100	5350	154.20	114.95
Goods Guard	5200-20200	2800				154.15	114.90

15. In this scenario, the increase in the rates of kilometreage allowance in respect of all the categories of Loco Pilots as also the Guards is a uniform 34%.

16. Another way of calculation of kilometreage allowance is based on the following rationale:

The existing formula for calculation of kilometer allowance rates takes into account the Pay Element for calculation of the mean of the scale of a Passenger Driver. The Committee has in its recommendation dealing with the Pay Element recommended its delinking with depression. Therefore, in the light of this recommendation it would not be appropriate to continue with the existing formula for rate of km allowance as the 'depression concept' is no longer relevant. The Committee is therefore of the view that calculation of kilometreage allowance rates are also required to be based on different concept rather than calculating on the same basis, as per the formula, which was followed earlier by RAC 1980.

17. The VI Pay Commission has recommended that various allowances and advances should be doubled. The Committee feels that this recommendation of the VI Pay Commission should be followed in respect of rate for km allowance. Thus keeping in view the general recommendations of the 6th Central Pay Commission regarding doubling of allowances and deliberations of the Committee, it is recommended that the rates of kilometreage allowance may be doubled w.e.f. 1.9.2008. The Committee therefore recommends that the present rate of kilometer allowance should be doubled and rounded off to the next higher rupee, while at the same time maintaining a minimum difference of one rupee between different categories. These rates will be made applicable w.e.f. 1.9.08. The 30% and 55% will be calculated as is being done now i.e. basic pay of the individual employee where basic pay will include the pay in the pay band plus the grade pay in Sixth Pay Commission. This will be applicable w.e.f. 1.1.06.

Conclusion:

- The existing percentages of pay element may be continued in the present form (30% for serving employees and 55% for the purpose of retirement benefits) remaining intact w.e.f. 1.1.2006.
- The rates of kilometreage allowance may be doubled, effective from 1.9.2008.

[Signature]
24/11/08
Adv.(IR) (Convener)

[Signature]
24.11.08
Adv.L(RS)

[Signature]
24/11/08
G.S./NFIR

[Signature]
24/11/08
EDME(TF.)

Please see note below.
EDPC-I

[Signature]
25/11/08
G.S./AIRF

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25/11/08
EDF(E) (on training abroad) EDTT(S)

Note: The conclusion on 'pay element' and some of the views related thereto in the minutes do not fully express the opinion of EDPC-I who argued for moderation in 'pay element'. Record note of discussion placed at S413 may please be seen in this regard. The financial implications of retaining the pay element @ 30% for allowances has been assessed and placed

① only for DA

- Areas of pay for 32 months = Rs. 1445cs (with 16% DA) at S413
Rs. 1223cs. (with 8% DA)
- Annual recurring additionally = Rs. 542cs.
on a/c of Pay with 16% DA
[This will increase with higher rates of DA]
- Annual implication of doubling KMA = Rs. 464cs.
- Implication of 55% pay element for retirement benefits

[Signature]
26.11.08

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Financial implications of arrear when 30% pay element is taken on mean of Pay Band + Pay and KMA is doubled.

Pay Arrears in 2/0 Pay + DA only-

Loco Pilot			
Basic Pay	=	5000	9800
Pay element (notional)	=	1500	2940
Dearness Pay	=	3250	6370
Dearness Allowance (47%)	=	4583	8982
Running Allowance (@83.75)	=	4271	4276
Total emoluments	=	17104	29428

Pay Band as per VI CPC recommendation 9300-34800 + Grade Pay Rs.4200

Fixation at stage	=	10590	20760
Grade Pay	=	4200	4200
Pay element (notional)	=	4437	7488
Dearness Allowance (16 % of BP+PE+DP) GP	=	3076	5192
Running Allowance	=	8517 (@167)	8619 (@169)
Total	=	26383	38771

Increase in emoluments as per VI CPC recommendations

Increase in emoluments as per VI CPC recommendations	=	9279	9343
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Percentage increase	=	54.25%	31.75%
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Arrear of pay (32 months)	=	161056	160009.6
Total arrear of pay		14495040000 (say 1450 crores)	14400864000 (say 1440 crores)

Average arrear of pay (32 months) = **1445 crores** (Approx. 1223 crs. with 8% DA)

Financial implication of KMA (1 month 1 person)	=	4246	4343
Financial implication of KMA (90000 persons per annum)	=	4585680000	4690440000
Average	=	4638060000 (say 464 crores)	

Annual Recurring

Rs. 1445 ÷ 32 = 45.16125 say 542 crores