1. Introduction: The Pay Committee was constituted by the State Government vide its notification no. 11070 dated 30.12.2008 following implementation of the recommendations of the Sixth Central Pay Commission by Government of India. However, this Pay Committee differs substantially from the earlier Committees entrusted with the responsibility of revising pay and allowances. Earlier, a Committee having various designations was constituted following announcement of every pay revision and revised pay scales were notified only after that Committee submitted its recommendations. This time, however, the State Government notified revised scales on provisional basis vide its notification no. 362 dated 17th January, 2009. The decadal pay revision is now the well accepted norm and hence, revised pay scales were notionally granted with effect from 1st January, 2006 (which amounts to giving the benefit of pay fixation), the arrears were made payable with effect from 1st April, 2007 and actual payment in revised scales of pay was started on provisional basis from 1st January, 2009 onwards. In other words, while the earlier Fitment Committees had a green field to play on, this Pay Committee has a more onerous task as it has to iron out all discrepancies and anomalies.

The Terms of Reference of this Pay Committee vide Section 3 of the aforesaid notification are as follows:-

1. To make final recommendations regarding revision of pay scales of State Government employees on the pattern of Central Government employees.
2. To make recommendation regarding revision of pension of State Government pensioners on the pattern of revision of pension of Central Government pensioners.
3. To examine the issue of merger of pay scales and up-gradation of posts with reference to the revision of pay scales.
4. a. To make recommendation on the new ACP scheme.

   b. To make recommendations on the revision of rates of various allowances applicable at present to the State Government employees.

And while doing so, as per section 4 of the same resolution, the Pay Committee has to take care not only of the resource position of the State Government and its fiscal capacity, but also of its development needs and committed liabilities. A copy of the Terms of Reference is enclosed at Annexure-1.

The Pay Committee invited representations from various unions, associations and groups of state employees. The Committee also heard their representations at length on various dates. As will be evident from the Terms of Reference, final recommendations on pay scales along with the issues of merger and up-gradation involve complicated questions of cadre restructuring and removal of anomalies. This can't be done unless the process of hearing is completed and the concerned departmental heads have also been given the opportunity of stating their point of view. This process is likely to take some more time. The question of revised ACP scheme can't be delinked and dealt separately.

The revision of pension and pensionary benefits has already been taken up by the Finance Department and we believe, it is in an advanced stage of consideration. Pension, in itself, is a separate subject and since Finance Department has already taken a considered view on this, we need not submit a parallel report on this term of reference.

The revision of rates of various allowances applicable to the State Government employees is a burning question, which is directly linked to the payment of salary in revised scales. Since, revised salary is already being paid on provisional basis, we consider it appropriate to submit the report on allowances first.

During the hearing on the representations, the associations, in general, prayed for a hundred percent implementation of central allowances. The Terms of Reference however make a clear distinction between 'central allowances' and 'allowances at present applicable to the State Government employees'. The Terms of Reference also make it mandatory to keep state's paying capacity in mind before making any such recommendation. We will, therefore, make an analysis of the impact on state finances first.

2. Effect on State Finances: The State Government granted fixation of Revised Salary to its employees on provisional basis with effect from 01.01.2006 and its current payment was started from 01.01.2009. Only part of the arrears equal to three months of unrevised pay was paid and the State is yet to pay arrears salary from the announced date of 01.04.2007. To the best of our knowledge and as per the budget recently presented in the State Assembly, revision of pension is also under way. The first question is, what is the effect of these decisions on State Finances?

As per the budget for the year 2007-08, the provision for salary and pension (an assessment by unrevised salary scales) was Rs 6,469 crores and Rs 2,789 crores, respectively. In the year 2008-09, which partly included the effect of revised salary and arrears, the salary expenditure went up to Rs 7973 crores, while pension at the unrevised rates remained at Rs 2865 crores. In the budget for the year 2009-10, including the first supplementary, the salary expenditure is likely to go up to Rs 10,463 crores and the pension expenditure is likely to go up to Rs 4,382 crores. This is an increase of **60.35 percent** in salary and pension expenditure over the last two years. In addition, the State Government has to make a mandatory provision of around Rs 4,000-5,000 crores for interest payments and of around Rs 2,000-3,000 crores for repayment of public debt continuously over the next ten years.

Contrast this with the resource position. The state share of central taxes has increased from Rs 16,766 crores in 2007-08 to Rs 18,209 in 2009-10, which is only an 8.6 percent increase over the last two years. Faced with resource crunch, the State Government has considerably stepped up its revenue collection efforts. Even then, given the limited revenue potential of state's largely agrarian economy, the state internal revenues has increased moderately from Rs 5,611 crores in 2007-08 to Rs 7,876 crores in 2009-10. This is an increase of 40.36 percent over the last two years. On aggregate basis, the total Tax Revenue for the State have increased from Rs. 21,852 in 2007-08 to Rs. 25,545 crores, an increase of only **16.90 percent** over the past two years. With the Central Government having refused to share the burden of sixth pay revision, the State had to cut its plan size from Rs 13,500 crores to Rs 12,000 crores in 2008-09. In the present year (2009-10), the State is finding it extremely difficult to maintain the proposed plan size of Rs 16,000 crores.

To put it aptly, the job of Pay Committee is like that of a 'magician'; and given the status of public finances, we have had to perform nothing short of the famous 'hat trick', by pulling out 'notes', if not the 'rabbits' from the magic hat. As any reader would appreciate, we do this job valiantly in the interest of the government employees. The aggregate financial burden on the state exchequer, if these recommendations are implemented, would approximately be **Rs 600 crores**. This is over and above the financial burden of revised pension and pay.

We will now take up the each allowance, case by case:

3. House Rent Allowance: There is a considerable difference in the urban distribution of employees between the Centre and the State Government. The final outcome of House Rent Allowance in terms of its actual percentage of salary expenditure is also different between the Centre and the State Government.

Government of India has revised the rates of its House Rent Allowance as follows:

City Class	Population	Existing Rate	Revised Rate	New Class
A-1	>50 lakhs	30%	30%	X
A	20-50 lakhs	15%	20%	Y
B-1	10-20 lakhs	15%	20%	Y
B-2	5-10 lakhs	15%	20%	Y
C	0.5-5 lakhs	7.5%	10%	Z
Unclassified Towns	<50,000	5%	10%	Z

Most of the Central Government employees are located in Cities A-1, A, B-1 and B-2 categories; very few in category C and hardly any in less than 50,000 towns. In other words, the rate for unclassified towns does not matter much to the Central Government. As far as the rate of increase is concerned: a) there no increase in the rate in metropolitan cities and b) *given the distribution of its employees*, the average increase in HRA over the existing rate is thirty three percent for non-metropolitan cities.

The classification of cities in the State has been made vide order no 6898 dated 31.10. 2006 of the Finance Department, which is as follows:

1) Patna (B-1)

2) Araria, Arrah, Aurangabad, Bagha, Begusarai, Bettiah, Bhagalpur, Biharsharif, Buxar, Chapra, Darbhanga, Dehri, Gaya, Gopalganj, Hajipur, Jamalpur, Jamui, Jehanabad, Katihar, Kishanganj, Lakhisarai, Madhubani,

Mokamah, Motihari, Munger, Muzaffarpur, Nawadah, Purnea, Saharsa, Samastipur, Sasaram, Sitamarhi, Siwan, Supaul (C).

This leaves only small towns less than 50,000 in population, which are unclassified. However, we have found that HRA is being drawn at the rate of 5% by government employees working in rural areas, *even though it is admissible only in small, unclassified towns i.e. notified urban agglomerations not classified above*. Since, nearly half the employees are in this category, the distribution of HRA in the State is completely different from that in Government of India. The actual increase in HRA drawn by an employee is two fold: one, due to a handsome increase in salary; and two, due to increase in the allowance rate. Given the *effective* rate of increase of HRA in Government of India (one-third of the existing rate, except in metros) and given the distribution pattern of employees in Bihar, we recommend the following:

City Class	Urban Population	Existing Rate	Revised Rate	New Class
Metros	>50 lakhs	30%	30%	X
Patna	10-50 lakhs	15%	20%	Y
Large Towns	5-10 lakhs	15%	20%	Y
C-Towns	0.5-5 lakhs	7.5%	10%	Z
Unclassified Towns	<50,000	5%	7.5%	S

For rural areas (Class R), given that HRA is already being drawn and taking it away will create resentment, the rate of 5 percent is recommended. This is sufficient given the fact that rental values in these areas are very low and a hike in the actual amount of HRA payable has already been effected due to a significant increase in the salaries owing to pay revision. Implementing these recommendations would increase the state's expenditure on HRA by nearly 90 percent from Rs 415 crores last year to Rs 775 crores this year, which is a net increase of **Rs 360 crores**. *Any further increase is not sustainable.*

4. Medical Allowance: The State and the Centre have very different medical reimbursement policies. It is difficult to say which one is superior as they both have their own strengths and weaknesses. The Centre operates through a network of CGHS dispensaries and does not pay a separate medical allowance. The State on the other hand, provides a monthly allowance for outdoor medicines and a handsome policy of medical reimbursement for indoor treatment, major surgeries and intractable illness.

Our mandate is not to interfere with matters of state policy. Given an increase in cost of medicines, **we recommend doubling of medical allowance from Rs 100 p.m. to Rs 200 p.m.** As shown in the appendix, this would impose an additional annual financial burden of Rs 54 crores on the state exchequer.

Regarding medical reimbursement for indoor treatment, we recommend that practical difficulties be sorted out, for example, the reimbursement cost fixed for pacemaker and cataract surgery is less than what is actually required. The Finance Department now makes a separate budget provision for it and the medical reimbursements have, by and large, been liberal. We have nothing further to say in the matter, as this is the subject matter of the Health Department, which is in best position to rationalize in light of the practical requirements.

5. City Transport Allowance: Government of India has merged city compensatory allowance and transport allowance into an integrated transport allowance. The State Government grants transport allowance only in Patna and it has not been possible to increase the burden further. City Compensatory Allowance is also payable only in Patna.

Hence, we recommend merger of city compensatory allowance and transport allowance into one integrated "city transport allowance". The existing and the recommended (revised) rates are as follows:

PayScales	Existing Rate (Transport Allow+CCA)	Revised Rate City Transport Allown.
8000-13500 & above	(Rs 400 p.m.+Rs 180 p.m)	Rs 1000 p.m.
6500-10500 to 7500-12000	(Rs 200 p.m.+ Rs 100 p.m)	Rs 700 p.m.
5500-9000 and below	(Rs 75 p.m.+ Rs 65 p.m)	Rs 400 p.m.

We do not recommend any change in the existing policy. Granting city transport allowance at the enhanced rate would entail an additional expenditure of Rs 10 crores per annum. *With this merger, the city compensatory allowance would automatically stand abolished.*

Further, *Transport Allowance for Handicapped and Blind Employees* should continue to be paid at double the normal rate in Patna, and elsewhere the existing rate should be enhanced from Rs 150 p.m. to Rs 300 p.m.

6. Washing Allowance: The State Government gives washing allowance to employees entitled for uniform (except police and nurses) at a rate of Rs 30 per month. Central Government has increased it to Rs 60 per month. We also recommend that washing allowance be doubled to Rs 60 per month. This will place an additional burden of Rs 6 crores per annum on the state exchequer.

7. Cycle Allowance: This is payable to Class IV employees engaged in dak distribution duties, subject to a maximum of two peons per office. It is presently paid at the rate of Rs 30 p.m. It is difficult to estimate the total number of employees getting it, but its total expenditure is certainly small. Government of India has doubled it to Rs 60 per month. We also recommend doubling it to Rs 60 per month.

8. Cash Handling Allowance: is given only to those who are doing the job of cashiers, but were not formally appointed as cashiers. This is a small amount, which creates perverse incentives for holding greater cash.

This is undesirable. Nowadays, the emphasis is on maximum payment through bank accounts and electronic means. We recommend that *cash handling allowance should be abolished*.

9. Driver Allowance: The State Government does not have the policy of giving overtime allowance (even the Sixth Central Pay Commission recommended it be abolished). It instead gives a compensatory allowance to drivers at the rate of Rs 60 p.m. given the off-working hour nature of their duties. We feel this needs an upward revision. The Fitment Committee had (in its report in the year 1990) recommended that this compensatory allowance could be given at a rate of Rs 3 per day. After careful consideration, we recommend a monthly 'driver allowance' of Rs 200 p.m. which is more than a three times increase over the existing rates. For Bihar Bhavan, however, given that their duties are very often in the night hours, we recommend a monthly 'driver allowance' of Rs 300 p.m. Given the number of drivers in position, this would mean an extra expenditure of Rs 1 crores per annum.

10. Children Education Allowance: The State Government is not in a position to give children education allowance like Government of India. It has a considered policy of giving children education allowance only if +2 education is not available at the place of posting. It is also admissible to handicapped children who need special care. We recommend doubling its existing rate from Rs 100 p.m. to Rs 200 p.m. It is difficult to estimate the increase in expenditure because the data for the number of employees who have been sanctioned this allowance is not available.

11. Family Planning Allowance: The State Government at present permits family planning allowance equal to one increment at the time it is granted and it remains fixed throughout service life of that employee. Government of India follows the same formula, but has prescribed family planning allowance at a rate which changes with the grade pay, subject to a minimum of Rs 210 p.m. *This is also approximately equal to one increment in that grade.* Since this is sanctioned in specific cases, precise data on the number of employees drawing this allowance and their grades is not available. However, the expenditure involved is not much and given this is a national cause, we recommend family allowance at rates prescribed by Government of India. A copy of the rate chart is enclosed at Annexure-4.

12. Special Duty/Hard Duty Allowance: This is a vestige of the past. The rates are nowadays small and meaningless. Such allowances create anomalies and inter-cadre feelings. Employees are anyway contracted to do the job they are appointed for. With the revised pay structure in place, special job allowances are now payable to those doing special jobs, like commando allowance for those police personnel who are commando trained, special allowance to Special Task Force, training allowance for police training academies, compensatory driver allowance for drivers, special allowances for nursing and medical personnel etc.; these old allowances (special/hard duty allowance) given to fragmented cadres in a haphazard way are now redundant. The Fitment Committee had also recommended that these be abolished. We hereby reiterate that special/hard duty allowances, still extant with these names, should be abolished.

13. Deputation Allowance: is presently payable at a rate of 5 percent of basic pay, maximum Rs 500 p.m. if the deputation is to a position on the same place of posting and 10 percent of basic pay, maximum Rs 1000 p.m. if the deputation is to a position at a place different from the present place of posting. This is an anomalous prescription. We recommend deputation allowance at the rate of 2.5 percent of basic pay, maximum Rs 1000 p.m. if the deputation is within the State and 5 percent of basic pay, maximum Rs 2000 p.m. if the deputation is outside the State. Since this expenditure is bourn by the borrowing organisation, it is not a burden on the Consolidated Fund of the State.

14. Officiating Pay: is another 'showpiece', which flows out of Rule 103 of the Bihar Service Code. It is payable at a rate of 20 percent of basic pay maximum Rs 250 p.m. We recommend that this be revised to 2.5 percent of basic pay, maximum Rs 1000 p.m. Bihar Service Code may be amended accordingly.

15. Special Pay: is payable to under/deputy/joint/additional and special secretaries to compensate them for the lack of perks and facilities in the secretariat. Its present and recommended (revised) rate is summarised in the table below:

Rank	Existing Rate	Revised Rate
Special/Additional Secretary	Rs 450 p.m.	Rs 1000 p.m.
Joint Secretary	Rs 400 p.m.	Rs 700 p.m.
Deputy/Under Secretary	Rs 300 p.m.	Rs 500 p.m.

Engineers posted in design, planning, investigation and research are entitled to special pay as per circular of the Finance Department, number 6614 dated 15.10.1985 to motivate them to work in these areas. Its existing and recommended (revised) rates are mentioned below:

Rank	Existing Rate	Revised Rate
Superintending Engineer	20 percent of basic pay, minimum Rs 150 p.m. and maximum Rs 250 p.m.	Rs 1000 p.m.
Executive Engineer		Rs 700 p.m.
Assistant Engineer		Rs 500 p.m.

This recommendation would entail doubling of expenditure under this head from Rs 0.53 crore to Rs 1.06 crore per annum.

16. Allowances for Police Personnel: Bihar police associations have, in general, demanded revision of the rates of various allowances being paid to them at present. After taking all aspects into consideration, we recommend as follows:

16.1: Ration Money Allowance: is presently paid to police personnel at the rate of Rs 612 p.m. We recommend this be increase to Rs 1000 p.m. Since this allowance is paid to nearly all police personnel, the total expenditure would be fairly large. The estimated increase under this head would be to the tune of Rs. 21 crores.

16.2: Uniform Allowance: Uniform allowance rates for police personnel have recently been revised (2007) to a comfortable level of Rs 5,000 per year for Bihar Police Service Officers and to Rs 4,500 per year for police officers of the rank of ASI to Inspector. We recommend continuation of these rates for the present. For sepoys and havildars, it is the duty of the Police Department to purchase and make the uniform available, so no further comments.

16.3: Outfit Allowance: This nominal allowance of Rs. 20/Rs.30 per month is available to police constables/havaldars on security duty with politicians and senior officers. This in-fact creates perverse incentives. The amount is insignificant. Since revised salaries are very good and other allowances have been increased at handsome rates, to make budgeting and financial processing simple, we recommend this small allowance should be abolished.

16.4: Washing Allowance: is at present payable to subordinate police personnel (constables to inspector) at the rate of Rs 20 per month (2000) and to Bihar Police Service Officers at the rate of Rs 120 per month (2006). We recommend increase in washing allowance for lower police personnel (constables to ASI) to Rs 60 per month and for Sub-Inspectors, Inspectors and Bihar Police Service Officers to Rs 120 per month. This will entail additional expenditure of approximately Rs 3.00 crores per annum.

16.5: Vehicle Allowance: is given to police personnel for maintaining personal vehicles and its use for official duty within their jurisdiction. No Travelling Allowance is admissible for such journeys. Its present rates and the rates being recommended (revised) by us are mentioned below:

Rank	Existing Rate	Revised Rate
Bihar Police Service	Rs 800 p.m. (2006)	Rs 1000 p.m.
ASI to Inspector	Rs 150 p.m. (2004)	Rs 600 p.m.
Cycle Allowance (sepoys and havildars)	Rs 30 p.m.	Rs 60 p.m.

This will also entail an additional expenditure of Rs 5.00 crores per annum.

16.6: Driver Allowance: for police drivers is paid at the rate of Rs 60 per month. Given that police drivers have duties somewhat harder than the other drivers; we recommend its enhancement to Rs 300 per month as also recommended in the case of Bihar Bhawan drivers above. The expenditure has been included, through total drivers in position, in the relevant paragraph above.

16.7: Commando Allowance: is payable to Sepoys, Havildars, Assistant Sub-Inspectors and Sub-Inspectors who have successfully passed the commando training course. This rate at which this special allowance is presently payable and the rates being recommended (revised) by us is mentioned in the table below:

Rank	**Existing Rate**	**Revised Rate**
Sepoys	Rs 50 p.m.	Rs 200 p.m.
Havildars	Rs 75 p.m.	Rs 300 p.m.
ASI/SI	Rs 100 p.m.	Rs 400 p.m.

We have recommended a four fold increase to make this financial incentive meaningful. This, however is subject to abolition of old allowances known by the name special duty allowances. If not, the rates should only be doubled and not increased four times as recommended above. The estimated increase in expenditure under this head is expected to be Rs 1.50 crores.

16.8: Special Allowance: at the rate of 30 percent of basic pay is payable to Special Task Force vide Finance Department Circular No 907 dated 25.01.08. Special Task Force has distinguished itself by performing the most difficult, as well the most dangerous and risky duties. This is the highest rate for any allowance in the State and we recommend continuation of this allowance at the existing rates. If however, any personnel of the Special Task Force starts performing personal security duties and not the special duties this force is specifically created for, this allowance should be withdrawn. A certificate of the drawing and disbursing officer should be obtained to this effect while making drawal from the treasury.

16.9: Training Allowance: is payable at the rate of 15 percent of basic pay to the trainers at the Police Training Institutions vide standing circular of the finance department bearing no 1861 dated 25.03.2000. This is payable at the Police Training College and the Bihar Police Academy. Such rate allowances automatically increase with the increase in salary. Since, unlike the centre, Training Allowance is not admissible to all training institution in the state, to prevent competing claims from arising, we recommend this should be continued at the rate of 15 percent of basic pay for the Police Training institutions only and no more. Moreover, for relativity principles, its rate must not deviate, in any individual case, from the standing Finance Department Circular No 1861 dated 25.03.2000. Any deviations should be corrected.

17. Allowances for Nursing Personnel: The nursing personnel have demanded a uniform allowance of Rs 3,000 per month, a washing allowance of Rs 120 per month and a nursing allowance of Rs 1,600 per month. The Sixth Central Pay Commission has, in general, only recommended a double increase in the existing allowances. We will now deal with each of these allowances, by turn:

17.1: Uniform Allowance: Presently uniform allowance is paid to nurses at a rate of Rs 700 per year and to ANM's and LHV's at the rate of Rs 300 per year. This is insufficient in present times. We recommend the uniform allowance for nurses be increased to Rs 3,000 per year and for ANM's and LHV's to Rs 1,500 per year, an almost four to five times increase over the present rates. This would entail an additional expenditure of Rs 1.48 crores.

17.2: Washing Allowance: is presently being paid at the rate of Rs 30 p.m. We recommend this be increased to Rs 120 p.m. for nurses and to Rs 60 p.m. for ANM's and LHV's. This is a fairly large increase and is consistent with what is being recommended for police personnel and other uniformed employees.

17.3: Nursing Allowance: is a special allowance for hospital nurses for the arduous and risky nature of their duties. Earlier, splinter allowances were paid like meal allowance, special duty allowance etc. They are not being paid nowadays following general instructions contained in Finance Department's Circular No. 5081 dated 24.07.2000. Nursing allowance has been a major demand of hospital nurses in the State. The Fitment Committee had also recommended it. After careful consideration, we recommend a composite nursing allowance at the rate of Rs 1,000 per month. If anywhere splinter allowances like meal/diet allowance, special duty allowance etc. are still being paid, they must be stopped forthwith. The expenditure entailed in nursing allowance would be to the tune of Rs 1.00 crores, likely to go up further, as more nurses are appointed in the government run hospitals.

18. Allowances for Allopathic Doctors: Doctors have demanded a variety of allowances like non-practicing allowance, conveyance allowance, annual allowance, rural service allowance etc. Given the shortage of allopathic doctors in the state, particularly in rural areas, and in light of the other needs and demands of the society, we, after careful consideration, recommend as follows:

18.1: Non-Practicing Allowance: is paid to medical doctors in Government of India at the rate of 25 percent of basic salary. The actual benefit/cost to government is even higher because NPA is added to basic salary for the purpose of calculation of DA. Fitment Committee had recommended Non-Practicing Allowance for medical doctors last time, but given the huge costs involved and for reasons that need not be explicitly mentioned, it was not implemented. Giving NPA to all medical doctors would be a huge financial burden the State may find difficult to shoulder. After careful consideration we recommend Non-Practicing Allowance where it matters the most:

Medical Colleges in the State are the worst affected due to private practice. Not only does the academic work suffer, the teaching quality also deteriorates below acceptable limits. It also inculcates an inappropriate culture among the young students who are the future of medical profession in the country. We therefore recommend that Non-Practicing

Allowance on the Government of India pattern (and subject to same limitations) should be paid to the Residents and Teaching Faculty in all Medical Colleges of the State and private practice should be banned in these institutions. Further, private practice ban should be incorporated in the code of conduct and violations should be subject not only to disciplinary action, but also recovery and transfer to non-teaching specialist positions outside the medical colleges, which are considered less prestigious.

Implementing this scheme in all medical colleges of the state would entail an additional expenditure of Rs 11 crores per annum.

18.2: Journal Allowance: Practicing medical doctors need to update their professional knowledge and this is not possible unless they subscribe to indexed international journals of their respective disciplines, where cutting edge research is published and disseminated. We recommend a journal allowance of Rs 3000 per year for every medical doctor on producing evidence of such subscription. This will entail an additional expenditure of Rs 1.00 crore per annum.

18.3: Rural Service Allowance: In rural areas, allopathic doctors are in very short supply and those going there for work face severe lack of facilities, leading to de-motivation and absenteeism. To motivate allopathic doctors to work in rural areas, National Rural Health Mission guidelines has recommended rural allowance at a rate of one-third of basic salary. We, therefore, recommend substantial financial incentive in terms of a rural service allowance at a rate of 30 percent of Basic Pay. This is keeping in mind the relativity of special allowances applicable within the state. Given the present strength of doctors, this would mean an additional financial burden of Rs 36 crores per annum. We do understand this burden is huge, but given the 'positive externality' of improved rural health care, we strongly feel this expenditure is justified in the long run. Rural health service, here, would have the same meaning as that in the Medical Officers' Service Rules.

19. Travelling Allowance:

The first question is that of travel entitlements.

At present travel entitlement by air is restricted to officers drawing a basic salary of Rs.16,400 and above, while officers drawing a basic salary from Rs.12,300 to Rs. 16,399 can be permitted air travel only under special circumstances. Given that air tickets are now available at competitive prices, we recommend air travel entitlement by economy class to officers in grade pay Rs. 8,700 (unrevised scale 14,300-18,300) and above. Further, officers in grade pay Rs. 7,600 (unrevised scale 12,000-16,500) could be permitted air travel under special circumstances or when they are holding positions of responsibility where prolonged absence from headquarter is prejudicial to public interest. Such special permission can be granted by Secretary to Government or Heads of Departments in the Headquarter or Commissioners of Divisions in the field. Air Travel by Executive Class is presently restricted to officers drawing basic salary of

Rs 22,400 and above. We accordingly recommend Air Travel by Executive Class to Officers drawing basic salary of Rs 67,000 and above in the new pay structure.

Travel Entitlement by Rail and Road is recommended as follows:

Grade Pay	By Train	By Road
8,700 & above	Ist AC	AC Bus/Taxi/Car
4,800 to 7,600	AC II tier	AC Bus/Taxi/Car
2,400 to 4,600	ACIII/Chair Car	Bus/Auto
2,000 & below	Ordinary Sleeper	Bus/Auto

Mileage allowance is recommended as follows:

Bus/AC Bus	Actual Fare
Taxi	Rs 15 per km (Metros) Rs 12 per km (Other places)
Private Car	Rs 8 per km
Autorickshaw	Rs 8 per km
Two wheeler	Rs 3 per km
Bicycle	Rs 1.20 per km
On foot	Rs 0.60 per km
Pre-paid Taxi/Auto	As per actual receipt.

There has been an earlier restriction on the use of personal vehicles for official work. We believe this policy can be rationalised and in certain situations, *with the prior permission of the controlling officer*, an official journey on private vehicle may be permitted.

20. Transfer Grant:

Is presently paid at a rate of one-third of basic salary to those employees who are transferred from one district to another. Government of India has revised the rates of transfer grant to one month of basic pay thereby creating anomalies between those transferred to and from the state.

After careful consideration, we recommend transfer grant both for State as well as All India Services as follows:

Inside the State	One half of basic pay, if transferred from one district to another.
Outside the State	Equal to one month's basic pay.

For transportation of personal effects (plus conveyance) the State Government has adopted nearly the central entitlements. Accordingly, we recommend the transportation of personal effects according to the following entitlements:

Grade Pay	By Train	By Road
8,700 & above	6000 Kg/one four wheeler wagon/one double container	Rs 18 per km (0.30 per kg per km)

4,800 to 7,600	6000 Kg/one four wheeler wagon/one single container	Rs 18 per km (0.30 per kg per km)
2,400 to 4,600	3000 Kg by goods train	Rs 9 per km (0.30 per kg per km)
2,000 & below	1500 Kg by goods train	Rs 4.60 per km (0.30 per kg per km)

For transportation of conveyance, the following is recommended:

Grade Pay	Entitlement
4,800 & above	One motor car/one two wheeler
Below 4,800	One two wheeler/Bicycle

21. Retirement Grant:
When an employee, who retires from service, has to go (bag and baggage) to his declared home town *outside the State only*, we recommend that, as a one time gesture of goodwill, transfer grant and transportation of personal effects facility should be provided at the same rate as recommended above.

22. Daily Allowance:
The State Government follows a two fold formula for prescription of daily allowance; one rate entitlement for stay in hotels (called the hotel rate) and another for stay in government/quasi-government guest houses or by personal arrangement (called the normal rate). This two fold policy has stood the test of time. The same policy can continue; however, the rates needs to be revised, given the increase in prices and to ensure the government servants do not shirk genuine requirements of travel on official duty. We accordingly recommend revision of hotel and normal rates of daily allowance according to the chart below:

Grade Pay	Class X (Metro)	Class Y (Patna)	Class Z (& others)
10,000 & above	5,000 (Hotel)	4,000 (Hotel)	3,000 (Hotel)
	500 (Normal)	400 (Normal)	300 (Normal)
5,400 to 8,900	3,000 (Hotel)	2,000 (Hotel)	1,000 (Hotel)
	400 (Normal)	300 (Normal)	200 (Normal)
2,400 to 4,800	1,500 (Hotel)	1,000 (Hotel)	500 (Hotel)
	300 (Normal)	200 (Normal)	150 (Normal)
2,000 & below	1,000 (Hotel)	500 (Hotel)	300 (Hotel)
	200 (Normal)	150 (Normal)	100 (Normal)

Hotel Rate is the maximum reimbursement admissible for boarding and lodging, subject to the production of actual voucher. There may be situations, where stay in government/quasi-government facility involves expenditure more than the 'normal' rate. In such cases, the actual expenditure should be reimbursed subject to the upper limit of the 'hotel' rate.

23. Leave Travel Concession:
As per the present policy of the State Government, the state employees are permitted leave travel concession within the state boundaries for promoting tourism within the state, in the same way as Government of India permits leave travel concession for promoting tourism within the country. State employees have been agitating for a long time for permitting leave travel concession for travel throughout the country. It would be very expensive for the State Government to permit this on a blanket basis. On the other hand, facility of Home Travel Concession is scantily used given its lack of attraction for the state employees. Hence, as a compromise, we suggest that Home Travel Concession facility may be withdrawn for state employees and instead, Leave Travel Concession may be permitted throughout the country on *two occasions only* during the entire service career of a state employee. However, given the potential financial burden, for LTC outside the State, not more than four persons in the family should be permitted and travel by *Air* or *first AC* in the train should also be restricted. In general, to prevent misuse, internet booked train tickets should not be accepted as voucher for LTC purposes.

24. Revision with Dearness Allowance:
The Sixth Pay Commission has recommended that rates of *fixed* allowances be revised upwards by 25 percent each time the rate of dearness allowance increases by 50 percent. This recommendation has been accepted by Government of India. We also recommend that rates of fixed allowances be revised upwards by 25 percent each time the rate of dearness allowance increases by 50 percent. But this will not apply to *rate* allowances which are paid as a percentage of pay.

25. Date of Effect: As already explained in the beginning of this document, the State Government is yet to find resources for giving arrears of salary and pension to the state employees. Government of India has also implemented recommendations on allowances with prospective effect. Given the Terms of Reference and the actual situation of public finances, we hereby recommend that any increase in allowances should be implemented with prospective and *not retrospective* effect.

26. Financial Burden:
The extra financial burden that implementation of these recommendations would place on the state exchequer is **Rs 600 crores** (summarized in Annexure-5).

We are grateful to the Finance Department for help and to the State Government for giving us the opportunity to do this work.

Chairman

(Subhakirti Majumdar)

Member

(Amir Subhani)

Member Secretary

(Arunish Chawla)

This report on allowances would not have been complete without the writing and patient work of the Member Secretary, Mr Arunish Chawla. As he is leaving the Pay Committee on central deputation against a key post in the Planning Commission, we hereby place on record our appreciation of the hard work put in by Mr Chawla. The State would miss his services for the next five years. We take this opportunity to express our sincere gratitude for the services he rendered to the Pay Committee.

(Amir Subhani) (Subhakirti Majumdar)