



8TH PAY COMMISSION: GOVERNANCE

NEWS: PM approves constitution of Eighth Pay Commission for central government employees

WHAT'S IN THE NEWS?

The Union government has approved the formation of the Eighth Pay Commission to address wage and pension revisions for approximately 50 lakh employees and 65 lakh pensioners, aiming to enhance employee welfare and economic growth. The commission's recommendations are expected to have a significant economic and social impact.

1. Approval of the Eighth Pay Commission

- **What:** The Union government has approved the establishment of the Eighth Pay Commission.
- **Why:** To fulfill the long-standing demands of Central trade unions and employees for wage and pension revisions.
- **When:** Approval granted ahead of the Seventh Pay Commission's term ending in 2026.

2. Beneficiaries

- **Coverage:**
 - **Employees:** Around 50 lakh Central government employees, including public sector undertakings.
 - **Pensioners:** Nearly 65 lakh, including retired defense personnel.
- **Regional Concentration:** Delhi alone houses approximately 4 lakh Union government employees.

3. Composition and Appointment

- **Chairperson:** Traditionally a retired Supreme Court judge (e.g., Justice A.K. Mathur for the Seventh Pay Commission).
- **Members:** The commission will also have two members.
- **Timeline:** Early approval ensures sufficient time to finalize recommendations before 2026.

4. Economic and Social Benefits

- **Economic Impact:**
 - Boost to consumption and demand.
 - Contribution to overall economic growth.



- **Social Impact:**
 - Improved quality of life for government employees.
 - Strengthened financial security for pensioners.

PAY COMMISSIONS: TIMELINE & KEY FACTS

1st Pay Commission (May 1946 - May 1947)

Chairman: Srinivasa Varadacharia

Focused on rationalizing the pay structure after India's Independence

Introduced the concept of the "living wage"

Minimum salary: Rs 55/month; maximum salary: Rs 2,000/month

Beneficiaries: Around 1.5 million employees

2nd Pay Commission (August 1957 - August 1959)

Chairman: Jaganath Das

Focused on balancing the economy and living cost

Recommended the minimum wage of Rs 80/month

Introduced the 'socialistic pattern of society'

Beneficiaries: Approximately 2.5 million employees

3rd Pay Commission (April 1970 - March 1973)

Chairman: Raghubir Dayal

Recommended minimum pay of Rs 185/month

Emphasized salary parity between public and private

sectors Addressed inequalities in the pay structure

Beneficiaries: About 3 million employees

4th Pay Commission (September 1983 - December 1986)

Chairman: P.N. Singhal

Recommended a minimum salary of Rs 750/month.

Focused on reducing disparities in salaries across rank.

Introduced a performance-linked pay structure

Beneficiaries: Over 3.5 million employees

5. Previous Pay Commission Impacts



- **Seventh Pay Commission:**

- Implemented in 2016.
- Cost the exchequer ₹1 lakh crore in the fiscal year 2016-17.

- **Precedents:** Recommendations influence pay revisions in public sector undertakings and state-level settlements.

6. Trade Union Reactions

- **Welcomed by Unions:**

- Central trade unions emphasize clear terms of reference focusing on “living wage” and “living pension.”
- Bharatiya Mazdoor Sangh (BMS) appreciates the move and calls for early panel constitution.

7. Timeline for Recommendations

- **Process:** Pay Commissions typically take two years to finalize their report.
- **Significance of Early Approval:** Allows sufficient time for deliberations and timely implementation.

8. Significance of the Decision

- **Government Commitment:** Reflects proactive efforts for employee welfare.
- **Economic Multiplier:** Increased consumption expected to spur economic activity.
- **Social Security:** Enhances the financial stability of millions of employees and pensioners.

Source: <https://www.thehindu.com/news/national/government-announces-8th-pay-commission-for-central-govt-employees/article69104291.ece>

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