

7th Pay Commission hikes possible before election



The Central government employees have not been satisfied with the 7th pay commission hike mandate and are pushing for the increase in fitment factor for basic pay under the pay panel since long, and seems like the government might announce the hikes before general election 2019.

National Joint Council of Action (NJCA) chief Shiv Gopal Mishra said that Modi government has set up a separate committee for suggesting measures for streamlining the fitment factor. The Committee on Allowances will review the recommendations on the 7th pay commission increase in fitment factor and dearness allowance promptly, possibly before the Lok Sabha elections 2019 - as a final doodle to awe the government employees. In a written reply to a question on 7th Pay Commission in Lok Sabha, Minister of State for Finance Arjun Ram Meghwal said that the Committee, under Finance Secretary Ashok Lavasa, is yet to submit its report.

The ministers said that the deliberations of the committee are in final stages. According to some reports, the Committee on Allowances has decided that the current HRA slab, which is 30 per cent of basic pay, for metros would continue against reducing the House Rent Allowance (HRA) for central government employees. The 7th Pay Commission suggested bringing down the HRA to 24 per cent, 16 per cent and 8 per cent respectively depending on type of cities. The transport allowance is likely to remain constant as certain reports said the Committee on Allowances agreed with 7th Pay Commission's recommendation, which had already factored in the Dearness Allowance at 125 per cent assuming the date of implementation to be January 1 next year.

Although the government has already announced several measures in Budget 2019 to benefit the unorganized sector and the troubled agricultural sector, there was no clear mention of the DA and fitment factor hike. With the fiscal deficit situation already in a bleak state, the government might find it difficult to put a DA hike into effect due to financial pressures, but such a decision can give a rise to inflationary trends, which might force RBI's hand to take a harsh stance with its policy rates.