

Background and Approach to Pay Related Issues of Defence Personnel

Chapter 6.1

General

6.1.1 The role of Defence Forces in a representative democracy is rooted in the principle of civilian control of the armed forces and the supremacy of civilian institutions based on popular sovereignty. The Defence Forces in any democracy have responsibility for the defence of the country, performance of search and rescue missions, providing assistance in disasters/accidents, assisting civil authorities in case of emergencies and for internal security. As in any representative democracy, the defence forces in India are subject to parliamentary control and to judicial scrutiny in addition to external audit by the CAG.

Historical Perspective on Pay Commissions

Terms of Reference through various Commissions

6.1.2 The Seventh CPC has the distinctiveness of a separate term of reference for defence service personnel together with a wider mandate to review, evolve and recommend changes in the principles that should govern the emolument structure.

6.1.3 The remit of successive Pay Commissions with regard to pay related issues for the defence forces personnel has been varied in terms of its focus as brought out below.

- A separate term of reference for defence service personnel has been notified only in the case of the IV and Seventh CPCs.
- While the IV and V CPCs were to examine the “**structure**” of emoluments of defence forces personnel, the “**principles**” relating to structure of pay and allowances is the emphasis in the terms of reference of the VI and Seventh CPCs.
- The Seventh CPC has also been mandated to review the principles and structure of emoluments of defence service personnel “**having regard to the historical and traditional parities.**”

Approach through Various Committees/Commissions

6.1.4 The approaches adopted by successive Committees/Commissions with regard to the pay structure of defence service personnel are outlined in Table 1:

Table 1: Approach followed by Successive Pay Commissions

Sl. No.	Committee/ Commission	Approach
1	Post War Pay Committee	<p>a) The basic principle followed was one of “comparability” with civilian rates of pay under the government and of an ‘all inclusive nature of Pay.’</p> <p>b) For pay of Service officers, a broad relativity was established with Officers of Class I Central Services and the Indian Police Service.</p> <p>c) For devising pay of PBORs, a fully trained infantry soldier with three years’ service was equated to workers classified as ‘Semi Skilled’ by the Central Pay Commission.</p>
2	Raghuramaiah Committee	<p>a) It accepted the parallel between Defence Service Officers and Class I Service of the Central Government, particularly the Indian Police Service.</p> <p>b) For the infantry soldier it accepted the parallel with the semi-skilled industrial worker.</p>
3	III CPC	<p>a) It held that the relativities between servicemen and their civilian analogue can only be in broad terms because of the substantial differences in their roles and conditions of service.</p> <p>b) The Commission noted that there was no justification for continuance of the Special Disturbance Allowance. It did not, however, recommend total abolition of this allowance since it had existed for a long time; it instead recommended a higher starting salary for commissioned officers as compared to those in civilian Class I service.</p> <p>c) The Commission equated the pay of a fully trained Infantry soldier with three years of service with a civilian worker placed between ‘semi skilled’ and ‘skilled’ workman and added 5 percent of pay as X factor into it.</p>
4	IV CPC	<p>a) The Commission noted that the pay structure for the armed forces should provide a reasonable pay progression to Officers of Services. It recommended an integrated pay scale with Rank Pay, covering a span of 28 years for certain level of officers.</p> <p>b) The Commission noted that the duties and responsibilities of an infantry soldier are such that he cannot be compared with any other category of employees.</p>
5	V CPC	<p>a) The Commission observed that the pay structure is required to be evolved on the basis of broad comparability with civilian pay scales so as to ensure that the scheme of remuneration for these two categories is not very dissimilar.</p> <p>b) The Commission did not favour a separate dispensation for Armed Forces personnel and felt that a better method would be to provide explicit compensation in the regular pay scales. The Commission, accordingly, recommended abolition of integrated pay scales by regular pay scales with rank pay with progression in pay being provided by the mechanism of ACP Scheme.</p> <p>c) The Commission agreed with the approach of III CPC that an ‘all inclusive salary’ may not be workable in the Indian context and therefore recommended continuance of all existing concessions and an edge in starting scale to compensate for special features of military life.</p>

Sl. No.	Committee/ Commission	Approach
6	VI CPC	<p>a) The Commission introduced running pay bands for defence forces personnel also at par with that for Civilians. This was to give effect to the recommendation regarding absorption of all Short Service Commissioned Officers (SSCOs) and JCOs/ORs at appropriate levels in the Central Armed Police Forces (CAPFs) and other Defence Civilian Organisations.</p> <p>b) The edge enjoyed by Defence forces over the civilian scales was given in the form of a separate element viz., Military Service Pay.</p> <p>c) Common pay scales were granted to JCOs/ORs by re-organising the existing three groups (X, Y and Z) into two groups (X and Y). X-Pay of ₹1,400 per month was granted for JCOs/ORs of X group.</p>

Procedure Adopted By the Seventh CPC

6.1.5 The Commission has examined the issues posed in relation to the defence forces personnel keeping in view the terms of reference as also the complexities of the sector.

6.1.6 The Defence Services submitted to the Commission a Joint Services Memorandum (JSM) in August 2014 and an Addendum to the JSM in May 2015. These contained proposals on pay, allowances, pensions and conditions of service in relation to defence forces personnel. The Commission obtained the views of the Ministry of Defence and Department of Ex-Servicemen Welfare on a range of issues contained in the JSM. A series of discussions were also held with the representatives of the Pay Commission Cell of the Services. The Commission benefited from exchanges and interactions with multiple stakeholders- the Ministry of Defence, the Defence Services, the Department of Ex-Servicemen Welfare, the Controller General of Defence Accounts etc. In addition, on issues of common interest, the views of the Department of Personnel and Training as also those of the Ministry of Home Affairs were obtained. The Commission thus was able to draw upon the views of the key stakeholders within the government with regard to issues posed by the Defence Services.

6.1.7 The Institute for Defence Studies and Analyses (IDSA) was also commissioned to undertake a study on the “**Nature, Quantum and Components of Defence Expenditure and Defence Pensions.**” The purpose of this engagement was to obtain an independent feedback from a nonpartisan body dedicated to research and policy in defence and security, with particular reference to pay, pension and defence expenditure in India and comparable countries.

6.1.8 In addition, the Commission sought to obtain a first-hand appreciation of the conditions under which the defence service personnel operate. It visited a number of locations in and around Leh, Vishakapatnam, Mumbai, Andaman and Nicobar Islands, Jodhpur and the North East. In the course of these visits the Commission interacted with all categories of defence forces personnel. The Commission was able to familiarise itself, first hand, with the working conditions unique to defence service personnel.

6.1.9 Chapters 5.2, 6.1 and 6.2 are devoted to issues relating to pay of defence forces personnel. Allowances and pensions of defence service personnel are covered in Chapter 8 and Chapter 10.2 of the Report respectively.

Overview of Defence Expenditure

6.1.10 Before approaching the subject of pay for defence forces personnel it would be useful to have a broad overview of defence expenditure, of which expenditure on pay and allowances of defence forces personnel is an important constituent. Provision of financial resources for the defence services, which is the single largest employer of Central Government personnel, is made under the Non Plan Budget of the Government of India. Defence currently ranks at third place in terms of expenditure of the Union Government following Interest Payments and Subsidies. In addition to provisions for the Army, Air Force and Navy, funds are also provided for meeting the capital needs of the Services and for research and development.

6.1.11 As mentioned earlier, the Seventh CPC had commissioned the IDSA to analyse, among other issues, the pattern of defence expenditure in India over the period 1995-96 to 2013-14 as also the pattern of defence expenditure in neighbouring countries.

Pattern of Defence Expenditure in India¹⁸

6.1.12 An examination of the pattern of defence expenditure over the period covering the mid-nineties to FY 2012-13 reveals:

- a. Defence Expenditure as a percentage of GDP has declined from 2.19 percent in 1995-96 to 1.80 percent in 2012-13.
- b. As a percentage of Central Government expenditure defence expenditure has declined from 14.50 percent in 1995-96 to 12.89 percent in 2012-13.
- c. Defence capital expenditure as a percentage of total defence expenditure has shown an increase from around 25 percent in later half of the 1990s to over 40 percent in the recent years.
- d. The share of expenditure on defence modernisation, as a percentage of defence capital expenditure, in the period from 1995-96 to 2012-13, has been in the broad range of eighty to ninety percent.

Defence Expenditure in Select Countries

6.1.13 IDSA has analysed defence expenditure across a selection of ten countries in terms of personnel expenditure, operations and maintenance expenditure and expenditure on procurement and infrastructure¹⁹. The break-up of defence expenditure in terms of these three components is brought out in Table 2:

¹⁸ Defence expenditure does not include expenditure on defence pensions.

¹⁹ IDSA in its Report has stated that it has collected data from primary sources in the public domain.

**Table 2: Defence Expenditure In Selected Countries, Component – Wise
As Percentage of Total Defence Expenditure**

Sl. No.	Country	Year	Personnel Expenditure (and rank#)	Operation and Maintenance Expenditure (and rank)	Equipment Procurement And Infrastructure/ Construction (and rank)
1	U.S.A.	2007	25.59 (10)	33.75(2)	40.66(2)
		2012	26.71(10)	37.56(2)	35.73(2)
2	UK	2007	39.00(5)	33.52(3)	27.30(6)
		2012	33.60(9)	38.20(1)	24.80(9)
3	France	2007	55.00(1)	18.98(10)	26.02(8)
		2012	49.10(2)	16.90(9)	34.00(3)
4	Germany	2007	55.00(1)	25.49(8)	19.05(10)
		2012	46.40(3)	31.30(4)	22.30(10)
5	Japan	2007	43.95(3)	31.81(5)	24.53(9)
		2012	44.56(4)	22.97(7)	33.24(5)
6	South Korea	2007	39.58(4)	33.15(4)	27.27(7)
		2010*	41.00(7)	28.21(5)	30.79(6)
7	Russia	2007	32.30(8)	30.50(6)	37.20(4)
		2012	52.20(1)	19.40(8)	28.40(8)
8	China	2007	33.76(7)	34.05(1)	32.19(5)
		2012	34.87(8)	31.88(3)	33.25(4)
9	Pakistan	2009*	36.61(6)	25.77(7)	37.62(3)
		2012	43.98(5)	25.69(6)	30.33(7)
10	India	2007	27.55(9)	25.21(9)	47.24(1)
		2012	41.12(6)	15.26(10)	43.62(1)

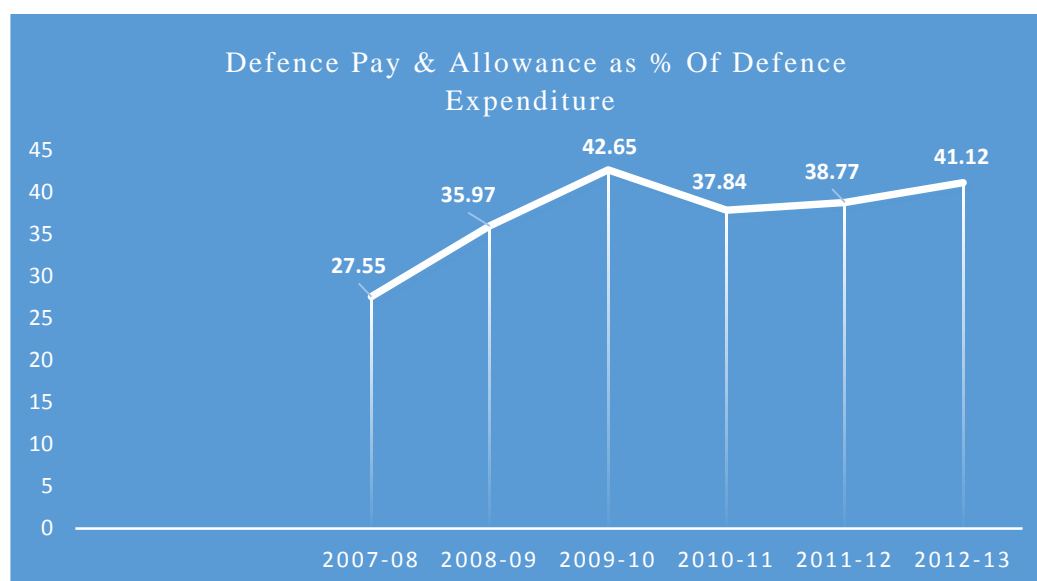
Note:

- i. # Rank inter-se of the ten countries for the concerned year, in paranthesis
- ii. *In these countries data for the relevant years was not available
- iii. Data in the table is based on the Report of IDSA.

6.1.14 Notable from the data on the ten countries which IDSA has provided on component wise expenditure in defence is:

- a. India ranks at the first place among the ten countries in both years-2007 and 2012- on expenditure on procurement and infrastructure as percentage of defence expenditure.
- b. In so far as expenditure on operation and maintenance is concerned, India finds itself at low ninth place in 2007 and tenth place in 2012.
- c. Expenditure on personnel in the ten selected countries for which data was reported by the IDSA ranged from 25.59 percent to 55 percent in 2007 and from 26.71 percent and 52.20 percent in 2012 of the total defence expenditure.

- d. France and Germany, which had the largest expenditure on personnel as a percentage of defence expenditure in 2007, were able to effect reduction in their shares in 2012. On the other hand, Russia, India and Pakistan witnessed the sharpest increase in share of expenditure on personnel as a percentage of defence expenditure between 2007 and 2012.
- e. In India expenditure on personnel as a percentage of total defence expenditure witnessed a sharp increase from 27.55 percent in 2007 to 41.12 percent in 2012, reflecting the impact of implementation of the VI CPC Report. The conclusion that increased expenditure on personnel has been at the expense of operational and maintenance expenditure which declined from 25.21 percent in 2007 to 15.26 percent in 2012, is inescapable.



6.1.15 One of the explanations for the larger expenditure on personnel in India vis-à-vis others is the relative mix of the strength of the forces that constitute the Defence force of the country. The Army is a manpower intensive service while the Navy and the Air Force are weapon platform based services. They are capital intensive and the O&M expenditure in their case is higher.

6.1.16 IDSA has reported that the share of the Army in the total personnel strength of the Armed Forces in India is 85.25 percent while those in the US and UK are 39.3 percent and 58.92 percent respectively. This is confirmed when one views pay and allowances expenditure as a percentage of revenue expenditure separately for the Army, Air Force and Navy in India. For instance, in the case of Army, expenditure on pay and allowances FY 2012-13 was 65 percent of its revenue expenditure. The corresponding percentages for the Air Force and Navy were 46 percent and 43 percent respectively.

6.1.17 What is evident is that the Indian armed forces are manpower intensive and therefore the substantial increases in pay and allowances, based on the recommendations of the VI CPC, have translated into a sharp increase in expenditure on personnel as a percentage of total defence expenditure from 27.55 percent in 2007 to 41.12 percent in 2012.

Expenditure on Defence Pay and Allowances

6.1.18 As brought out in Table 2, expenditure on pay and allowances constitutes a significant proportion of total defence expenditure in India- its share is far larger than in countries like the US and UK. The growing percentage reflects the fact that it has had to absorb the impact of increases in them based on the recommendations of Pay Commissions. The Commission has had the pay and expenditure on defence forces personnel analysed for a twenty year time span.

Impact of V and VI CPCs in Defence Revenue Expenditure

6.1.19 The Pay Commission, in its assignment to IDSA, had sought an analysis of the impact of the implementation of the V and VI CPCs' recommendations on the pattern and composition of defence expenditure and the time frame in which it was absorbed.

6.1.20 The IDSA has worked out the share of expenditure on pay and allowance to defence revenue expenditure. This is brought out in Table 3:

Table 3: Defence Revenue expenditure and share of Pay and Allowances
(₹ in crore)

Sl. No.	Year	Revenue Expenditure	Pay and Allowances	% Share of Pay and Allowances
1	2	3	4	5
2	2013-14	118730	68384	57.60
3	2012-13	106743	62981	59.00
4	2011-12	97355	55387	56.89
5	2010-11	86920	49098	56.49
6	2009-10	83827	50978	60.81
7	2008-09	67873	34407	50.69
8	2007-08	51357	21366	41.60
9	2006-07	49270	19823	40.23
10	2005-06	46185	18815	40.74
11	2004-05	42107	17812	42.30
12	2003-04	41012	16484	40.19
13	2002-03	39248	16128	41.09
14	2001-02	36608	15254	41.67
15	2000-01	35230	14742	41.84
16	1999-00	34232	13741	40.14
17	1998-99	28470	12709	44.64
18	1997-98	24468	11120	45.45
19	1996-97	20573	8397	40.81
20	1995-96	18664	7478	40.07

Note: In bold are years when recommendations of V and VI CPCs took effect.

- a. The implementation of the V CPC entailed payment of arrears. The first instalment of arrears was paid in 1997-98 and the second instalment in 1998-99.
- b. In these two years the share of Pay and Allowances, which was 40-41 percent of the revenue expenditure prior to the implementation of V CPC, increased to around 45 percent.
- c. In the subsequent years the share reverted to a range of 40 to 42 percent, and remained in this range till year 2007-08.
- d. Post the implementation of VI CPC this share of expenditure on personnel to total defence revenue expenditure has increased sharply from 41.6 percent in 2007-08 to as much as 60.81 percent in 2009-10.
- e. After falling marginally in 2010-11 and 2011-12, it has been observed that the share of expenditure on personnel has been in the region of 57-58 percent of total revenue expenditure.

6.1.21 As indicated in Table 2 the sharp increase in pay and allowance has been at expense of operational and maintenance expenditure, which is also of revenue nature. Further unlike what is observed after the V CPC recommendations were fully implemented, in the period after implementation of the VI CPC Report the relative share of expenditure on personnel has not witnessed any perceptible decline. There appears, in fact, to have been a structural shift in the composition of defence expenditure 2010-11 onwards. At the same time it may be mentioned the pace of growth of revenue expenditure by itself has been lower than growth in pay and allowances of defence personnel, particularly after FY 2007-08.

6.1.22 The findings of IDSA on the pattern of defence expenditure brings to fore the need to balance the requirements of the defence forces with the availability of resources. The Commission recognises the need to calibrate growth in expenditure on pay and allowances for defence forces personnel so as to ensure that the composition of defence expenditure - between capital and revenue and within revenue between pay and allowances and others is not skewed so as to adversely affect the operational and strategic objectives of the defence forces.

Proposals on Pay Determination

6.1.23 The Defence Services, in their Joint Services Memorandum, have contended that the emoluments in the Defence Services should stand a fair comparison with what is available in the Civil Services, otherwise the Defence Services will be denied their legitimate share of the available talent pool. In their view the two major pillars of any sound pay system are comprehensibility and adequacy.

6.1.24 The Defence Services have adopted a per capita income approach to arrive at a Minimum Wage of ₹28,000. With regard to the compression ratio, while noting that the existing ratio between the lowest paid government employee and the highest is 11.43, the Services have contended that this ratio should increase to a minimum of 1:14. The argument for this is that at present there are anomalies in higher bands with senior officers stagnating and junior officers drawing higher pay than their seniors. The decompression suggested is expected to iron this out.

Approach to Pay Determination for Defence Forces Personnel

6.1.25 The approach of the Seventh CPC on the determination of pay of Defence forces personnel has been guided by the terms of reference set out. The terms of reference, among others, required that the Seventh CPC: *“To examine, review, evolve and recommend changes that are desirable and feasible regarding the principles that should govern the emoluments structure, concessions and facilities/benefits, in cash or kind, as well as the retirement benefits of the personnel belonging to the Defence Forces, having regard to the historical and traditional parities, with due emphasis on the aspects unique to these personnel”* and *“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 the complex challenges of modern administration and the 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.”*

6.1.26 The Commission, in Chapter 4, has already set out the overarching principles for pay determination and the approach of the Seventh CPC in the matter. The basis for determination of minimum wage; minimum to maximum ratio; rate of annual increment have already been detailed in the relevant Chapters of the Report.

6.1.27 Within these broad contours, the approach for determination of pay and allowances for defence forces personnel rests on the following:

- i. Pay structure as evolved for the Defence Services should be broadly comparable with the civilian pay structure.
- ii. The edge in pay, to compensate the unique aspects of defence service, has been provided by way of the Military Service Pay, for personnel upto the level of Brigadier and equivalent.
- iii. Providing a relatively advantageous pay outgo for defence forces personnel by way of a defined benefit pension scheme, which entails no contribution as distinct from a defined contribution scheme which entails a monthly contribution by each official as applies to all other Central Government personnel.
- iv. Risk and hardship borne by defence service personnel, indeed for all categories, will be compensated by way of Allowances.
- v. Provide an emoluments framework for the Defence forces personnel, in particular JCOs/ORs, keeping in view their medium term skill requirements.

Military Service Pay

6.1.28 Taking note of the specific problems faced by Defence Forces personnel (viz., Army, Navy and Air Force) on account of rigours of military life, the VI CPC recommended an additional, separate element of pay for the Defence Forces called Military Service Pay (MSP). The VI CPC also intended, it was in fact so articulated, that the edge previously enjoyed by the Defence Forces, over the civilian scales would be replaced by the MSP.

6.1.29 Para 2.3.12 (page 76) of the VI CPC Report inter alia states: “*The edge enjoyed by the Defence Forces over the civilian scales will, after suitable enhancement to meet the genuine aspirations of the Defence Forces, be given as a separate element called Military Service Pay.*”

6.1.30 This Commission has received several requests from various entities, notably the CAPFs, for grant of a pay akin to the MSP. The Commission has taken note of these demands as also the contention of the Services. The very fact that various segments of government employees continue to raise this demand suggests that there is need to examine, re-assess and spell out conclusively what the Military Service Pay seeks to compensate.

6.1.31 The Commission, after careful consideration of the matter, notes that there are exclusive elements that distinguish the Defence forces personnel from all other government employees. The intangible aspects linked to the special conditions of service experienced by them set them apart from civilian employees. Defence forces personnel are expected to conduct full spectrum operations in operational environments which are characterised by extreme complexity and may include force projection outside India’s territorial boundaries. Defence forces personnel are trained for war like situations with highly sophisticated war machinery. They have to keep themselves posted in modern warfare. The military institutions are a key symbol of national pride. Further, the superannuation of defence personnel, particularly Other Ranks (ORs) at a younger age, is also a factor that has been considered. The Commission has therefore taken a conscious decision that the Military Service Pay, which is a compensation for the various aspects described above and for the edge historically enjoyed by the Defence Forces over the civilian scales, will be admissible to the Defence Forces personnel only.

Cadres of Defence Forces Personnel

Chapter 6.2

6.2.1 India shares land and maritime boundaries with eleven countries. It pursues a robust defence strategy which aims to address the wide spectrum of security challenges faced by the country. It is guided by the principle of building strength through strategic autonomy and self-reliance.

6.2.2 Defence forces personnel span the Army, Navy and Air Force. They are a distinct category from Defence Civilian personnel. The service wise and category wise (officers and Junior Commissioned Officers (JCOs) and Other Ranks (OR)) break-up of the defence forces personnel in position as on 01.01.2014 is indicated below:

	Army	Air Force	Navy	Total
Officers	44,727	12,241	9,722	66,690
JCOs/ORs	11,19,226	1,40,611	59,644	13,19,481
Total	11,63,953	1,52,852	69,366	13,86,171

6.2.3 Of the total Central Government manpower of around 47 lakh, personnel belonging to the defence forces form a significant proportion of nearly 29.49 percent. In fact, as on 01.01.2014 the defence service personnel, numbering 13.86 lakh, formed the single largest group of Central Government employees.

6.2.4 The Defence Services have highlighted the wide spectrum of threats ranging from the conventional to the asymmetric and the need for manpower suited to variations of warfare including net-centric warfare, information warfare, electronic warfare, space based warfare etc. They have brought out the need for higher technological threshold among the combatants and also the ability to absorb modern technology that is constantly evolving.

6.2.5 Keeping in view the size, importance and evolving manpower needs of the defence services and the remit of the Commission, the structure as also the pay related issues raised with regard to various cadres of defence forces personnel have been examined in this Chapter.

Analysis of the Officer Cadre

6.2.6 The cadre structure of the Defence Forces is highly command and rank oriented. The bulk of the officers are at the lower end of the pyramid, with significantly smaller numbers at the vertex.

6.2.7 In the Army, the officer cadre is an amalgam of the two functional branches viz., Arms and Services. The Arms branch comprises the combat element viz., Infantry, Armoured Corps, Artillery, etc. The Services comprise combat support providing the logistic and maintenance support viz., the Army Service Corps, Army Ordnance Corps, Corps of Electronics and Mechanical Engineers, etc. The Indian Navy Officers' cadre comprises officers from the Executive, Engineering, Electrical and Education branches. The officer cadre in the Indian Air

Force consists of Flying Branch and Ground Duties Branches (Technical and Non-Technical). The Army Medical Corps (AMC) and Army Dental Corps comprise Medical/Dental officers as well as Non-Technical officers. They are commissioned into the Army and seconded to the Navy and Air Force depending upon individual service requirements.

Shortage of Officers

6.2.8 The Services, in the Joint Services Memorandum, have contended that there exists a shortage of officers in the defence forces. From the data provided to the Commission, it is evident that the shortage with reference to the sanctioned strength of officers in the case of the Indian Air Force was negligible at under four percent. In the case of Navy the shortage was 17 percent and about 23 percent in the case of Army. The table below brings out the position of shortages of officers in the Army²⁰ over time.

	Sanctioned Strength	In Position	Shortage	Shortage as %age of Sanctioned Strength
As per V CPC Report	44,643 ²¹	32,643 ²²	12,000 ²³	26.88
As on 01.06.2014	49,196	38,040	11,156	22.67

6.2.9 The Commission notes that in absolute terms the shortage in the officer cadre in the Army has remained relatively unchanged over this period of (nearly) two decades. As a **percentage of sanctioned strength, the shortage of officers in the Army has declined marginally from under 27 percent in the mid-nineties to less than 23 percent in June 2014.**

Cadre Structure

6.2.10 The Services have contended that there is an urgent requirement for the Defence Forces to undertake periodic cadre reviews to remain current in their manpower structuring, and to enable the forces to adapt to the changing operational scenario at all times, without affecting the pyramidal structure in the Services. The Commission recognises the importance of cadre reviews in aligning a service to the ever changing organisational needs and to maintain congruence between functional needs and legitimate aspirations of its officers.

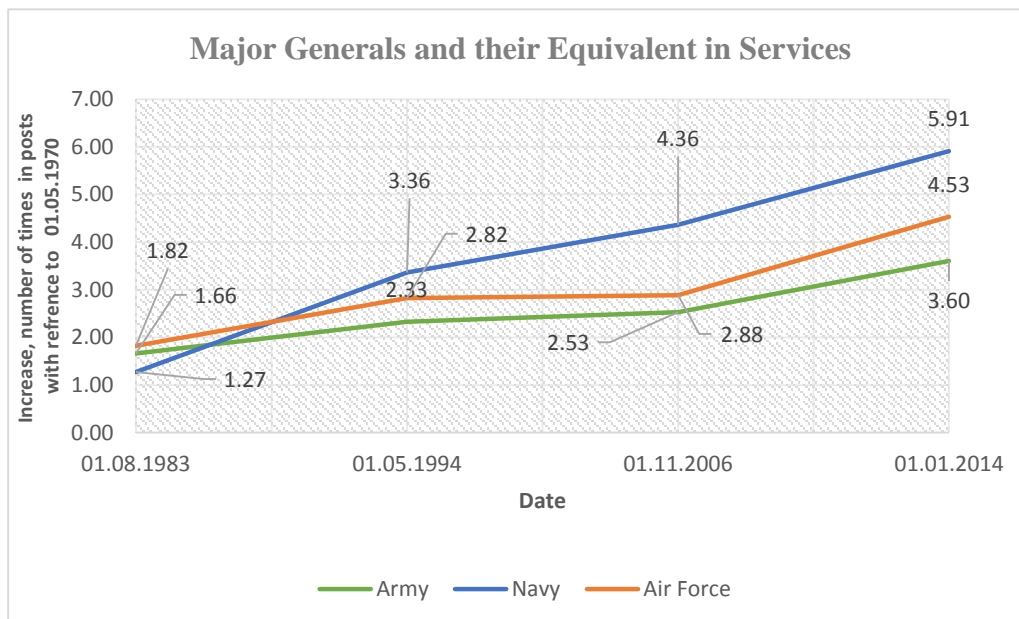
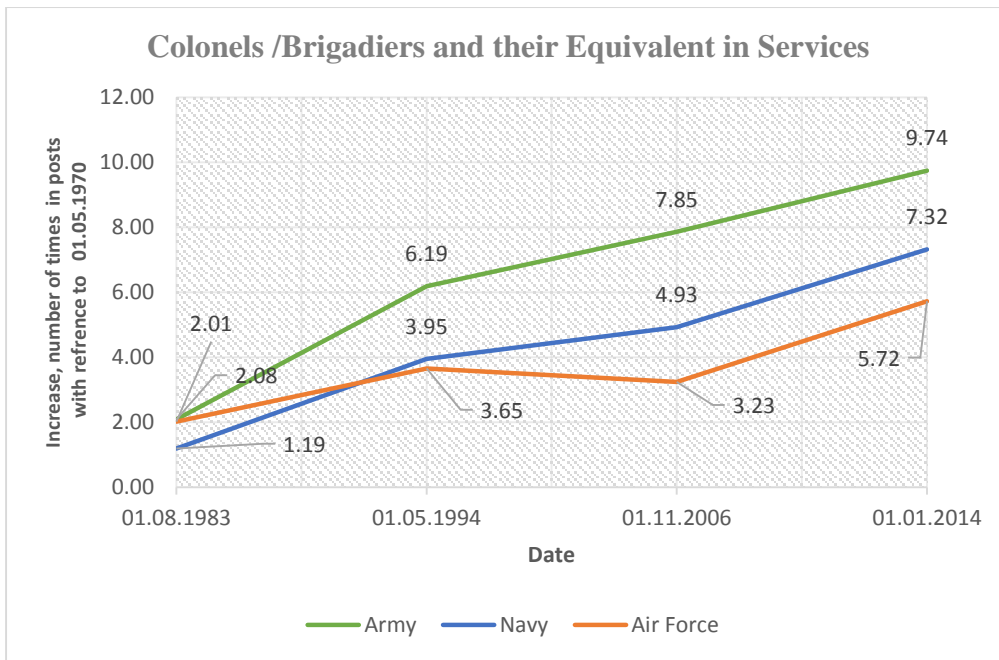
6.2.11 To ascertain the position with reference to middle and senior level positions in the three Services the Commission called for additional information in this regard. Based on examination of the data provided it is evident that the government has indeed been reviewing and sanctioning a large number of posts at the middle and senior level positions in the three Services. The graphs below bring out the growth in sanctioned posts for select ranks- at the level of Colonels and above in the Army, Air Force and Navy for the period 1970 to 2014.

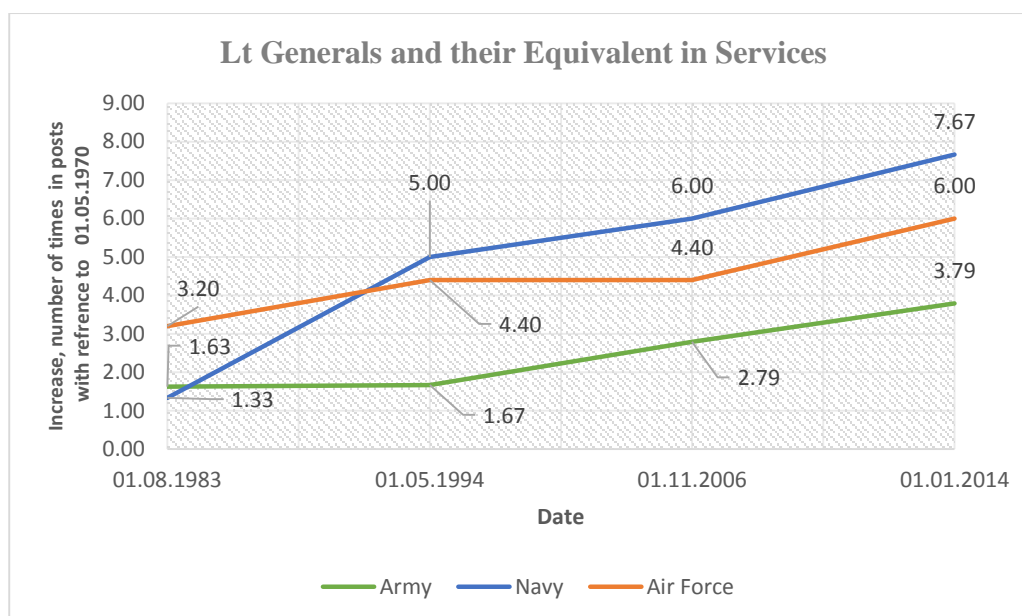
²⁰ Excludes officers in the Army Medical Corps (AMC) and Army Dental Corps (ADC).

²¹ Para 147.2 of the V CPC Report.

²² Derived from sanctioned strength and shortage figures.

²³ Para 144.2 of the V CPC Report.





6.2.12 The Army has witnessed an increase in the number of posts of Colonels and Brigadiers that is over nine times and in that of Major Generals and Lieutenant Generals that is nearly four times during the period 1970 to 2014. The growth in sanctioned posts at the level corresponding to Colonels and Brigadiers in the Air Force and Navy has also been substantial, though less pronounced than in the case of the Army. However, at the levels corresponding to Major General and Lieutenant General, the Air Force and Navy have witnessed sharper increases in sanctioned posts than the Army.

6.2.13 Thus, notwithstanding the cadre structure of the Defence Forces, which is highly command and rank oriented with a relatively smaller number of officers at the vertex, the **government has been augmenting middle and senior level positions in the Armed Forces, steadily over time.**

Pay Parity for Officers: A Review over Time

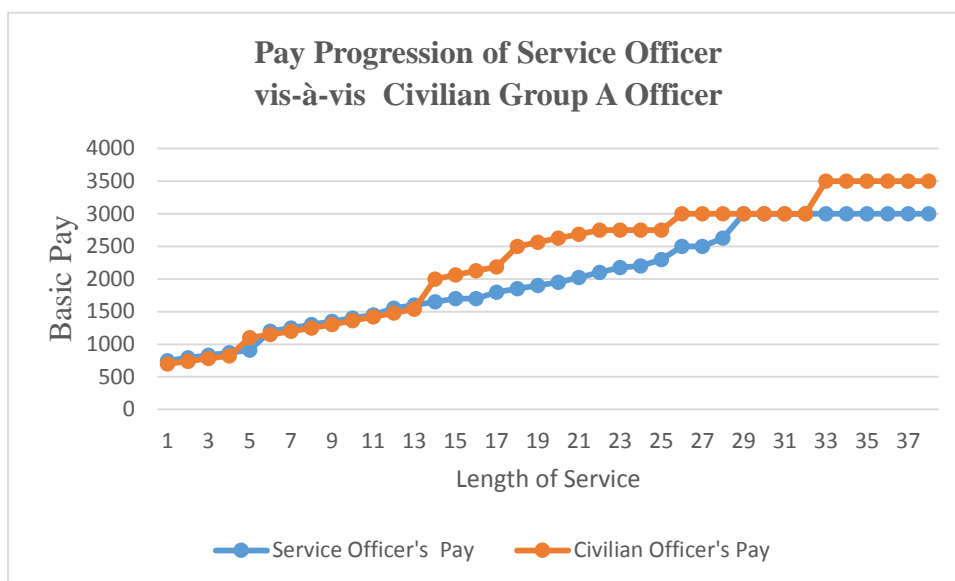
6.2.14 The terms of reference require the Commission to take due note of the historical and traditional parities in the emolument structure as far as the defence forces personnel are concerned.

6.2.15 The Services, in their Memorandum, have stated that they have always enjoyed an edge in pay in form of higher starting salary, ever since the III CPC. The emolument structure of civil service officers and defence officers, over a thirty eight year service period, has been analysed. A simulation of the pay progression based on normative residency for defence service²⁴ and civil service officers has been worked out. The total Pay in the case of Defence Service officers is inclusive of Rank Pay/Military Service Pay but exclusive of Dearness Allowance. Similarly for civilian officers total pay excludes dearness allowance. For each Pay Commission the pay structure used for the simulation is based on what has been *accepted* by

²⁴ Data on pay progression in case of Service Officers' pay has been provided by the Services Pay Cells.

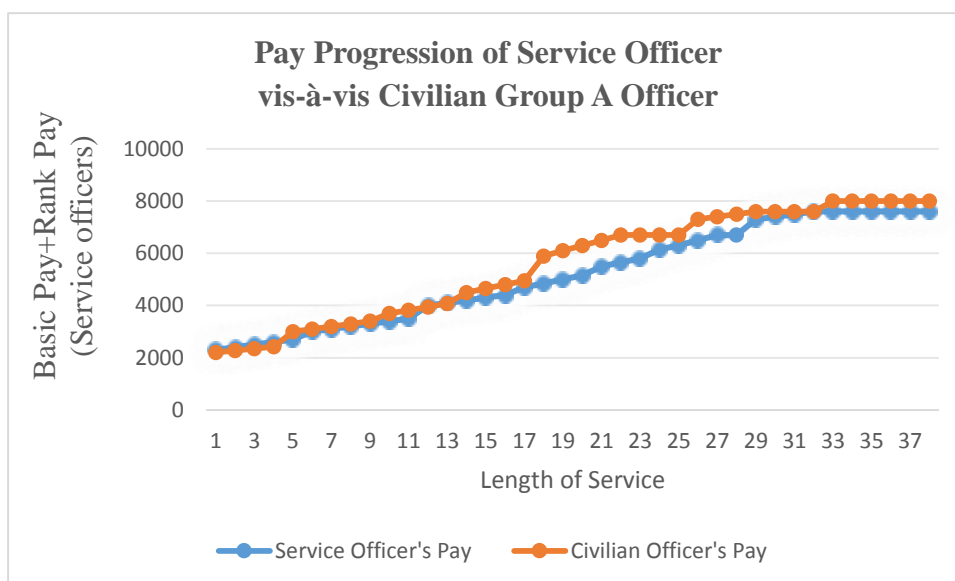
the government (as distinct to what was recommended). The graphs below bring out the pay trajectories for Defence and Civil Service Officers from the III to the VI CPCs.

III CPC



6.2.16 Post III CPC, Service officers began their career with a slight edge over the civil service officers. From the fourteenth to twenty-eighth year of service, however, the civilian officers were substantially better placed in terms of their pay vis-à-vis their defence counterparts with similar number of years of service. Pay of civil service officers was higher- by as much as 14 to 35 percent in this period. Between the twenty-ninth and thirty-second year of service defence and civilian officers were identically placed; thereafter civilian officers edged past their defence counterparts.

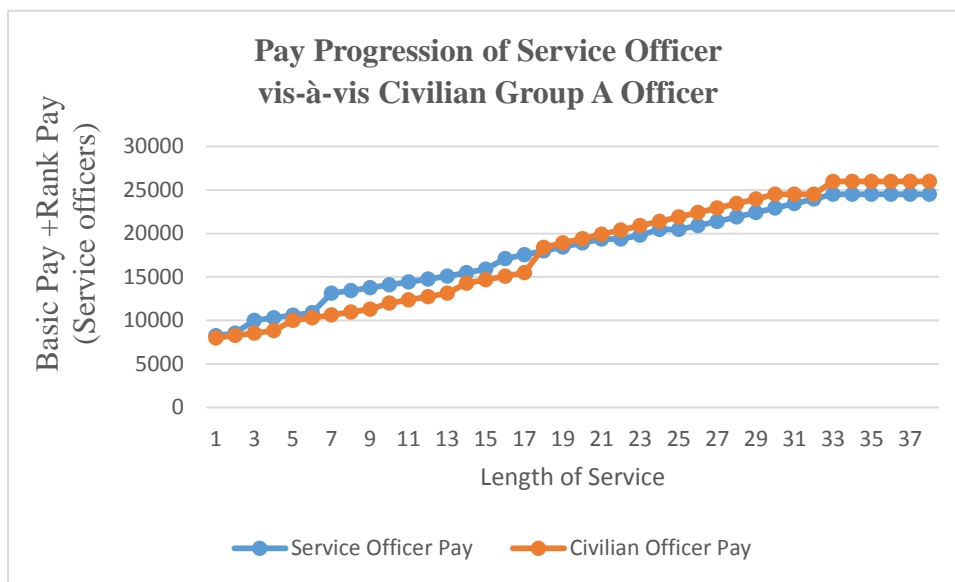
IV CPC



6.2.17 Post the IV CPC, Service officers continued to begin their career with a slight edge over the civil service officers. Civil service officers, however, edged past defence service officers

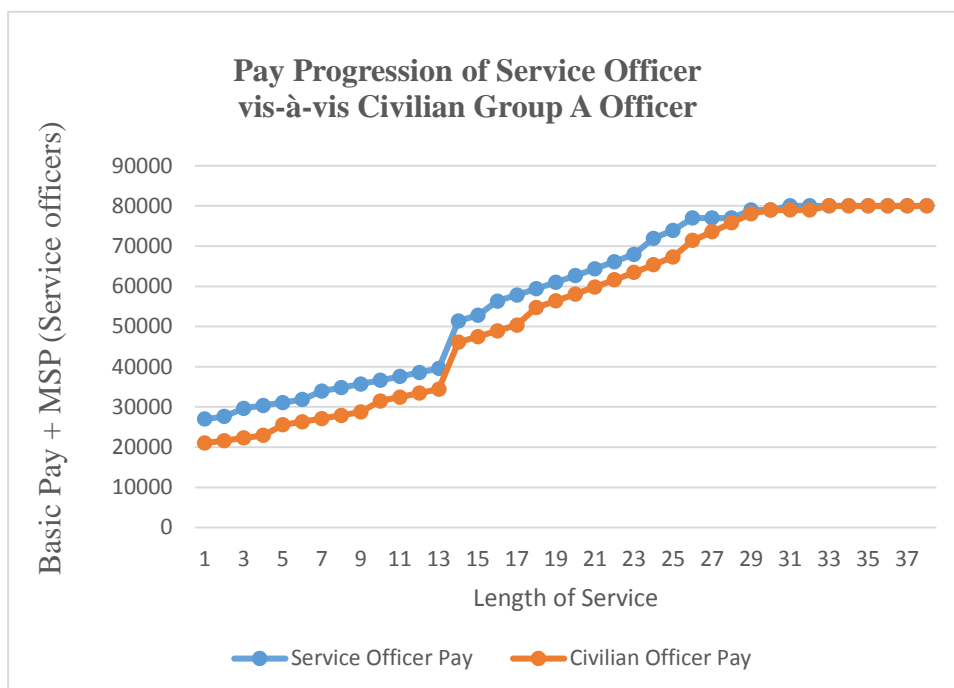
after the first few years of service, though the difference in pay, as a percentage, reduced after some years of service and, was in any case lower when compared with what it was in III CPC period. The civil service officer commanded a pay differential over their defence counterparts between the fourteenth and thirty-first year of service that ranged from 1 percent to 22 percent. The difference was most between the eighteenth and twenty years.

V CPC



6.2.18 Post the V CPC, Service officers continued to begin their career with a slight edge over the civil service officers. However, the advantage that civil service officers enjoyed in terms of pay differential upto the IV CPC, now appears much later, only after the seventeenth year of service. Between the first and seventeenth year of service the defence service officers enjoyed an edge in pay that ranged from 3 to 23 percent over their civilian counterparts. Civilian officers edged past their defence counterparts from the eighteenth year of service.

VI CPC



6.2.19 The post VI CPC pay structure marks a complete departure from the earlier Pay Commissions as far as the pay parity between civilian and defence service officers is concerned. Not only has the starting pay of a defence officers been placed substantially higher at 29 percent more than his/her civilian counterpart, this gap continues to remain wide at over 20 percent for the first nine years of service. **In fact the pay of defence service officers remains uninterruptedly higher for a thirty-two year period. Thereafter pay of defence and civil service officers are at par.**

6.2.20 **Benefits in cash and kind:** The analysis of pay parity of defence service and civil service officers has been undertaken with reference to Pay and Military Service Pay/Rank Pay. It does not take into account allowances, which are intended to compensate for specific hardships/risks that officers face in the discharge of their duties. The analysis of pay also does not account for other benefits in cash and kind admissible to defence service officers. These include (a) free rations or ration money allowance in lieu of free rations (b) tax concession available in Canteen Store Depots (c) military concession vouchers for travel in Railways and by air (d) free electricity upto 100 units each month (e) concessions on water charges.

6.2.21 **Summary:** The inter-temporal trends in pay of civil service and defence service officers may be summarised as below:

6.2.22 Initial years

- i. The edge in initial pay for defence service officers which was 7 percent post III CPC, fell marginally to 4 percent and 3 percent in the IV and V CPC respectively, has post VI CPC increased sharply to 29 percent.

- ii. For post 01.01.2004 recruits, not only has the edge increased very significantly in favour of Defence service Officers, they have also been placed at a relative advantage in terms of their net pay since they are not required to contribute for their pensionary benefits unlike their civilian counterparts. Taking this fact into account the pay differential increases from 29 percent to 43 percent.

6.2.23 Later years

- i. In the later years of service, civilian officers have tended to overtake the Defence Service officers and in the III CPC period the civilian edge was most pronounced as much as 35 percent in the eighteenth year. With successive Pay Commissions the overtaking happened later and later and the gap progressively reduced.
- ii. However, for post 01.01.2004 officers the differential in net pay for defence service officers, across the time horizon is effectively higher, in view of the fact that they are not required to contribute for their pensionary benefits unlike their civilian counterparts.

Pay of Defence Forces Personnel in Select Countries

6.2.24 One of the terms of reference of the study assigned by the Commission to IDSA was to compare the salary structure of personnel in the Indian Defence Forces with that of similar personnel in other countries. IDSA, in its report, has been able to provide to the Commission pay related comparisons for three countries- India, UK and USA on purchasing power parity (PPP) basis. A comparative table indicating the monthly basic salary drawn by officers and JCO/ORs in the defence services in these countries is given below:

Comparison Based on Purchasing Power Parity (PPP)

Rank	Country		
	USA	UK	India ⁸
General/ Equivalent ¹	15,125	22,489	11,710
Colonel/ Equivalent ²	9,625	10,275	8,367
Lieutenant Colonel/ Equivalent ³	7,500	8,176	6,866
Subedar Major/ Equivalent ⁴	7,509	5,703	5,412 ⁶ 4,097 ⁷
Sepoy/ Equivalent ⁵	1,416	1,725	1,361

Notes:

¹ For Officers at Pay grade O-7 to O-10 in USA Defence Forces, basic pay is restricted to \$15,625 per month.

² Colonel/Equivalent in 21st year of service.

³ Lieutenant Colonel/Equivalent in 14th year of service.

⁴ The pay for Subedar Major/Equivalent is taken the maximum of PB-2 i.e. ₹34,800.

⁵ The pay for Sepoy/Equivalent is taken the entry pay for Sepoy i.e. ₹6,460.

^{6 and 7} For ₹34,800 the top of the band in PB-2, the PPP equivalent is \$5412. The highest stage actually reached was ₹23,770. Taking an additional increment due in 2015, the highest that a JCO in the Armed Forces may reach is ₹24,690 (\$4,097)

⁸ The pay for India includes DA computed at 106 percent.

6.2.25 The GDP per capita in comparable purchasing power parity (PPP) terms, for the year 2014 as per the World Bank²⁵ for the three countries is indicated at Sl. No. 1 of the table below. Juxtaposed are the salaries of defence personnel on an annual basis for the three countries being compared. These are based on what has been reported by IDSA.

(in current international \$)

Sl. No.		USA	UK	India
1.	Per capita per annum²⁶	54,630	39,137	5,833
2.	General/ Equivalent	1,81,500	2,69,868	1,40,520
	Ratio of Salary to per capita income (Row 2/ Row 1)	3.32	6.90	24.09
3.	Colonel/ Equivalent	1,15,500	1,23,300	1,00,404
	Ratio of Salary to per capita income (Row 3/ Row 1)	2.11	3.15	17.21
4.	Lieutenant Colonel/ Equivalent	90,000	98,112	82,392
	Ratio of Salary to per capita income (Row 4/ Row 1)	1.65	2.51	14.13
5.	Subedar Major/ Equivalent	90,108	68,436	64,944/ 49,164
	Ratio of Salary to per capita income (Row 5/ Row 1)	1.65	1.75	11.13/ 8.43
6.	Sepoy/ Equivalent	16,992	20,700	16,332
	Ratio of Salary to per capita income (Row 6/ Row 1)	0.31	0.53	2.80

6.2.26 The tables above point to the fact that defence service officers and JCO/ORs in India, based on VI CPC pay scales, are placed quite well in terms of pay, even in relation to defence personnel in countries like US and UK, where the GDP per capita in PPP terms for the country as a whole is significantly higher than that of India- 9.4 times in the case of US and 6.7 times in the case of UK.

6.2.27 These conclusions are equally applicable to Civilian employees who are similarly placed.

6.2.28 The above analysis does not take into account the augmentation of pay being recommended by this Pay Commission.

Proposals with Regard to Pay Structure of Officers

Re-Fixation of Grades/Pay Scales of Defence Services

6.2.29 In the Joint Services Memorandum, the Services have contended that in the VI CPC recommendation the grade pay for certain ranks had been artificially depressed as Rank Pay was not been taken into consideration while determining the top of the pay scales of various ranks. Their contention therefore is that Grade Pays associated with Captain (₹6100), Major (₹6600), Lieutenant Colonel (₹8000), Colonel (₹8700) and Brigadier (₹8900) need upward

²⁵ Weblink: <http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD>

²⁶ GDP per capita, PPP (current international \$)

revision. Accordingly, the Services have sought revision in the GPs to ₹6600 for Captain, ₹7600 for Major, ₹8700 for Lieutenant Colonel, ₹9000 for Colonel and ₹9500 to Brigadier.

Analysis and Recommendations

6.2.30 The Commission notes that this issue was deliberated upon in the discussion after the VI CPC Report at various levels in the government. The Commission has taken note of the fact that the Committee of Secretaries (COS) in 2008 did not accept the merger of Rank Pay in Basic Pay. Subsequently, while examining draft service instructions for pay revision, Ministry of Finance also did not approve the merger of Rank Pay with Basic Pay and observed that Pre-revised Scales and Rank Pay should be shown distinctly in two separate columns in pay fixation tables. Service instructions were issued accordingly. The government's settled view is that the stand of Armed Forces for merger of Rank Pay with Pay Scale for determining Grade Pay is not correct which has also been upheld by the Apex Court. **The Commission agrees with this view, and holds that there is no case for revision in the grade pays by taking Rank Pay into consideration while determining the top of the pay scales of certain ranks.**

Initial Pay Fixation of Lt. Colonel, Colonel and Brigadier/Equivalent

6.2.31 The Services have contended that the replacement scales granted to Lieutenant Colonel and Colonel/equivalent by the government were depressed by one increment and that of Brigadier/equivalent by two increments. They have attributed this depression to the initial pay fixation having been done with reference to S- 24 scale of V CPC for Lt. Colonel/Colonel and that of Brigadier/equivalent to the S-26 scale.

Analysis and Recommendations

6.2.32 The Commission sought the views of the Ministry of Defence in the matter. Ministry of Defence has stated that the Services have based their case on the premise that Rank Pay should be merged with Basic Pay before fixation of pay. As has already been noted above the accepted and settled view is that of Rank Pay should not be merged in Basic Pay. Here again, the Commission agrees with the view of the government and is of the view that the replacement scales granted to Lt. Colonel and Colonel/equivalent by the government are not depressed. **Therefore no change is warranted.**

Grant of Non Functional Upgradation (NFU) to Defence Service Officers

6.2.33 In the Joint Services Memorandum, the Defence Services have pointed out that the VI CPC, in its Report, extended Non-Functional Upgradation to Organised Group 'A' Services. Such benefit was however not granted to the Defence Service Officers, which, in their view is an anomaly. It has been pointed out by the Defence Services that the grant of NFU to Organised Group 'A' Services in Ministry of Defence which operate alongside the defence forces like MES, Border Road Organisation, and Survey of India etc. has created command, control and functional problems.

Analysis and Recommendations

6.2.34 The deliberations in the context of whether NFU, presently available to Organised Group 'A' services, should be allowed to continue or not have been elaborated in Chapter 7.3. The aspect of grant of Non-functional upgradation to officers of the Defence Forces was also discussed at

length. After considering the various aspects the Chairman felt that NFU should be allowed to continue since it has existed for the last 10 years and is being availed by all the Organised Group 'A' Services. Therefore the Chairman did not propose to abolish it.

6.2.35 Further, with a view to ameliorate the difficulties faced by the officers owing to stagnation at various levels, the Chairman felt that **NFU should be extended to the officers of the Defence forces and CAPFs (including ICG) as well. The manner in which NFU is to be regulated in the Defence Forces is discussed in Chapter 11.22.**

6.2.36 **Shri Vivek Rae and Dr. Rathin Roy, Members, Seventh CPC, have not agreed with the views of the Chairman. They are of the considered view that NFU till SAG and HAG level, granted to Organised Group 'A' Services, should be withdrawn. They have also not supported extension of NFU to Defence Forces and CAPFs, including ICG.** The rationale for their views has been elaborated in paras 7.3.29 and 7.3.30 of the Chapter 7.3 on Central Services, Group 'A' and is not being repeated here.

Pay for Re-Employed Officers

6.2.37 The pay of re-employed pensioners is usually fixed adopting the general principle of 'pay minus pension', taking into account the last pay of the pensioner and the pension fixed in his case. If a person retires on superannuation and is re-employed thereafter, full pension is deducted from the pay fixed on re-employment. In the case of pensioners retiring before attaining the age of 55 years and who are re-employed, pension (including PEG and other forms of retirement benefits) is 'ignored' (or not deducted) to a certain extent as per extant rules.

6.2.38 In the case of re-employed Brigadiers, since they retire on completion of 56 years of age, the deduction of pension is full, as in there no portion of pension that is 'ignorable'. The demand of the Services is that the ignorable portion of the pension be made admissible to re-employed Brigadiers as well.

6.2.39 The Commission notes that the CCS (Revised Pay) Rules 2008, governing persons re-employed in government service are uniformly applicable to Civil as well as Defence personnel. As such the **Commission does not agree with the relaxation being sought for only one category of re-employed Defence service Officers, when the orders have general applicability across all retired personnel.**

Select Rank Promotion Incentive

6.2.40 The Services have sought a Select Promotion Incentive equivalent to 5 percent of the Pay (Pay in Pay Band + Grade Pay+ MSP) per month, to be granted to all select Ranks from Colonel to Lieutenant Generals.

6.2.41 The proposal of the Services has been considered by the Commission. Selection Posts are by no means unique to the Defence Services. A number of posts for Civilian officers are "selection" posts. Further the Commission has, through the Pay Matrix, provided to senior ranks in the Services a distinctly higher pay vis-à-vis their juniors, hence the higher ranks stand

adequately incentivised. **The Commission is therefore unable to agree to a separate incentive scheme for a certain category of officers in the Services.**

Placing Lieutenant Generals in Pre revised HAG+

6.2.42 Defence Services in their memorandum and supplementary submission before the Seventh CPC have contended that the position of Lieutenant General has been continuously degraded since the III CPC on account of upgrading the Head of State Police from IGP to DGP and giving the pay scales of ADG to Lieutenant Generals. They have sought placing of all Lieutenant General and equivalent officers in the HAG + scale (₹75,500-80,000).

6.2.43 The Commission has sought and received the views of the Ministry of Defence in this regard. The Ministry has pointed out that Lieutenant Generals in Armed Forces were equated to Additional Secretaries on the civilian side and prior to VI CPC, both were in the scale of ₹22,400-24,500. Further there is no comparison of Lieutenant General with Officers on Civilian side as those in the HAG+ scale had a higher pay scale of ₹24,050-26,000 prior to VI CPC. The Commission notes that this demand has been made at earlier points in time and, after due deliberation, it was decided to grant the higher pay scale (HAG+) to 1/3rd of the Lieutenant Generals/equivalent. Army Commanders' scale (Apex scale ₹80,000) was further granted, on a non-functional basis, to a certain numbers of Lieutenant General level officers.

6.2.44 The Commission therefore does not see any justification in further scaling up all Lieutenant Generals to the HAG+ grade.

Grant of Apex scales to Heads of Training Institutions

6.2.45 The Services in their supplementary submission to the Commission have sought placement of heads of certain training institutions of the Services in the Apex scale, in recognition of the importance being accorded to training by the Services.

6.2.46 The recommendations regarding training are contained in Chapter 14.

Short Service Commissioned Officers

6.2.47 The Short Service Commission (SSC) scheme in the Armed Forces was introduced in 1964 replacing the Emergency Commissioned Officer Scheme, which existed since 1962. The tenure for SSC officers was five years and they were eligible for permanent commission in the fifth year of service. In 1971 the SSC officers were given the option to continue for another five years, beyond the initial five years. In 1993 the SSC scheme was extended to technical arms and to non-technical arms in 1998. In 2004 the SSC officers were given the option to continue for another four years, beyond the period of five plus five years. In 2006 the Scheme was modified yet again, and the option to exit was made available only in the tenth and fourteenth year, with the eligibility for permanent commission to be exercised in the tenth year of service.

6.2.48 The Services, in the Joint Services Memorandum, have stated that given the steep pyramidal structure of the forces, there is a high rate of supersession at the stage of the promotions to the first select rank. They have pointed out that an effective way to address this problem is by increasing the strength of the support cadre, primarily the Short Service

Commission. This would balance the ratio between regular cadres and support cadres and correct the existing skew towards regular cadres. To achieve this, in their view, the SSC needs to be made more attractive.

Present Position

6.2.49 Currently, in the Armed Forces, Short Service Commission to officers is granted for a maximum period of 14 years, an initial period of ten years extendable by a further period of four years. Male Officers who are suitable can be considered for grant of permanent commission in the tenth year of their Short Service Commission.

6.2.50 The present entitlement, on exit, is 10 months and 14 months of reckonable emoluments for those completing ten and fourteen years of service respectively.

6.2.51 The Directorate General Resettlement in the Department of Ex-Servicemen provides for resettlement training for serving officers/retired officers and released officers. Short Service Commission Officers, on completion of ten/fourteen years of contractual service, are eligible for undergoing resettlement training courses. Towards this end there are currently a number of short term training programmes being conducted in reputed management institutes.

Proposal of the Services

6.2.52 The Services have stated that SSC should be made more attractive, so that larger numbers opt for this entry. The measures recommended towards this are as follow:

- a. Severance Compensation (two months' pay for each year upto 10 years and four months' pay beyond 10 years to 14 years.
- b. Grant of 'Professional Enhancement Training Leave' of two years to those officers opting for an extension of another five years.
- c. Concessions for appearing in Civil Service Examination viz:-
 - i. Reduction in the number of papers from eight to four.
 - ii. Introduction of Military Science as optional subject.
 - iii. Age relaxation of five years for SSC Officers.
- d. Lateral induction into Para Military Forces/Central Police Organisations to be considered.

Analysis and Recommendations

6.2.53 The Commission has examined the matter in the context of the cadre structure of the Armed Forces, the pattern of recruitment of officers through various streams and the available options for Short Service Commissioned Officers.

6.2.54 ***Cadre Structure:*** The need to strike a healthy balance between the organizational requirements and career progression in the Armed Forces has been articulated in the Joint Services Memorandum. All the three Services have pointed to the steep pyramidal cadre structure. In the discussion on the cadre structure of the Armed Forces the ratio of Permanent Commissioned Officers to Short Service Commissioned Officers is important.

6.2.55 The Commission, based on the data provided to it, notes that the existing cadre of Armed Forces Officers is primarily manned by Permanent Commissioned Officers. Short Service Commissioned Officers have an exit option that is not particularly attractive and a large number of these officers are absorbed into the permanent commission stream. This has two important implications- (a) the former reduces the attraction for Short Service Commission as a career option for the youth and (b) the latter impacts the age profile of the officers in the Armed Forces.

6.2.56 **Compensation Package:** The Commission notes the demand made is for doubling of the existing compensation package of one month's reckonable emoluments for each completed year of service by a SSC Officer. In the case of officers in the public sector opting for voluntary retirement/voluntary separation, they are paid one and a half months emoluments for each completed year of service.

6.2.57 **Way Forward:** To address these issues, the Commission is of the view that the package, particularly the exit options, available for officers who are on Short Service Commission needs to be bolstered. This will, in the view of the Commission, lead to multiple benefits – (a) make Short Service Commission an attractive option for the youth (b) it will lead to increased intake of Short Service Commission Officers as compared to permanent commissioned officers (c) attractive exit options will encourage short service commissioned officers to avail the options and shift to other careers rather than linger in the forces attempting to get permanent commission (d) this in turn improve the promotional avenues for permanent commissioned officers (e) it will also provide industry and other sectors a young crop of well trained and disciplined officers at the middle management level.

6.2.58 Overall, from a national perspective it would result in the optimal deployment of the country's young work force.

6.2.59 With regard to the compensation package, the Commission is of the view that it needs to be made more attractive. At the same time, to incentivise early exit, the package being recommended is graded so as to provide greater benefit to the SSC officers exiting early. For those exiting at seven years the package has been scaled up to the level of what is applicable to officers taking VRS in public sector companies.

6.2.60 The Commission notes the thrust of the government towards facilitating investment and promoting innovation and industry. A steady availability of young, disciplined officers from the Armed forces, whose skill have been upgraded to meet the challenges of the expanding economy, would be highly beneficial for the country. Hence the Commission is of the view that SSC officers, be provided the opportunity to pursue a management or technical course, fully funded by the government. It is suggested that a tie up with reputed management and technical institutes, preferably IIMs and IITs, maybe undertaken for this purpose.

6.2.61 The Commission is, accordingly, recommending the following specifically in the context of Short Service Commissioned Officers.

6.2.62 **Exit Options:** The Commission recommends that the SSC officers should be allowed to exit at any time between seven years and ten years of service instead of the

existing exit option at ten and fourteen years. The option for permanent commission should be exercised in the seventh year, instead of the tenth year as it exists today.

6.2.63 Package for those exiting:

***Terminal Gratuity:* Uniform 10.5 months of reckonable emoluments, for exit any time between seven years and ten years.**

***Training:* Fully funded (a) one year Executive Programme at premier management institute or (b) M. Tech programme from premier technology institute.**

An Officer opting for any of the fully funded programmes as listed above, should stand relieved from the Armed Forces when he goes to join the programme.

***Concession towards Civil Service Examination:* Relaxation in age by five years.**

Junior Commissioned Officers (JCO)/ Other Ranks (OR)

6.2.64 Junior Commissioned Officers (JCO) and Other Ranks (OR) number 13.2 lakh across the three Services. JCOs/ORs can be broadly categorised in terms of their roles and skills.

Roles

6.2.65 **Army:** With a strength of approximately 11 lakh, the Indian Army is one of the largest professional volunteer land forces in the world. The cadre of the Army consists of:

- i. Combat Arms (Armoured Corps, Artillery, Infantry and Mechanised Infantry)
- ii. Combat Support Arms (Engineers and Signals)
- iii. Specialised Cadres (AMC, ADC, RVC, AEC, CMP and APS)
- iv. Logistic and Maintenance Services (ASC, AOC, EME and Pioneers).

6.2.66 **Air Force:** 'Airmen' comprise all ranks of combatants other than commissioned officers in the IAF. They perform a variety of functions ranging from aircrew duties on board helicopters and transport aircraft, maintenance of the most sophisticated and complex aircraft, radar, weapons and other equipment, secretariat and administrative duties involving maintenance of accounts of cash and stores, personnel documents, catering, discipline and medical care.

6.2.67 **Navy:** Every sailor is basically a seaman, irrespective of the branch to which he belongs or his trade specialisation. Seamanship duties comprise ship husbandry, hull maintenance, handling of small arms and ammunition, elementary store keeping, boat handling, firefighting, nuclear, biological and damage control as also first-aid, besides being proficient in a host of other seamanship activities such as anchor-work, rope-work, replenishment of fuel etc.

Skills

6.2.68 Every soldier is allotted a trade which becomes intrinsically linked to his subsequent career progression. There are numerous trades in the Army, Navy and Air Force. These have been grouped in two pay groups X and Y, as detailed in the table below:

Services	Total Number of Trades and %age of Total Strength	
	X	Y
Army	28 (2.58%)	96 (97.42%)
Navy	11 (12.00%)	42 (88.00%)
Air Force	23 (47.72%)	28 (52.28%)

6.2.69 The trades grouped under X require higher entry level qualification (Class XII). Entrants in group X also receive more intensive training. As against this entry level qualification for group Y is Class X only and the training imparted is also less intensive. Those in group X are accorded a specific amount as 'X' pay.

Proposals with Regard to Pay Structure of JCOs/ORs

Common Pay Scale for X, Y and Erstwhile Z Pay Groups

6.2.70 As mentioned earlier, JCOs/ORs in the Services are presently organised into two groups. Prior to the VI CPC they were in three groups, viz., X, Y and Z. Based on the recommendations of the VI CPC, group Z was merged with Y. Generally the entry level qualification of X group personnel is class XII+diploma in engineering in the relevant field and that of group 'Y' is class XII. The qualification requirement of the erstwhile group 'Z' was Class X; this was raised to class XII when it was merged with Group Y. With effect from 01.01.2006, groups X and Y have been given a common pay scale, i.e., they are at the same notches in Pay Bands 1 and 2 and receive the same grade pay, with one distinguishing feature viz., 'X- pay' to those in Group X.

6.2.71 The Services have contended that the re-grouping detailed above resulted in situations where seniors (Pre-2006) in Y group who were earlier drawing total pay which was more compared to that of juniors (Pre-2006) in the X group, are now drawing lesser pay. To address this the Services have sought upgradation of all in-service JCOs/OR of Groups 'Y' and 'Z' (Pre 2006) to the best of Group 'X' scales in the respective rank, retaining their annual increments in the scale as on 01.01.2006.

6.2.72 The Commission has carefully considered the demand for upgrading all JCOs/ORs of Groups Y and Z (Pre-2006) to the best of Group X. It notes that the main purpose of retaining the two Groups of X and Y along with X-pay for the former is to recognize the premium attached to the higher entry level qualifications of Group X. If all personnel in Groups Y and Z (Pre-2006) are upgraded to the best of Group X scales, not only would it involve a fitment to them that was higher than intended, it would also dilute the measure taken by the VI CPC to recognise the higher qualification. It is felt that the emphasis placed by the Services and VI CPC on skilled manpower and higher educational/technological threshold was entirely appropriate and that such a dilution is not desirable. **The Commission is therefore unable to accede to the demand made with regard to a common pay scale.**

Parity of Pay with Civilians

6.2.73 The Services have sought a review of pay scales of JCOs/ORs in certain select categories with the objective of enhancement of their Grade Pay to bring them at par with their civil counterparts. The category of personnel for which the review in pay scales have been sought is detailed below:

(i) Sepoy and equivalent scale to maintain existing edge with Constable of CAPF

As a starting point, the Services have indicated the comparative scales of a Sepoy with a CAPF Constable, since IV CPC:

CPC	Pay of Sepoy	Pay of CAPF Constable
IV	950-15-1010-20-1170	825-1200
V	3250-70-4300	3050-4590
VI	GP 2000	GP 2000

Analysis and Recommendations

The Commission has examined the matter and is **of the view that there is no reason to disturb the relativities between Sepoys and Constables** in CAPF for the following reasons:

- a. The entry level qualification for a Sepoy and a Constable in CAPF are identical viz. Class XII.
- b. Since the implementation of the VI CPC recommendations, Sepoys are in receipt of a Military Service Pay (MSP) of ₹2,000 per month. At the entry level this component of pay provides a differential of 27.77 percent to a Sepoy vis-à-vis a Constable in CAPF.
- c. This Commission is also recommending enhancement in the Military Service Pay (MSP) for the Sepoys to ₹5,200 per month.

As has been clearly enunciated later in this Chapter, the MSP being paid to Service personnel in itself constitutes the ‘edge’ **and therefore seeking any additional edge beyond MSP is not justified and cannot be agreed to.**

(ii) Havildar and equivalent scale due to changes in Master Craftsmen Scale

The Services have pointed out that the pay upgradation of Artisans has been effected by the Ministry of Defence in June 2014 whereby the following revised scales have been introduced:

Designation	From Grade Pay	To Grade Pay
Skilled (Artisan)	1800	1900
Highly Skilled (Artisan)Grade II	1900	2400
Highly Skilled (Artisan)Grade I	2400	2800
Master Craftsman	2800	4200

Prior to this, Master Craftsman, at GP 2800 was at par with Havildar and the unilateral upgradation of Master Craftsman has created an anomaly, as stated by the Services. They have accordingly sought GP 4200 for Havildar and equivalent.

Analysis and Recommendations

The Commission sought the views of Ministry of Defence in this regard. The Ministry has stated that an upgrade in respect of one set of employees cannot be cited as a basis for similar upgrade for other employees especially where conditions of service rendered are entirely different and the services functions and duties are not comparable. It was further stated that in many cases armed forces may have a higher pay scale/grade pay which cannot be a criterion for upgradation of pay of civilian personnel.

The Commission notes that subsequent to the recommendations of the VI CPC the cadre structure of Artisan/Workshop staff was reviewed by the government and new levels were created in the cadre structure. This *inter alia* entailed upgradation in the scale of Master Craftsmen. The Commission is also of the considered view that pay alone cannot be a determining factor for drawing functional equivalence between two sets of employees, more so when the comparison is between defence and civilian personnel who are guided by different service conditions. These service conditions have been further altered for civilian personnel since 01.01.2004, who have been moved from a defined benefits system of Pension to a defined contribution one. **In view of the above the Commission does not agree with the demand for upgrade of Havildar and equivalent to GP 4200.**

(iii) Naib Subedar and equivalent scale due to changes in Assistant Scale

The Services have sought parity between Naib Subedar and Assistants serving in the Central Secretariat Headquarter and in the Armed Forces Headquarters. It has been stated that the pay of Assistants of the CSS were upgraded with effect from 15 September, 2006, without waiting for the report of the VI CPC. They further note that the VI CPC recommended merger of four civil pay scales (S-9 to S-12) and fixed the same Grade Pay of ₹4,200 for both Naib Subedar and Assistants in CSS and Armed Forces Headquarters. Post VI CPC, the Grade Pay of Assistants in CSS was upgraded to ₹4,600. This was also extended to Assistants in AFHQ, thereby affecting the pay parities with Naib Subedar.

Analysis and Recommendations

As stated earlier, the Commission is of the considered view that pay alone cannot be a determining factor for drawing functional equivalence between two sets of employees, more so when the comparison is between defence and civilian personnel who are guided by disparate service conditions, as already detailed above. **In view of the above, the proposal is not found justified.**

Rationalisation of Trades/Pay groups

6.2.74 **Background:** As per the existing system of trade structure for JCOs/ORs in the Defence Services every soldier is allotted a trade which becomes intrinsically linked to his subsequent career progression. The numerous trades of the Army, Navy and Air Force have been rationalised from eight to two Pay Groups based on recommendations made by the successive Pay Commissions and Committees. These are detailed below:

Pay Commissions/Committee	Pay Groups	Total Number
Post War Pay Committee	A, B, C, D, E, F, G, H	8
III CPC	A, B, C, D, E	5
IV CPC	A, B, C, D, E	5
V CPC	X, Y, Z	3
VI CPC	X, Y	2

6.2.75 **Proposal of Services:** The Services in the JSM have alluded to the fact that the VI CPC, while revising the cadre structure, merged Groups ‘Y’ and ‘Z’ and granted common pay scales to all JCOs/ORs enrolled post 01.01.2006. However, the proposal for initial and in-service upgradation is stated to have remained unaddressed. To address this initial and in-service upgradation, the Services have proposed that trades are re-classified based on a ‘Point Rating System’ awarding due weightage to entry level education qualification (30%), technical and tactical proficiency (40%), leadership skills (10%), risk profile (10%) and working environment (10%). Based on the above attributes and scores, the trades are proposed to be allocated to Group X and Group Y and in service upgradation linked to points and number of years served. In-service upgradation of JCOs/ORs has also been proposed from Group Y to group X on successful completion of a Diploma of minimum one year duration, which is recognised by Central/State Education Boards/University or minimum one year of organised training at the level of Unit or Formation which may be cumulative and not necessarily continuous and may include courses attended in a training establishment.

Analysis and Recommendations

6.2.76 The Commission has examined the matter at length. It has obtained from the Services details about what exactly characterizes the two Groups, ‘X’ and ‘Y’ in the three Services, by way of the entry level qualification threshold and the training imparted. The picture is captured in the table below:

Service	Entry Level Qualification Minimum Level	Group ‘X’ Training Period (in weeks)	
		Minimum#	Maximum#
Army	Class X	34	104
Navy	Class XII	117	130
Air Force	Class XII	88	88

Group ‘Y’

Service	Entry Level Qualification Minimum Level	Training Period (in weeks)	
		Minimum#	Maximum#
Army	Class VIII	16	182
Navy	Class X	25	77
Air Force	Class X	72	76

#The training imparted in both Groups ‘X’ and ‘Y’ varies from trade to trade. The minimum/maximum training period captured in this table denotes the lowest/highest duration currently required for any of the trades in the given Group.

6.2.77 The table brings out the following:

- The minimum entry level qualification in the Air Force and Navy is considerably higher than that in the Army, for Group ‘X’ as well as for Group ‘Y’;
- There is great disparity in the duration of training considered necessary.

6.2.78 It has also been noted that in the Air Force and Navy it is essential to obtain a qualification equivalent to a Diploma in Engineering prior to attestation/mustering in all technical trades under Group ‘X’. On the other hand, in the Army, there are a number of ‘X’ trades which are equated to Class X or Class XII only. In all, it is obvious that there is considerable lack of standardization, which needs to be addressed. Ideally such a standardisation exercise must be benchmarked and undertaken by a body which also consists of external experts from relevant accreditation authorities/agencies.

Good practices in the Navy:

- **Only Technical Trades with AICTE recognised diploma are placed in X Group. All other Trades are placed in Y Group.**
- **In-service personnel in the Navy can migrate from Y Group to X Group under Navy Entry Artificer Scheme and Mechanician Course Scheme subject to completion of a AICTE approved diploma course.**

6.2.79 **The Commission is of the view that as part of such a standardisation exercise all X trades should mandatorily involve obtaining a qualification which is equivalent of a diploma in engineering (recognised by AICTE).**

6.2.80 In a separate submission to the Commission the Services have stated that with induction and acquisition of high technology equipment and weapons system a highly skilled manpower has become necessary. In the context of change in nature of warfare mention has been made of operations involving info-tech, cyber space, satellites and sensors, all of which need high calibre and qualified human resource. These, in their view, require a higher technological threshold among the combatants.

6.2.81 The requirement of a higher technological threshold therefore needs to be addressed and the Commission’s concern would be how best the pay structure can provide the appropriate incentives for it.

6.2.82 The medium term strategic objectives of the Services requiring a higher calibre and qualified human resource will not get served by the Point Rating System proposed by the Services. Neither can a higher technological threshold be achieved by merely completing specified number of years of service or by organised trainings at the level of the Unit. **In view of this the Commission is unable to agree with the proposal of the Services.** At the same time if the Services feel the need to provide opportunities to JCOs/ORs whereby they can migrate from Y trades to X trades, this may be permitted subject to the concerned personnel undertaking a training programme whereby he obtains a qualification equivalent to a diploma in engineering, or its equivalent, which is the requirement for all X technical trades in the Air Force and Navy and many of X trades in the Army.

6.2.83 The Commission, taking note of the wide variation in the educational/training requirement of X pay groups, as it exists today, has made specific recommendations regarding their pay in the section dealing with Group X pay of this Chapter.

Assured Career Progression

6.2.84 The Services have sought four financial upgradations under MACP scheme at 6, 12, 18 and 24 years of service or on completion of six years of continuous service in same Grade Pay. It has been stated that 60 percent of the soldiers (i.e., Sepoys and Naiks) are deprived of the third financial upgradation on account of an early retirement.

Analysis and Recommendations

6.2.85 The Commission has considered the demand and notes that as it is the existing scheme of MACP for the Defence forces personnel, at 8, 16 and 24 years of service, is more beneficial than the one on the civilian side, which is spaced at 10, 20 and 30 years. The aspect of early retirement of the defence services personnel is therefore already factored in. Further, no revision in the MACP scheme is intended on the Civilian side. Keeping these facts in view the **Commission is unable to recommend any changes to the MACP scheme insofar as Defence Service personnel are concerned.**

Group 'X' Pay

6.2.86 Group 'X' pay for JCOs/ORs and equivalent has been sought to be enhanced by four times from the existing rate of ₹1,400 per month. In the context of change in nature of warfare the requirement of a higher technological threshold has been emphasised by the Services.

Analysis and Recommendations

6.2.87 The Commission has taken due note of the emphasis being placed on skilled manpower with higher educational and technological thresholds. While determining X pay for X group of JCOs/ORs the VI CPC considered the relativity of some of the grades of JCOs/ORs in Group X with diploma holders in engineering on the civil side. In case of civilians, posts requiring minimum qualification of diploma in engineering are placed in GP 4200 and in defence forces, some of the posts in X group whose minimum qualification held equivalent to diploma in engineering are placed in GP 2800. The element of X group pay was therefore fixed at ₹1,400. The Commission has examined the existing educational and training requirements of X pay personnel and has already noted the wide variation that exists in the three Services in this

regard. It has therefore recommended that all X trades should mandatorily involve obtaining a qualification which is equivalent of a diploma in engineering (recognised by AICTE).

6.2.88 The approach adopted by the VI CPC in determining X pay is agreed with. At the same time the incentive structure needs to have a bearing with the qualifications.

Accordingly, this **Commission recommends:**

- i. **X pay for JCOs/ORs in Group X at ₹6,200 per month** for all X trades which involve obtaining a qualification which is equivalent of a diploma recognised by AICTE. This amount is the difference in the minimum of the Pay level 6 (corresponding to Grade Pay of ₹4200 in VI CPC), and Pay level 5 (corresponding to Grade Pay of ₹2800 in VI CPC).
- ii. **X pay for JCOs/ORs in Group X at ₹3,600 per month** (standard fitment of 2.57 on the existing X pay of ₹1,400), for those currently in X pay, but not having a technical qualification recognised by AICTE.

Pay Scales of Honorary Commissioned Officers

6.2.89 In the Defence Forces, Honorary Commission is awarded in recognition of meritorious service to serving JCOs in the Army and their equivalent in the other two Services. The Honorary Commission is given in recognition of selfless service of the highest order to elevate their status and prestige.

6.2.90 Subedar/Subedar Major and equivalent after Honorary Commission are granted Honorary Lieutenant /Honorary Captain and equivalent ranks. On their Honorary Commission, their pay is fixed in GP 5400 (PB-3) in the case of Honorary Lieutenant or GP 6100 in the case of Honorary Captain. In addition they are granted a MSP of ₹6,000 per month. Presently the pay of Honorary Lieutenant and Honorary Captain is not to be less than ₹19,530 and ₹20,190 respectively.

Analysis and Recommendations

6.2.91 The total number of Honorary Lieutenant and Honorary Captain and their equivalent awarded in the years 2013 and 2014, as reported by the Services, is tabulated below:

Year	Service	Honorary Commissioned Lieutenant	Honorary Commissioned Captain
2013	Army	2085	543
	Navy	162	49
	Air Force	482	120
	Total	2729	712
2014	Army	2200	540
	Navy	101	33
	Air Force	458	120
	Total	2759	693

6.2.92 The Commission, taking note of the existing framework of Honorary Commission recommends that the **Junior Commissioned Officers on their promotion as Honorary Lieutenant or Honorary Captain shall be placed in the pay level 10 and pay level 10B respectively. They will, in addition be paid Military Service Pay of ₹15,500 per month on par with that payable to all the Commissioned officers.**

Grant of First Annual Increment in Recruits Pay

6.2.93 The main demand of the Services in this connection is that the existing stipulation that next increment will be granted from the date of attestation or mustering be done away with. They have pointed out that trades whose skill requirements are low and whose entry level qualifications are lower invariably get attested or mustered earlier and thus are entitled to the next annual increment earlier than trades whose training period is longer.

Analysis and Recommendations

6.2.94 The Commission is of the view that grant of next increment in the case of recruits should not place those with higher entry level qualifications at a disadvantage. The **Commission, accordingly recommends that the date of enrolment should be reckoned for the purposes of first increment for all recruits who are finally successfully attested/mustered.**

Grant of Financial Upgradation under MACP to the DSC Personnel

6.2.95 The proposal of the Services is that the benefit of MACP should be extended to the Defence Security Corps (DSC), on the grounds that they have been implemented for all government employees including defence forces personnel except DSC personnel.

6.2.96 To advance their case it has been contended that Ex-Defence Forces Personnel re-enrolled into DSC are treated as a fresh intake for pay and allowances and do not carry forward the financial and other benefits availed in the former service and are placed in the lowest pay scale in the Pay Band. There is very limited scope for promotion in DSC due to restricted rank structure. Hence, denial of the financial upgradation under MACP Scheme to DSC Personnel, in their view, is totally unjustified.

Analysis and Recommendations

6.2.97 The Commission notes that Defence Security Corps personnel provide cover to the defence installations of the three Services and to civil establishments under the Ministry of Defence. Such personnel are re-employed from amongst retired JCOs/ORs. The benefits of MACPS for civilian personnel is at intervals of 10, 20 and 30 years of continuous regular service. For defence forces personnel three financial upgradations through MACPS are possible in a career span at intervals of 8, 16 and 24 years of service.

6.2.98 **Since Defence Security Corps personnel are personnel under the Army, they may also be permitted the benefit of MACP. However this benefit should be limited to a total of three upgrades in the entire service career, both during regular employment and in the course of reemployment as defence service corps personnel. As they are defence forces personnel the benefit of MACP may be extended to them after a period of eight years from their date of re-employment, in case they do not get a promotion.**

Pay Structure of Non Combatant (Enrolled)

6.2.99 Military Service Pay (MSP) at the same rates as applicable to JCOs/ORs has been sought for the Non Combatant (Enrolled) by the Services. The Services have indicated that Non Combatants (enrolled) in the Air Force are the only category of non-combatants in the three Services. The existing rate of MSP for Non Combatant (Enrolled) in the Air Force is ₹1,000 per month, which is half the rate of other JCOs/ORs.

Analysis and Recommendations

6.2.100 The Commission notes that Non Combatants (enrolled) in the Air Force are enrolled under the Air Force Act, 1950 and are liable to military discipline. At the same time they are distinct from regular combatants. Keeping in view their distinctive position as also with a view to reducing the multiplicity of rates/amounts of MSP to be paid to various categories of personnel in the Armed Forces, **the Commission recommends MSP for Non Combatants (Enrolled) at the rate of 70 percent of combatants.** Military Nursing Service Officers are also being paid MSP at the rate of 70 percent of the Defence Service Officers.

6.2.101 Accordingly, the Commission recommends an **enhancement of MSP** for Non Combatant (Enrolled) in the Air Force **from the existing rate of ₹1,000 per month to ₹3,600 per month.**

Proposals with Regard to Military Service Pay

6.2.102 Military Service Pay (MSP) paid to defence forces personnel is based on the recommendations made by the VI CPC and constitutes a distinct aspect of the emolument structure of the defence forces personnel. Prior to the III CPC defence service officers were paid a 'Special Disturbance Allowance', which in the III CPC was merged into the pay scale thereby providing an 'edge' vis-à-vis their civilian counterparts. The recommendations of the IV and V CPCs brought in the Rank Pay for officers in the ranks from Captain to Brigadiers. The VI CPC recommended the MSP and it was granted, in addition to select rank of officers, to all Lieutenants, JCOs/ORs and Military Nursing Service Officers (except Major Generals).

6.2.103 The Services, while presenting their case for Military Service Pay, have drawn attention to its historical basis viz., the special conditions of military life (as compared to normal civilian employment) which include disadvantages such as the liability to danger, being subject to higher levels of discipline, separation from home and family, turbulence and the shorter span of employment. In justifying their demands for MSP the Services have pointed to the intensity of commitments of the Defence Services in combating proxy war, operations along the Line of Control, disaster relief, aid to civil authorities, protection of our assets in the high seas, security of our air space, United Nations (UN) obligations and out of area contingencies.

6.2.104 To make their case for Military Service Pay the Services have also referred to (a) nature of the job- job security; career prospects; degree of autonomy; restriction of fundamental rights; training; adventure and travel (b) after effects of the job- threat to life; hours of work; leave; separation from home and family; turbulence; effect of continuous exposure to

hazardous situations; isolation and deprivation and (c) social aspects of the job- individual rights; stress at work; support to personnel and families.

6.2.105 The Defence Services have made the following demands:

- i. MSP be granted to all officers and all JCOs/OR of the Defence Services at graded rates.
- ii. MSP granted must be distinguished from the 'edge in starting pay'.
- iii. MSP be considered for annual increments and
- iv. MSP for MNS officers be granted at 70 percent of the rate proposed for equivalent rank of Defence Service Officers.

Analysis and Recommendations

6.2.106 As regards some of the circumstances listed by the Services to advance their case such as restriction of fundamental rights, separation from home and family; turbulence; effect of continuous exposure to hazardous situations; isolation and deprivation, threat to life; hours of work; leave, individual rights; stress at work; support to personnel and families, career prospects; degree of autonomy do affect defence service personnel in varying degrees but are by no means unique only to them. Many of the circumstances listed could, in varying degrees, be applicable to personnel in Central Armed Police Forces as also in certain circumstances to civil posts. Further risk and hardship, as brought out by the Services, are being compensated by way of specific Risk and Hardship Allowances.

6.2.107 The Commission has however, taking note of the unique aspects of their role, taken a conscious decision that that **Military Service Pay will be admissible to the Defence forces personnel only.** In Chapter 6.1 the rationale for payment of MSP to the defence forces personnel has been enunciated.

6.2.108 The recommendations of the Commission regarding the rate of MSP as applicable to the Service officers, MNS officers and JCOs/ORs has been detailed in Chapter 5.2. The revised rates per month being recommended by the Commission are ₹15,500 for officers, ₹10,800 for Military Nursing Service Officers, ₹5,200 for JCOs/ORs and ₹3,600 for Non Combatant (Enrolled) in the Air Force. The recommendations of the Commission with reference to other demands relating to MSP are discussed in the succeeding paragraphs.

6.2.109 This Commission has received several requests from various entities, notably the CAPFs, for grant of a pay akin to the MSP. The Commission has taken note of these demands as also the contention of the Services. The very fact that various segments of government employees continue to raise this demand suggests that there is need to examine, re-assess and spell out conclusively what exactly the Military Service Pay seeks to compensate.

6.2.110 **The Commission, after careful consideration of the matter, notes that there are exclusive elements that distinguish the Defence forces personnel from all other government employees. The intangible aspects linked to the special conditions of service experienced by them set them apart from civilian employees. Defence forces personnel are expected to conduct full spectrum operations in operational environments which are characterised by extreme complexity and may include force projection outside India's**

territorial boundaries. Defence forces personnel are trained for war like situations with highly sophisticated war machinery. They have to keep themselves posted in modern warfare. The military institutions are a key symbol of national pride. Further, the superannuation of defence personnel, particularly Other Ranks (ORs) at a younger age, is also a factor that has been considered. The Commission has therefore taken a conscious decision that the Military Service Pay, which is a compensation for the various aspects described above and for the edge historically enjoyed by the Defence Forces over the civilian scales, will be admissible to the Defence Forces personnel only.

6.2.111 **Rate and Application of MSP:** The Commission has taken note of the demand for graded rates of MSP, as a percentage of pay in the pay band and grade pay, sought by the Services. These have been sought for five distinct categories viz., Non Combatant (Enrolled), NCOs, JCOs, Lieutenant to Colonels and for Brigadiers and above. Additionally for the Nursing Officers a separate rate of MSP has been sought. In effect the Services are seeking six rates of Military Service Pay for distinct categories as against the existing four.

6.2.112 The Commission has noted that the existing rates of MSP applicable to the defence personnel is ₹1,000 per month for Non Combatant (Enrolled), ₹2,000 per month for JCOs/ORs, ₹4,200 per month for Nursing Officers and ₹6,000 per month for the Service Officers. MSP is reckoned as Basic Pay for purposes of Dearness Allowance, House Rent Allowance as also in the computation of pension.

6.2.113 The Commission, having taken a clear view on the intended purpose that the MSP should compensate, does not find merit in creating additional categories of personnel for the grant of MSP. If anything the superannuation of personnel at a relatively younger age is a fact that affects the NCOs the most and therefore a stratification between them and JCOs will be to the relative disadvantage of NCOs. In respect to Officers also stratification into two groups viz., Lieutenant to Colonels and Brigadiers and above is not recommended by the Commission. Such a stratification would be particularly disadvantageous to Short Service Commissioned Officers who serve the Defence Forces for a limited period. It is also notable that in another context the Services have emphasised in their Memorandum that the conditions of service for Short Service Commissioned Officers needs to be improved. A differentiation in as suggested within the officers, for the purposes of MSP, would in the case of Short Service Commissioned Officers, serve to have the opposite effect. **The Commission therefore does not see any merit in disturbing the existing structure of grant of MSP at slab rates for four categories.**

6.2.114 **Applicability of MSP:** A demand has also been made that MSP be granted to all officers. Currently MSP is paid up to the level of Brigadiers. The IV, V and VI CPCs, on examination of the issue, granted Rank Pay/Military Service Pay up to the level of Brigadier. Superannuation of personnel at a relatively younger age is one of the important considerations being laid down by this Commission for the grant of MSP. Major General and equivalent officers and those above them retire at 58 or beyond, thus serve for periods comparable, with their civilian counterparts. Having regard to all these factors the **Commission is of the view that the existing application of MSP up to the level of Brigadier is appropriate and does not call for a review.**

6.2.115 **MSP to be distinguished from 'Edge'**: The V CPC, after deliberating on the issue of Military Service Pay, did not recommend granting it. It recommended continuance of all existing concessions and also recommended an edge in the starting pay scale. The VI CPC introduced the Military Service Pay for all Officers up to the level of Brigadiers, without reducing the existing concessions. The VI CPC went on to state upfront that MSP constitutes the 'edge' being provided to the defence forces personnel over civilian pay scales. This Commission taking note of the evolving pay structure of the defence forces personnel and what has been averred by the VI CPC **is in agreement with it and is of the view that MSP is the 'edge' being provided to the defence forces personnel.**

6.2.116 **MSP to MNS Officers**: The Commission has taken note of the proposals of the Defence Services and has recommended a separate rate of MSP for Military Nursing Service Officers. **The rates of MSP for Military Nursing Service Officers have been revised by a factor of 2.57 from the existing ₹4,200 per month to ₹10,800 per month.** The revision factor is identical to what is being recommended in the case of Service officers.

6.2.117 **Reckoning MSP**: The Commission has received a demand from the services for considering MSP for purposes of annual increments. **The Commission recommends that MSP shall not be reckoned for regulating (a) House Rent Allowance (b) Annual Increment and (c) Composite Transfer Grant.**

Lateral Movement/Resettlement of Defence Forces Personnel

6.2.118 The Services in their Memorandum to the Commission have pressed the case for lateral movement of defence forces personnel into CAPFs and Defence Civil Organisations. In the context of the truncated service of defence forces personnel it has been contended that non availability of lateral transfer / resettlement leads to a serious disparity when it comes to life time earnings vis-à-vis other services. To advance their case they have pointed to the large annual savings that this scheme will lead to by way of training, pension payments and the process of recruitment. They have also drawn attention to the recommendations of the V CPC, VI CPC, Standing Committee of Defence, in this regard.

Analysis and Recommendations

6.2.119 **Recommendations of V and VI CPCs**: The Commission notes that the V CPC recommended an increase in percentage of reservation in Group 'C' and 'D' posts in Central Police Organisation (CPOs) to 25 percent and lateral transfer to this extent. In addition, the Commission had suggested that 25 percent posts of Assistant Commandants in CPOs should also be filled in the same manner and pay and seniority be similarly protected. Towards this end it further suggested setting up of a Joint Recruitment Board consisting of representatives of CPOs and Armed Forces Headquarters so as to jointly select officers/men who would render seven years' service in the Armed Forces to be followed by lateral shift to CPOs and to ensure that proper quality of personnel suitable for both Service and CPOs were recruited. The VI CPC recommended that all recruitments to the posts of Short Service Commissioned Officers and Personnel Below Officers Ranks in the Defence Forces, CPOs and various defence civilian organisation should be made with the selected candidates serving initially in the defence Forces

for some period before being laterally shifted to CPOs and defence civilian organizations. The lateral shift to a specific CPO or a defence civilian organization would depend on the availability of posts as well as the choice and medical fitness of the concerned Defence Forces personnel. The Commission recommended that seniority shall be fully protected during the lateral shift to CPOs/defence civilian organisations and such personnel will continue to be governed by the pension scheme which governed them during their tenure in the Defence Forces. Consequently, they were to fall outside the purview of the New Pension Scheme.

6.2.120 Institutional Arrangements for Ex-Servicemen (ESM): As per the existing allocation of work, all matters relating to armed forces veterans are the responsibility of the Department of Ex-Servicemen Welfare. These include pre and posts retirement training, re-employment, self-employment, health and medical care of ESM pensioners and their dependents and administration of armed forces pension regulations. The Department has two Divisions viz., the Resettlement Division and the Pension Division and has 3 attached offices namely (i) Secretariat of Kendriya Sainik Board (KSB), (ii) Directorate General (Resettlement) (DGR) and (iii) Ex-servicemen Contributory Health Scheme (ECHS) Organisation.

6.2.121 The Kendriya Sainik Board (KSB) is responsible for the welfare of the Ex-servicemen and their dependents and also for administration of welfare funds. The KSB is assisted in its task by 32 Rajya Sainik Boards (RSBs) and 392 Zila Sainik Boards (ZSBs), which are under the administrative control of respective State Governments/ Union Territory Administrations.

6.2.122 The Commission notes that as on 01.01.2014, there were over 18.6 lakh defence forces pensioners. The Department of Ex-Servicemen Welfare and entities within it are currently focused on (a) undertaking training programmes (b) providing medical grant, disabled grant, house repair grant, marriage grant, penury grant, orphan grant etc. Training for JCO/ORs is organised in Regimental Centres cover a larger number of personnel but are for a shorter duration of four weeks. Trainings in outside Institutes across the country range from 4 weeks to 52 weeks but cover smaller number of personnel. In any case they do not cater for the total number of retirees from the three defence services.

6.2.123 Practices in select countries: Most western countries have had a policy of conscription and some like Russia, South Korea & Israel are still following it. Some of them, post second world war/ cold war have changed over to volunteer basis for enlistment. They have adopted policies that best suit their demographic and economic profile. As regards engagement, the initial term for enlistment in US is 8 years with flexibility given to each service for reducing it. In UK the term is 12 years. In the US to qualify for benefit of pension defence forces personnel need to serve for 20 years. Consequently, only about 19 percent of active duty service members retire from military with pension. For those exiting the Armed Forces in the US there exists a regime of affirmative action in the form of eligibility criteria for government contracts. Training is also mandated to be provided to veterans to equip them for their gainful employment in civil life after completion of their enlistment term. Provision of tax incentives to incentivise employment of veterans is also available. A single, unified federal web-based employment portal for veterans to access information on federal programs and activities concerning veteran's employment, unemployment benefits, and training also exists.

6.2.124 To review the present position with regard to lateral movement/ re-employment opportunities for defence forces personnel, the Commission took note of the submission made by the Services, through the JSM, and also sought further inputs from the Ministry of Defence, Ministry of Home Affairs and the Services in this regard.

6.2.125 **Retirees from the Defence Forces:** The total number of retirements of Defence Forces personnel over a three year period is tabulated below:

Financial Year	Officers	JCOs/ORs	Total
2011-12	1,626	48,201	49,827
2012-13	1,643	53,446	55,089
2013-14	1,606	55,901	57,507

6.2.126 It is apparent from above table that the number of retirees in defence forces is substantial. The Commission, based on disaggregate data received by it for FY 2013-14, notes that over 70 percent of personnel retiring from the defence forces are in the ranks of Sepoys, Naiks and Havildars (& their equivalents). As brought out in Chapter 10.2 these categories of Other Ranks retire at a relatively early age even when compared to JCOs within the Services. It is this category of retirees, in particular Sepoys, that need special focus in terms of possibilities of reemployment/ lateral movement.

6.2.127 **Recruitment in CAPFs:** To ascertain the possibility of lateral movement/ induction into the CAPFs, the Commission sought feedback from the Ministry of Home Affairs. The recruitment over a three year period in the CAPFs and number of Ex-servicemen (ESM) vis-à-vis positions reserved for them at various levels in CAPFs are shown below:

Financial Year	Officers		Other Ranks			
	ESM	Others	ESM		Others	
			SI	Constables	SI	Constables
2011-12	1	683	85	144	1799	76,113
2012-13	0	689	93	45	2,353	54,922
2013-14	2	611	105	42	2,123	28,362

6.2.128 The table above points to a sharp decline in the total recruitment each year in the CAPFs taken as a whole over the three year period. Further as brought out in Chapter 3, the composition of personnel in MHA / CAPFs in the age groups of 20-30 years and 30-40 years is substantial. Similarly the percentage in the age group of over 50 years is relatively small. The Commission also notes that in most CAPFs the persons in position is now very close to the sanctioned strength. These facts taken together imply that the recruitment possibilities within the CAPFs will be lower in the coming years, unless the Government plans a major

manpower expansion by creation of new posts. The table also points to the fact that recruitment of Ex-servicemen at various levels is insignificant vis-à-vis Others in the CAPFs.

Category of Personnel	Rank	Reserved Position	ESM in Position
Other Ranks	Constables	62337	1862
	Head Constables	11573	782
	Assistant Sub Inspector	5654	286
	Sub Inspector	4565	330
	Inspector	1126	84
	Subedar Major	53	0
Officers	Assistant Commandant	463	0
	Deputy Commandant	156	0
	Commandant(JG)	31	0
	Commandant	30	1
	DIG	12	8
	IG	0	0
	ADG	0	0

6.2.129 The Commission notes that in a number of CAPFs there exists a reservation of 10 percent of posts in the case of Other Ranks for ex-Servicemen. In case of BSF this reservation of 10 percent extends upto the level of Commandants. Data provided by the Ministry of Home Affairs as detailed in the above table indicates that the number of Ex-servicemen in position is very low compared to what is reserved for them at various levels in the CAPFs. In this regard the V CPC in its report, while noting the under utilisation of reserved vacancies for Ex-servicemen, attributed it to two reasons - (i) Ex-servicemen after putting in number of years in Armed Forces already earn pension and prefer to stay nearer their home place and (ii) no benefit of seniority is granted for military service rendered. The fact that even when reservation is provided and there are not enough takers for them amongst ex-Servicemen calls for a rethink on how the issue needs to be addressed in terms of an appropriate incentive structure. Separately in Chapter 8 the Commission has recommended a liberalised regime of allowances for CAPF personnel, in particular with regard to HRA and Risk and Hardship Allowances. The Commission is also aware that the age of entrants into CAPFs needs to be kept in view given the nature of operations they undertake. Lateral entrants into CAPFs therefore, as distinct from those joining Defence Civilian organisations etc., should be of a younger age. The Commission is therefore making recommendations distinctly for CAPFs and for other entities to which defence service personnel can be inducted. The objective of the Commission is that the

Government should be able to reap multiple benefits- (i) provide life long employment to Sepoys who opt into CAPF on completion of seven years. (ii) provide the Services with an even more youthful profile and (iii) make a decisive impact on the Governments pension and salary expenditure for Defence forces and CAPFs taken as a whole.

6.2.130 Possibilities within Defence Civilian/ civilian entities under Ministry of Defence:

Chapter 3 of the Report points to the fact that Defence Civilians are substantial in number. Recruitments in defence civilian organisations, at a little over 60,000, have been modest during the period 2006 to 2014. Civilians span a number of entities like Ordnance Factories, DRDO, Naval Dockyards, Military Engineering Service, Border Road Organisation, Base Repair Depots etc. Personnel in these organisations work side by side with the Services or for the Services and therefore are familiar with the nature of each others work. All Ex-Servicemen, irrespective of the number of years of service and rank, therefore, in the view of the Commission are suitable for lateral movement to these organisations.

6.2.131 Possibilities within Services: The Commission in Chapter 11.12 has drawn attention to the need for the Services to focus on core areas. Currently there is a substantial percentage of service personnel assigned to non core functions. A delineation of these and the gainful deployment of Ex-Servicemen can be considered. Indeed there exist possibilities for lateral entry of retiring defence forces personnel within the Services in entities like the Administrative, Logistic and Accounts branches etc. of the Air Force and Logistics and Engineering Branches etc. of the Navy. In the case of the Core of Engineers in Army the Commission notes that approximately 50 percent officers and 25 percent of JCOs/ORs are posted in Military Engineering Service and Border Road Organisation. Similar possibilities exist in the Army in case of specialised cadres, logistics and maintenance and Ex-Servicemen Contributory Health Scheme (ECHS) organisation. As distinct from the Fighting Arms, personnel serving in these Support entities in static formations can be sourced, to a considerable extent, from Ex-Servicemen.

6.2.132 Employment in Central Government and others: The Ministry of Defence in its response to the Commission has pointed out that the reservation of Ex-Servicemen in Central Government Ministries/ Departments is 10 percent for group C and 20 percent for group D posts. For CPSUs and Banks it is 14.5 percent for Group C and 24.5 percent for Group D posts. From the data made available to the Commission it transpires that within the Central Government Departments, Central PSUs and Banks the deployment of Ex-Servicemen has been far short of what has been reserved for them. The Commission is of the view that greater thrust is needed in this regard.

6.2.133 Possibilities arising out of defence industrialisation: The initiative of the Government towards bolstering manufacturing, including in the defence sector together with Public Private Partnership (PPP) and opportunities that are presented by defence offset obligations will require a complement of skilled and experience personnel both in the public sector and the private sector. The Services, at all levels, and in particular in the Air Force and Navy have a large complement of technical and skilled personnel. With the Government's thrust towards strengthening the defence manufacturing base in India, both in the public and private sector the services of such experienced and skilled personnel would be of great benefit.

Towards this end a database of skilled and experienced personnel would be useful. Further, given the requirements of the industry as it develops, the focus should be towards suitable dovetailing of skills for the other retiring ORs. The Government together with industry based on user needs should devise package/ training modules for such retiring defence forces personnel.

6.2.134 Conclusions and Recommendations: The scheme of lateral entry needs to be viewed in the context of the retirements taking place in the Services, the absorption capacity in the CAPFs and the issues that have held back the scheme from being implemented. There are other factors, some of which have been outlined by the Fifth CPC that keep ex- servicemen from taking up vacancies that are reserved for them in CAPFs. There is also a distinction that needs to be made with regard to the age profile of personnel that can be absorbed in CAPFs and in other entities. The Commission keeping in view the above recommends:

For Central Armed Police Forces:

- a) **The primary focus of the Government with regard to lateral entry as far as CAPFs are concerned should be on personnel retiring from the ranks of Sepoys (& their equivalents), as distinct from Officers and JCOs.**
- b) **Sepoys on completion of seven years service in the Services should be allowed to (i) continue in Services or (ii) laterally move into CAPFs. Such an option may be exercised in the sixth year of service. In case of the latter seniority and pay of the personnel should stand protected. While doing so the Military Service Pay shall also be taken into account so that there is no drop in salary. At the same time, on joining the CAPF he will not be entitled to Military Service Pay.**
- c) **For those exiting the Services in seven years and joining a CAPF, on par with SSC officers, the Commission recommends a one time lump sum amount to be paid which is 10.5 times the last pay drawn. Once they opt into the CAPFs they shall continue upto the retirement age and be covered in so far as their pensionery benefits are concerned under the New Pension system.**
- d) **Effort of the Government should be to ensure that vacancies of Constables in the CAPFs is filled entirely from Sepoys exiting in seven years.**

For entities, Other than CAPFs

- e) **Delineation of core and non core functions within the Services and lateral entry of defence forces personnel, to entities within the Services like the Administrative, Logistic and Accounts branches etc. of the Air Force; Logistics and Engineering Branches etc. of the Navy and in specialised cadres, logistics and maintenance and Ex-Servicemen Contributory Health Scheme (ECHS) organisation in the Army. This option should be available for all defence forces personnel, irrespective of the number of years of service.**
- f) **Lateral entry of retiring defence forces personnel to Defence Civilians organisations like Ordnance Factories, DRDO, Naval Dockyards, Military Engineering Service, Border Road Organisation, Base Repair Depots etc. This option should be available for all defence forces personnel, irrespective of the number of years of service.**

- g) Filling of reserved vacancies for Ex-Servicemen in Central Government Ministries/ Departments, Central PSUs and Banks needs to be given a thrust. The percentages of reservation for Group C needs to be revised upwards in light of the fact that the Group D, which had a higher percentage of reservation has been merged with Group C.**
- h) In case the Government raises new special forces which involves security / protection, retiring defence forces personnel should be accorded priority.**
- i) Entities tasked with looking after ex-servicemen welfare and resettlement at the Central, State and District level should be manned by Ex-Servicemen.**

Institutional Framework

- j) The existing institutional framework for dealing with issues relating to Ex-Servicemen should be completely revamped with a view to (i) re-orienting the focus of the Government towards the outcome of gainful employment of the maximum number of retirees, and (ii) synergising the entities tasked with ex-servicemen welfare and resettlement in the Centre and in the States/ Districts by their functional and administrative integration. The Commission, therefore, recommends that the Department of Sainik Welfare and Zilla Sainik Welfare offices should be functionally and administratively integrated with and controlled by the Department of Ex-Servicemen Welfare, Ministry of Defence. The integrated administrative mechanism will ensure that all activities related with the welfare of Ex-Servicemen are controlled by the Central Government instead of leaving it to State Governments. The Commission further recommends that these institutions/offices should be manned by Ex-Servicemen only. It will be their responsibility to liaise with the concerned agencies of the State Governments to secure the benefits extended by the latter towards the welfare of Ex-Servicemen.**

Others

- k) A central online IT Application may be developed by Director General of Resettlement²⁷ in consultation with prospective employers to provide comprehensive updated information on retiring defence forces personnel which harmonises with the user needs. A mobile based application may also be developed using same database of Central IT application for optimal leveraging of data amongst all stakeholders especially Ex-servicemen.**
- l) For facilitating a seamless absorption in industry, in particular defence manufacturing, Government together with industry should devise package/ training modules for such retiring defence forces personnel.**

²⁷ Details on retiring defence forces personnel will be available with all Record Offices, Principal Controller of Defence Accounts (Officers), Navy Pension Cell, Air Force Record Office, Rajya Sainik Board etc.