



**REPORT OF THE COMMITTEE OF SECRETARIES HEADED BY  
THE CHIEF SECRETARY TO THE GOVERNMENT  
TO EXAMINE RECOMMENDATIONS OF THE  
11TH PAY REVISION COMMISSION**

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1. The Government of Andhra Pradesh has constituted the 11<sup>th</sup> Pay Revision Commission (PRC), vide the G.O. Ms. No.75, General Administration (SC-A), dated 28-05-2018. The terms of reference (ToRs) of the 11<sup>th</sup> PRC are as mentioned hereunder.
  - i. To evolve the principles which may govern the structure of emoluments and the conditions of service of various categories of employees of the State Government, Local Bodies and Aided Institutions, Non-teaching staff of the Universities including Acharya N.G. Ranga Agricultural University, Jawaharlal Nehru Technological University, Work charged employees and full-time contingent employees, which have a financial bearing taking into account the total packet of benefits available to them and suggest changes therein which may be desirable and feasible;  
The Commission, however, shall not deal with the teaching staff in Government Colleges and Government Aided Private Colleges drawing UGC/AICTE and ICAR scales. The Commission shall also not deal with the officers of A.P. State Higher Judicial Service and A.P. State Judicial Service who are drawing Pay Scales as recommended by the First National Judicial Pay Commission.
  - ii. To examine as to what extent the existing DA may be merged in pay and to evolve consequent new set of pay scales merging DA therein and to suggest the mode of fixation of pay in the Revised Pay Scales.
  - iii. To study the Automatic Advancement Scheme as modified from time to time keeping in view the anomalies that have arisen during the implementation of the said scheme and also to examine whether the said scheme should continue in its present form and to make the recommendations in this regard.
  - iv. To examine the need for various Special Pays, Compensatory and various other Allowances and other perquisites in cash or kind now allowed and to make recommendations regarding their continuance or otherwise and if continuance is recommended what modifications, if any, are deemed desirable with regard to their rates, terms and other conditions which should govern them in future.
  - v. To examine and review the existing pension structure for pensioners and make recommendations which may be desirable and feasible.

- vi. Review of the existing human resources of all departments in tune with the contemporary requirements including contract/outsourcing personnel particularly in the context of State bifurcation.
  - vii. To give its recommendations on any other matter referred to it by the State Government during the tenure of its office.
  - viii. In formulating its recommendations, the Commission may take in to account the overall financial position of the State.
2. Further, vide the G.O.Rt.No.1491, General Administration (SC-A) Department, dated 03-07-2018 the Government has appointed Sri Ashutosh Mishra IAS (Retd.) as the Pay Revision Commissioner
  3. Subsequently, the Government, vide the G.O.Rt.No.566, General Administration (SC.A) Department, dated 17-03-2020 have entrusted additional term of reference relating to the employees of Public Transport Department to the 11th Pay Revision Commission. The Fresh Terms of Reference are as follows:
    - i. To evolve the principles which may govern the structure of emoluments and the conditions of service of various categories of employees of Public Transport Department which have a financial bearing taking into account the total packet of benefits available to them and suggest changes therein which may be desirable and feasible;
    - ii. To examine as to what extent the existing DA may be merged in pay and to evolve consequent new set of pay scales merging DA therein and to suggest the mode of fixation of pay in the Revised Pay Scales;
    - iii. To study the Automatic Advancement Scheme as modified from time to time keeping in view the anomalies that have arisen during the implementation of the said scheme and also to examine whether the said scheme should continue in its present form and to make recommendations in this regard;
    - iv. To examine the need for various Special Pays, Compensatory and various other Allowances and other perquisites in cash or kind now allowed and to make recommendations regarding their continuance or otherwise and if continuance is recommended what modifications, if any are deemed desirable with regard to their rates, terms and other conditions which should govern them in future;
    - v. To examine and review the existing pension structure for pensioners and make recommendations which may be desirable and feasible;

- vi. In formulating its recommendations, the Commission may take into account the overall financial position of the State.
4. The 11<sup>th</sup> Pay Revision Commission has submitted its report to the Government on 05-10-2020.
5. In the G.O.Ms.No.22, Finance (PC -TA) Department, dated 01-04-2021, the Government constituted a Committee of Secretaries to examine recommendations of the 11<sup>th</sup> PRC with the following members:
  - i. Dr. Sameer Sharma, Chief Secretary
  - ii. Sri Ajeya Kallam, (Retd.) Principal Advisor to CM
  - iii. Dr. Rajat Bhargava, Special Chief Secretary, Revenue
  - iv. Sri Shamsher Singh Rawat, Principal Finance Secretary
  - v. Sri Shashi Bhushan Kumar, Principal Secretary (Services), GAD
  - vi. Dr. K.V.V. Satyanarayana, Secretary, Finance (Budget)
6. The first meeting of the Committee of Secretaries was held on 01-12-2021. The Chief Secretary welcomed all the members and briefly explained the mandate of the 11<sup>th</sup> PRC.
7. The Principal Finance Secretary has explained all aspects of the 11<sup>th</sup> PRC report in detail & made a presentation on various recommendations of the report. The recommendations of 11<sup>th</sup> PRC are summarised below.

### **Recommendations of 11<sup>th</sup> PRC**

#### **Government Employees**

##### **Pay Scale & Fitment:**

- a. Retention of the concept of Master Scale with 32 Grades and 83 stages (increase from 81)
- b. Evolution of new pay scale by merging 100% of Dearness Allowance (as on 01.07.2018) with Basic Pay and adding a fitment benefit of 27 % on Basic Pay.
- c. Formulation the Master scale with the following features:
  - i. Minimum Pay ₹.20,000/- per month.
  - ii. Maximum Pay in the Master scale ₹. 1,79,000/- p.m.
  - iii. Ratio between Minimum and Maximum of the Scale 1: 8.95.
  - iv. Annual increment to range from 3% of the pay in initial stages to 2.34% at the end.
  - v. Periodicity of increase in increment is recommended to be 3 years up to stage 72 in the Master Scale
  - vi. Continue grant of stagnation increments beyond time scale up to 5.
  - vii. The new pay scales to come into effect from 1.7.2018.
  - viii. Monetary benefit implementation date left to Government

## Major Allowances

- a. Dearness Allowance: Recommended a conversion factor of 0.91 for sanction of DA from 1.1.2019 for every 1 % increase in DA sanctioned by the Government of India
- b. House Rental Allowance: While continuing the existing classification and rates of HRA, introduced a new class of cities with a population above 10 lakhs and increased their HRA slab from 20% to 22%.
- c. City Compensatory Allowance: Recommended two slab rates, one for Visakhapatnam and Vijayawada and the second for the 12 other Municipal Corporations. The quantum of allowance is increased for all the pay ranges (Municipal Corporations of Visakhapatnam and Vijayawada ₹400-1000 and other Municipal Corporations ₹,300-750)

## Pensionary Benefits

- To consolidate pension/family pension with dearness relief as on 1.7.2018. 27% of the basic pension/family pension is to be treated as fitment benefit.
- A revised scale of additional quantum of pension starting from 70 years of age has been suggested.
- The maximum amount of Gratuity payable at the time of retirement is recommended to be enhanced from ₹.12 lakh to ₹.16 lakh.

## Other Category of Employees

- a. **Contract:** Recommended minimum of the time scale, in the now revised pay scale
- b. **Outsourcing:** Recommended new pay which is an enhancement of 30% in each of the existing category.
- c. **Home Guards:** Daily Allowance at the rate of 1/30th of the Minimum Pay (in the Revised Pay Scale recommended in this report for the Police Constables) plus Dearness Allowance thereon at the rates applicable to the Government employees from time to time.
- d. **Full-time Contingent/Daily Wage/ Consolidated Pay/NMR employees:** Enhanced to 20,000+DA

## APSRTC

- a. **Pay Scale:** Make the Revised Master Scale comprising of 32 Grades and 83 stages, applicable to the PTD employees also.
- b. **Assignment of equivalent Government Pay Scales:** Assigning a corresponding revised pay scale to each category of PTD employee. Assign the Special Grade Post Pay Scale and Special Promotion Post Scale I-B/ Special Adhoc Promotion Post Scale I-B (under the Automatic Advancement Scheme-AAS) corresponding to the RPS 2018 scale assigned by this Commission against the basic post held by the employee in APSRTC RPS-2017.

- c. **Principle of pay fixation in RPS-2018 with effect from 01-01-2020:** Pay fixation of the PTD employees, who were in service prior to 01-07-2018, be done in a two-step process i.e. first by fixing the pay notionally in RPS-2018 as on 01-07-2018 and then by re-fixing the pay in RPS-2018 as on 01-01-2020.
- i. For the first step a fitment benefit of 1.6% % on the Basic Pay as on 01-07-2018 in the APSRTC RPS-2017 be allowed.
  - ii. A prescription in respect of pay fixation of employees who have joined duty in the APSRTC between 01-07-2018 and 01-01-2020.
- d. Dearness Allowance: Allow the Dearness Allowance (D.A.) with effect from 01-01-2020 (date of absorption) at the same rate as fixed by the State Government for all its employees
- e. House Rent Allowance (HRA): Apply the same rates of HRA, as recommended for the State government employees to the PTD employees also with effect from 01-01-2020. In addition, the PTD employees, whose work stations have been fixed at Hyderabad, Bengaluru and Chennai, to draw HRA @ 30% of Basic Pay subject to a maximum of ₹.26,000/- per month.
- f. City Compensatory Allowance (CCA): Allow the City Compensatory allowance to the PTD employees at the same rates of CCA as those recommended for the other State Government employees stationed in different Municipal Corporation areas. Separates rates have also been indicated for the PTD employees head quartered in Hyderabad, Bengaluru and Chennai Municipal Corporations.
- g. Other Allowances, Special Pay, Perquisites and Incentives The other Allowances, Special Pay, Perquisites and Incentives etc. have been rationalised after examining the rationale for extending such benefits.
- h. **Protection of total emoluments of PTD employees:** In case, for any PTD employee the gross total emoluments (sum total of Pay and Allowances), as fixed on 01-01-2020 in the RPS-2018, falls short of his/her total emoluments in the existing APSRTC scale, such shortfall may be treated as Personal Pay to be absorbed in future increases in pay and allowances
- i. **Pensionary Benefits:** PTD employees, absorbed in Government service on 01-01-2020, be given an option to either continue with EPS-95 or join the CPS. The PTD employees, who opt for CPS, automatically be covered under the DCRG Scheme applicable to the other Government employees. In case, they opt to continue under EPS-95, they may get the benefit under the APSRTC Gratuity formula as before.
8. The recommendations of the 11<sup>th</sup> PRC were discussed by the Committee in extensive detail.
9. The Committee has also examined the aspects relating to the impact of State bifurcation on the financial position of the State ; Employee welfare measures taken by the Government such as sanction of interim relief, increase in salaries for various categories of employees, Minimum Time Scale for contract employees; absorption of APSRTC employees into State Government; Expenditure on human resources; issues relating to Village/Ward Secretariat employees, formation of Andhra

Pradesh Corporation for Outsourced Services (APCOS) for the welfare of Outsourced employees & other such measures. The members have noted that the Government incurred substantial expenditure on these measures for the welfare of employees.

10. The Principal Finance Secretary had also informed the Committee of Secretaries that the Finance Department has worked out the financial implications arising from the following different scenarios.

Scenario 1: 11<sup>th</sup> PRC recommendations with fitment @ 23% - Rs. 11,557 crore/annum

Scenario 2: 11<sup>th</sup> PRC recommendations with fitment @ 27% - Rs. 13,422 crore/annum

Scenario 3: 11<sup>th</sup> PRC recommendations with fitment @ 14.29%, HRA and Additional Quantum of Pension as per 7<sup>th</sup> CPC – Rs. 9,150 crore/annum

Scenario 4: 11<sup>th</sup> PRC recommendations with fitment @ 23%, HRA and Additional Quantum of Pension as per 7<sup>th</sup> CPC - Rs. 10,211 crore/annum

Scenario 5: 11<sup>th</sup> PRC recommendations with fitment @ 23.5%, HRA and Additional Quantum of Pension as per 7<sup>th</sup> CPC - Rs. 10,773 crore/annum

Scenario 6: 11<sup>th</sup> PRC recommendations with fitment @ 27%, HRA and Additional Quantum of Pension as per 7<sup>th</sup> CPC - Rs. 11,413 crore/annum

Scenario 7: 11<sup>th</sup> PRC recommendations with fitment @ 30%, HRA and Additional Quantum of Pension as per 7<sup>th</sup> CPC - Rs. 12,736 crore/annum

In addition to the above, the additional financial implication on account of implementation of 11<sup>th</sup> PRC for PTD employees will be around Rs. 225 crore to Rs. 250 crore/annum as worked out by 11<sup>th</sup> PRC. Further, the additional financial burden due to implementation of pay scales for Village/Ward Secretariat employees will be around Rs. 1,800 crore/annum.

11. It was also decided in the aforesaid meeting to consult the representatives of State Government employees so that their views can also be obtained.

12. The Committee of Secretaries held detailed consultations on 3-12-2021 with the representatives of the following employees' associations:

- i. Andhra Pradesh Non-Gazetted Officer's Association
- ii. Andhra Pradesh Secretariat Association
- iii. State Teachers' Union, Andhra Pradesh Association
- iv. Andhra Pradesh Teachers' Federation
- v. Andhra Pradesh United Teachers' Federation
- vi. Andhra Pradesh Revenue Services Association
- vii. Andhra Pradesh Government Employees Association

- viii. Andhra Pradesh Treasury Services Association
  - ix. Andhra Pradesh Cooperative Service Association, Amaravati
  - x. Andhra Pradesh Survey Employees' Association
  - xi. Andhra Pradesh Commercial Taxes Non-Gazetted Officers' Association
  - xii. Andhra Pradesh Live Stock Service Association
  - xiii. Andhra Pradesh State Typists and Stenographers' Association
13. In the above meeting, the associations requested for giving a fitment ranging from 40% to 60%. Certain other demands on continuation of stagnation increments, raising of minimum pay to Rs. 26,000 and maximum pay to Rs. 2,25,000, enhancement of retirement age of Group D employees to 62 years, revising the child care leave to 2 years on lines of the CPC, etc. were also put forward.
14. After the conclusion of the above deliberations, the Committee has summarised its observations and recommendations as hereunder.

## **I. Observations on the Financial Position of the State**

### **Impact of State Bifurcation**

- a) The bifurcation of the State of Andhra Pradesh has caused structural changes in the State's economy & led to the emerging of the successor State of Andhra Pradesh as revenue deficit compared to the erstwhile State which was revenue surplus.
- b) During the bifurcation, division of liabilities was done on population basis instead of on GSDP basis, whereas the division of assets was done on location basis.
- c) Considering that virtually all the major assets are located in and around Hyderabad city, which has since become an integral part of Telangana State, notwithstanding it being the common capital, Andhra Pradesh has forfeited major economic assets, lost several institutions, lost revenue, lost substantial strength in service sector, lost industries, and inherited massive amount of liabilities without having the wherewithal to service them.
- d) Thus, the damage inflicted by the bifurcation of the State of Andhra Pradesh has had disastrous impact on economic and financial parameters of the State.
- e) Tax revenue of successor state was only 46 % of the combined State on the date of state bifurcation. The population, however, of the successor state was 58.32% From the 2020-21 RE figures, it is evident that the successor State of AP, with its agrarian economy, could mobilize only 39 % of the combined revenues of AP and Telangana. This declining share also demonstrates the negative impact of loss of Hyderabad –an economic hub.



- f) Per Capita Income (PCI) is one of the most important macro-economic indicators which indicates the standard of living of people. It determines the purchasing power of the people which impacts on the revenue receipts of the exchequer. The PCI of the state has reached Rs.1,70,215 during 2020-21 which is lowest amongst the southern states, the highest being Telangana at Rs.2,37,632.
- g) Further, the increase in revenues has been lower due to agrarian nature of the state economy. The Government, is therefore having to inevitably stretch its financial resources causing an increase in deficit as well as outstanding debt, straining the fiscal position further.
- h) The State of Andhra Pradesh has further suffered financial hardships due to freezing of funds to the extent of Rs.2,232.33 crore by Telangana of certain institutions in Schedule IX and Schedule X of the APRA. Further, the state has lost access to institutions under Schedule IX with an asset value of Rs. 1.06 lakh crore and those under Schedule X with an asset value of Rs. 39,191 crore. Telangana State Power Utilities have unpaid power dues towards APGENCO. Outstanding dues as on 31.08.2021 amounts to Rs.6,284 crore.
- i) Only Rs. 3,979.5 crore towards revenue deficit grant has been received against the expected revenue deficit grant of Rs. 22,948.76 cr. The balance amount of Rs. 18,969.26 crore is yet to be released by GoI.
- j) Further, several provisions of Andhra Pradesh Reorganisation Act, 2014, relating to industrial incentives, establishment of Kadapa Steel Plant, Ramayapatnam Port, etc. are yet to materialise, which has led to slow economic growth of the State.

### **Impact of Covid-19**

- a) The strain on State finances was further compounded by the outbreak of Covid-19 pandemic since December 2019 which has caused an additional burden of more than Rs. 20,000 crore on account of loss of anticipated revenues and additional expenditure towards Covid mitigation measures.

### **Net Impact**

- a) The net impact of all the above has led to deterioration of fiscal health of the State. The State from a revenue surplus position in the combined state has become revenue deficit. The revenue deficit stood at Rs. 34,927 crore and fiscal deficit at Rs. 54,370 crore in FY 2020-21.

## **II. Observations on steps taken by Government for Employee Welfare**

### **1. Sanction of Interim Relief**

- a) The Government has already sanctioned 27% Interim Relief (IR) vide G.O. Ms. No. 60 Finance (PC&TA) Dept. dated 6-7-2019, in fulfilment of the promise made by the Hon'ble Chief Minister and the request of the employees and various service associations, pending finalisation of the 11th PRC.
- b) Accordingly, the benefit of IR at 27 % of basic pay is being accorded, with effect from 1st July 2019, to all the Government Employees, including the employees of the Local Bodies (PR & ULBs), the institutions receiving Grants-in-Aid from the Government, Work Charged Employees and Full-Time Contingent Employees who are currently drawing pay in the Revised Scales, 2015.
- c) Similarly, for the welfare of pensioners, the Government vide G.O. Ms. No. 61 Finance (HR-3-Pension-I) dated 18-7-2019 sanctioned interim relief at the rate of 27% of basic pension w.e.f. 1st July 2019 to all Government Pensioners/ Family Pensioners including the pensioners of the Local Bodies (PR & ULBs), the institutions receiving Grants-in-Aid from the Government, Work Charged Establishment & erstwhile Full-Time contingent employees, who are currently drawing pension in the Revised Scales of Pay 2015.
- d) So far, the Government has paid Interim Relief, to a tune of Rs.11,270.21 crores for employees and Rs.4,569.78 crores for pensioners totalling to Rs.15,839.99 crores from 01-07-2019 to till date.

### **2. Increase in Salaries of various categories of employees**

- a) The Government has increased salaries of 3,01,021 employees in various categories like Anganwadi workers, Asha workers, etc. as shown in the table below. The yearly expenditure on account of salaries to these categories of employees has gone up from Rs. 1,198 crore to Rs. 3,187 crore.

**Table 1: Increase in salaries of various category of employees**

S.No	Department	Job	Previous Salary	Enhanced Salary	G.O.	Emps
1	WCD&SC	Anganwadi Workers	10,500	11,500	G.O.MS.No.13 Dated 26-06-2019	47,476
		Mini Anganwadi Centre	6,000	7,000		6,526
		Anganwadi Helpers	6,000	7,000		45,175
2	PR&RD	Village Organization Assistants/Sangamitras/ Animators	2,000	10,000	G.O.RT.NO.699 Dated: 11-11-2019	28,152
3	MA&UD	Sanitary workers (15.08.2020)	8,000	18,000	G.O.MS.No.233 Dated: 26-08-2019	29,800
		Supervisors	12,000	18,000		
4	HM&FW	Asha Workers	4000 to 8500	10,000	G.O.MS.No.87 Dated: 07-08-2019	41,416
5	LET&F	MNO	6,700	17,746	G.O.MS.No.6 Dated:26-04-2021	2
		ANM	10,020	28,000		1
		Dhobi	6,700	13,000 (as per PRC-2015)		2
		Barber	6,700	13,000 (as per PRC-2015)		2
6	Tribal welfare	Community Health Workers	400	4,000	G.O.MS.No.117 Dated:03-12-2019	2,652
7	Home	Daily Duty Allowance to Home Guards	600	710	G.O.MS.No.876 Dated:12-10-2019	14,984
8	School Edu	Cook-cum-Helpers	1,000	3,000	G.O.MS.No.61 Dated:15-09-2019	84,833
<b>Total</b>						<b>3,01,021</b>

### 3. Minimum Time Scale (MTS) & other benefits for Contract Employees

- a) Keeping in view the welfare of the contract employees, in supersession of all the orders issued earlier, regarding the remuneration & other benefits to be paid to persons who have been appointed on contract basis, comprehensive orders were issued vide G.O. Ms. No.40, Finance (HR-I Plg. & Policy) Department, dated 18-06-2021 for payment of Minimum of Time Scale (MTS) in Revised Pay Scales 2015 to the contractual employees engaged in the Government Departments, Universities, Societies, KGVB and Model School of the relevant posts in which the employees are working.
- b) Further, orders were issued providing for 180 days of paid maternity leave for women married employees engaged on contractual basis in the Government Departments, Universities, Societies, KGVB and Model Schools for the first two child births.
- c) Orders were also issued for sanction of Ex-gratia to the contract employees i.e. Rs.5.00 lakhs (Rupees five lakhs only) for accidental death & Rs.2.00 lakhs (Rupees two lakhs only) for natural death to legal heir of deceased Contract employees, who die in harness, while in service.
- d) The per annum additional benefit to the contract employees on account of these measures is approximately Rs. 360 cr per annum.

#### **4. Absorption of APSRTC employees into State Government.**

The Government of A.P. has absorbed all APSRTC employees into Government service w.e.f., 01-01-2020 by creating a new Public Transport Department (PTD) under the administrative control of T,R&B Department. About 53,500 employees of APSRTC were absorbed into Government service. Salaries are paid to all PTD employees from January, 2020 onwards by the Government. An expenditure of Rs.5,380 crores has been incurred towards salaries of PTD employees from Jan 2020 to Oct 2021.

#### **5. Recruitment of Village & Ward Secretariat Employees**

To take governance to the last-mile and to provide services at the doorsteps to the citizens, 1.28 lakh regular employees were recruited in the newly established Village/Ward Secretariat system in the State.

The financial implication of the above measure is Rs. 2,300 crore per annum.

#### **6. Fresh recruitment with special focus on Health Sector**

13,677 employees in various categories like Doctors, Nurses & Other paramedical staff have been recruited in the Health Medical & Family Welfare Department to strengthen the public health care system in the State.

This has an estimated additional financial impact of Rs. 820 crore per annum on the State ex-chequer.

#### **7. Andhra Pradesh Corporation for Outsourced Services (APCOS)**

- i) With an intention to prevent corruption in recruitment and to create a seamless, hassle-free system of payment of salaries to the outsourced employees on the 1st working day of every month, it was decided to establish a pay roll agency under the Government. Accordingly, Government formed Andhra Pradesh Corporation for Outsourced Services (APCOS) to completely do away with the private outsourcing agencies to meet the requirement of outsourced manpower vide G.O.Ms.No.126, General Administration (SU.I) Department, Dt:18.10.2019 and G.O.Ms.No.136, General Administration (SU.I) Department, Dt:04.11.2019.
- ii) 98,016 employees have benefited through APCOS. Salaries are being paid through APCOS on 1<sup>st</sup> working day of every month to the Bank Accounts of all candidates. Statutory benefits like EPF & ESI are also being paid on time.
- iii) An expenditure of Rs. 2,040 crore is being incurred per annum through APCOS.

## **8. Other Welfare Measures to the Employees**

### **a) Resolving of promotional channel to MPDOs**

Long pending issue of finalization of seniority among Mandal Parishad Development Officers (MPDOs) of different feeder categories appointed between 1995 to 2011 has been resolved and the promotion channel has been finalized to MPDOs in the ratio of 5:3:3 for Direct Recruited MPDOs, MPDOs promoted from the feeder category of EO RD and MPDOs promoted from feeder category of Women and Child Welfare Department vide Memo No. PRR01-PEST(MPDO)/18/2021-ESST-V, PR & RD (Esst-V) Dept. dated 05-08-2021.

### **b) Creation of promotional channel to VROs (Gr-I):**

Vide G.O.Ms.No.154, Revenue (Ser.III) Department, dated 5-7-2021 orders have been issued for creation of promotional channel for the category of Village Revenue Officers (Gr-I) as Senior Assistants in supersession of the orders issued vide the G.O.Ms.No.132, Revenue (Ser.III) Department, dated 08-05-2020.

### **c) Filling up of 3,795 posts of VROs with VRAs**

Government in the G.O.Ms.No.13, dt. 27.01.2020 accorded permission to all the District Collectors in the State to fill 3795 posts of Grade-II Village Revenue Officers from the cadre of VRAs in relaxation of relevant Rules on the subject such as 3(iv) and Rule 4(iv)(a)(ii) and (iii) of AP VRO Service Rules 2008 as one time measure.

### **d) Extending benefit of five days Spl. Causal Leave to women employees:**

Government have issued orders for extending the benefit of availing five (5) days Special Casual Leave in addition to the existing (15) days Casual Leaves and (5) Optional Holidays per calendar year to all the Women Employees working under the control of State Government vide G.O.Ms.No18, Finance (HR.IV-FR&LR) Department dt.10.03.2021.

### **e) Continuing of payment of 30% of HRA to relocated employees:**

The payment of 30% HRA to relocated employees from Hyderabad working in AP Secretariat and HODs is continued till date.

## **Increase in HR expenditure**

- a) The Committee observed substantial increase in the salaries and pensions expenditure of the state. The expenditure on human resources has increased from Rs.52,513 crore in 2018-19 to Rs. 67,340 crore in 2020-21. The expenditure on salaries and pensions has surpassed (111%) the State Own Revenues in 2020-21 as depicted in the table below.

**Table 2: Increase in HR expenditure (Rs. crore)**

Category	FY 18-19	FY 19-20	FY 20-21
Salaries	31,165	33,102	37,458
Pensions	18,112	21,491	21,936
Other Salaries	3,235	6,297	7,947
Total Salaries + Pensions	52,513	60,890	67,340
State Owned Revenue	62,503	60,934	60,688
Revenue Expenditure	1,28,569	1,37,475	1,51,148
<b>Total Expenditure</b>	<b>1,63,960</b>	<b>1,73,701</b>	<b>1,85,626</b>
<b>% of SOR</b>	<b>84%</b>	<b>100%</b>	<b>111%</b>

- b) Further, it is observed that in comparison to various States of India, the HR expenditure as a percentage of overall expenditure in Andhra Pradesh is consistently very high as tabulated below:

**Table 3: HR expenditure as per cent of overall expenditure**

(Salary + Pension) % of Total Exp.	2018-19	2019-20	2020-21
AP	32%	35%	36%
Chhattisgarh	31%	33%	32%
Maharashtra	17%	20%	31%
West Bengal	25%	27%	31%
Odisha	27%	29%	29%
Madhya Pradesh	23%	23%	28%
Haryana	30%	29%	23%
Telangana	27%	27%	21%

### Study of 7<sup>th</sup> CPC report of Government of India and PRC of other States

15. The Committee also examined the 7<sup>th</sup> CPC report of the Government of India and the reports of Pay Revision Commissions of other States in order to understand the procedure and obtain a comprehensive view on the pay revision scenarios followed by the Government of India and other States.
16. The Committee also undertook a comparative study across GoI, other States with reference to Andhra Pradesh of key parameters like periodicity of the PRCs, fitment, HRA slabs and additional quantum of pensions which influence the pay revision as detailed below.

#### A. Fitment

- a) The Fitment sanctioned over the past few years has been consistently high in the State. In the 9<sup>th</sup> PRC, a 39% fitment was sanctioned against the recommended 27% & in the 10<sup>th</sup> PRC a fitment of 43% was sanctioned against

the recommended 29%. Thus, in the last 10 years (2 PRCs), the fitment sanctioned to the State Government employees was 82%, whereas the fitment sanctioned for Central Government employees for a period of 10 years (7<sup>th</sup> CPC) was only 14.29%.

**Table 4: Fitment recommended and sanctioned in AP**

Sl. No	PRC	Fitment Recommended (%)	Fitment Sanctioned (%)
1	1974	5	5
2	1986	10	10
3	1993	10	10
4	1999	20	25
5	2005	10	16
6	2010	27	39
7	2015	29	43

- b) The fitment recommended in the other States is lower than that of the Andhra Pradesh. It is also observed that many states are adopting the Central Pay Commission recommendations as tabulated below:

**Table 5: Fitment Comparison - GoI and States**

Government	Effective from	Fitment (%)
Andhra Pradesh	NA	23 (27)
Kerala	1st July 2019	10
Tamil Nadu	1st January 2016	2.57 factor
Central Government	1st January 2016	14.29
Uttar Pradesh	1st January 2016	14.29
Gujarat	1st August 2016	14.29
Rajasthan	1st October 2017	14.29

- c) The Committee observed that one of the key purposes of constituting PRCs by the States and by the Government of India is to recommend a suitable fitment benefit to employees to neutralise inflationary impact on prices of essential items of consumption effected through the merger of dearness allowance with basic pay. The procedure supposed to be adopted by the PRCs is also broadly similar i.e. by following the ILC norms. However, the Committee observed that the recommendations made by the latest CPC, latest PRC of Telangana and Andhra Pradesh are at wide variance. The 7<sup>th</sup> CPC has recommended 14.29% fitment for a period of 10 years, the Telangana PRC has recommended a 7.5% fitment for a period of 5 years, whereas the 11th PRC of Andhra Pradesh has recommended a 27% fitment for a period of 5 years. This wide variation in the fitment recommendations indicates that the process of pay revision is highly subjective and open to interpretation.

## B. House Rental Allowance (HRA)

- a) The HRA rates in Andhra Pradesh are higher, when compared with other States and that of the Government of India, as seen in the table below.

**Table 6: HRA rates comparison**

Population	10th PRC (Existing)	11th PRC (Proposed)	Telangana PRC	7th CPC	Karnataka PRC
50 lakhs and above	-	-	24%	24%	24%
25 lakhs to 50 lakhs	-	-	-	16%	-
10 lakhs to 25 lakhs	20% Max. Rs.15,000	22% Max. Rs.22,500	17%	16%	16%
5 lakhs to 10 lakhs	20% Max. Rs.15,000	20% Max. Rs.20,000	17%	16%	16%
2 lakhs to 5 lakhs	20% Max. Rs.15,000	20% Max. Rs.20,000	17%	8%	8%
50,000 to 2 lakhs	14.5% Max. Rs.15,000	14% Max. Rs.20,000	13%	8%	8%
Others	12% Max. Rs.15,000	12% Max. Rs.17,000	11%	8%	8%
Shifted from Hyderabad	30% Max. Rs.20,000	30% Max. Rs.26,000	-	-	-

## C. Pensions

- a) The 11<sup>th</sup> PRC has recommended to consolidate pension/family pension with dearness relief as on 1-7-2018. 27% of the basic pension/family pension is to be treated as fitment benefit.
- b) A revised scale of additional quantum of pension starting from 70 years of age has been suggested as shown in the table below. It is to be noted that the 6<sup>th</sup> and 7<sup>th</sup> Central Pay Commissions have recommended additional quantum of pension only from the age 80 years and above, which is also being followed by many other states.

**Table 7: Additional Quantum of Pension rates**

Age of the Pensioner	10 <sup>th</sup> PRC AP (Existing)	11 <sup>th</sup> PRC AP (Proposed)	7 <sup>th</sup> CPC
From 70 and less than 75	10%	10%	-
From 75 and less than 80	15%	15%	-
From 80 and less than 85	20%	20%	20%
From 85 and less than 90	25%	30%	30%
From 90 and less than 95	30%	35%	40%
From 95 and less than 100	35%	40%	50%
100 years and above	50%	50%	100%



17. In view of the above, the Committee observed that the recommendations of the 11<sup>th</sup> PRC has to be examined in conjunction with the overall fiscal position of the State, the welfare measures already extended to the employees, the report of the 7<sup>th</sup> Central Pay Commission, the latest PRC report of Telangana and the pay fixation/fitment followed in other States of the Union viz. Gujarat, Maharashtra, Uttar Pradesh, etc.
18. After detailed analysis of the salient features of the report of the 11<sup>th</sup> PRC as per the framework mentioned above, the Committee of Secretaries has made the following recommendations regarding implementation of 11<sup>th</sup> PRC recommendations.

## 18.1 Pay Scales

### 11<sup>th</sup> PRC Recommendation

- a) *The Master Scale concept is retained with 32 Grades and 83 stages (increased from 81 stages). The Master scale is formulated with the following features:*
- i. *Annual increment to range from 3% of the pay in initial stages to 2.34% at the end.*
  - ii. *Periodicity of increase in increment is recommended to be 3 years up to stage 72 in the Master Scale, 4 years for stage 73-80 and 2 years thereafter.*
- b) *The New Pay Scale is evolved by merging 100% of Dearness Allowance (as on 01-07-2018) with Basic Pay and adding the fitment benefit.*
- c) *The 'Minimum Pay' for the lowest paid employee is to be ₹.20,000/- per month.*
- d) *The 'Maximum Pay' in the Master scale is worked out to Rs1,79,000/- p.m. which represents a Maximum to Minimum ratio of 8.95.*
- e) *In the event of stagnation in pay scale, grant of up to 5 stagnation increments is recommended.*
- f) *The Master Scale structure recommended is as follows:*
- 20000-600-21800-660-23780-720-25940--780-28280-850-30830-920-33590-990-36560-1080-39800-1170-43310-1260-47090-1350-51140-1460-55520-1580-60260-1700-65360-1830-70850-1960-76730-2090-83000-2240-89720-2390-96890-2540-104510-2700-112610-2890-121280-3100-130580-3320-140540-3610-154980-3900-170580-4210-179000 (83 stages)*
- g) *The assignment of pay scales to the different categories of employees would be as recommended by the Commission in Volumes II, III and IV of this Report.*

**Observations/recommendations of the Committee of Secretaries:** The 11<sup>th</sup> PRC recommendations are acceptable in view of the enhancement of retirement age from 58 to 60 years and which justifies the key recommendation of increase of stages from the existing 81 stages to 83 stages. The other key recommendation regarding enhancement of minimum and maximum pay to Rs. 20,000 and Rs. 1,79,000

respectively are also found to be reasonable. Therefore, the Committee recommends to accept the PRC recommendations on pay scale at para 1(a) to 1(g) in toto.

## 18.2 Fitment

**11<sup>th</sup> PRC Recommendation:** The Commission has recommended a fitment benefit of 27 % on Basic Pay. 11<sup>th</sup> Pay Revision Commission arrived at 23% fitment benefit as per their calculations based on ILC norms. However, it recommended a 27% fitment benefit as Interim Relief of 27% is already being given by the State Government. The 11<sup>th</sup> PRC report reads:

*“The fitment benefit should be allowed so as to bridge the gap between the increase in Minimum Pay, as determined in the previous chapter based on the ILC norms, on 01-07-2018, over that fixed as on the date of implementation of the last RPS (i.e. 01-07-2013) less the neutralization of inflationary impact on prices of essential items of consumption effected through the merger of Dearness Allowance with Basic Pay. Based on this principle, in the present case the fitment works out to 23%*

*“Keeping in view the fact that the Government has already approved an Interim Relief of 27%, which is higher than the fitment percentage arrived at by the Commission based on the ILC norms, as mentioned above, the Commission deems it proper to recommend a fitment benefit of 27% “*

**Observations/recommendations of the Committee of Secretaries:** The Committee observed that the Fitment sanctioned over the past few years has been consistently high in the State. In the 9<sup>th</sup> PRC a 39% fitment was sanctioned against the recommended 27% and in the 10<sup>th</sup> PRC fitment of 43% was sanctioned against the recommended 29%. Thereby, in the last 10 years (2 PRCs), the fitment sanctioned to State Government employees was 82%, whereas the fitment sanctioned for Central Government employees for a period of 10 years (7<sup>th</sup> CPC) was only 14.29%. Further, the Committee also noted that the Telangana PRC has recommended a 7.5% fitment for a period of 5 years, whereas the 11<sup>th</sup> PRC of Andhra Pradesh has recommended a 27% fitment for a period of 5 years. This wide variation in the fitment recommendations indicates that the process of pay revision is highly subjective and open to interpretation. Further it is also observed that, increasingly, many states are dispensing with the constitution of State Pay Commissions and have either adopted or are moving towards adoption of Central Pay Commission recommendations.

After examining the above, the Committee is of the considered view that the higher fitments over the years have led to increase in HR expenditure beyond state own revenues and the State cannot sustain five yearly periodic pay revisions with abnormally high fitment benefits. Therefore, the Committee recommends to adopt a fitment of 14.29% as followed by the 7<sup>th</sup> Central Pay Commission.

### 18.3 Date of Effect of New Pay Scale

**11<sup>th</sup> PRC recommendation:** *The new pay scales may come into effect from 1-7-2018. Government may however take a view regarding the date from which the monetary benefit would accrue keeping in view its resource position and the various demands thereon.*

**Observations/recommendations of the Committee of Secretaries:** The Committee recommends the following on Date of effect of New Pay Scale,

- a) The Revised Pay Scales 2021 (RPS 2021) may be implemented w.e.f. 1-7-2018 as recommended by the 11<sup>th</sup> PRC.
- b) The Revised Pay Scales for PTD employees (erstwhile APSRTC employees) may be implemented w.e.f. 01-01-2020.
- c) The monetary benefit may be implemented w.e.f. 01-10-2022 i.e. salary for the month of October 2022 payable in November 2022.
- d) No arrears will accrue since the Interim Relief will continue to be paid till the implementation of the monetary benefit.

### 18.4 Dearness Allowance

#### 11<sup>th</sup> PRC recommendation

- a) *The existing practice of revising the Dearness Allowance (DA) twice a year, on 1st January and 1st July, in tandem with the sanction of DA by the Government of India may be continued.*
- b) *Since the Central rates of DA are based on the DA merged scales of 1-1-2016 while in the State DA is recommended to be fully merged on 1-7-2018, the Commission recommends a conversion factor of 0.91 for sanction of DA from 1-1-2019. It means that for every 1 % increase in DA sanctioned by the Government of India, the DA to be sanctioned by the State to its employees would be 0.91% starting from 1-1-2019.*

**Observations/recommendations of the Committee of Secretaries:** The recommendation of the PRC is only a continuation of the present policy of sanctioning additional DA twice a year.

The conversion formula to be adopted for release of DA based on Central DA has been worked out by PRC duly taking into the account the DA that exists as on 01.7.2018. The Committee recommends that the Conversion factor of 0.91% for sanction of DA from 1-1-2019 may be accepted in toto.

### 18.5 House Rent Allowance

#### 11<sup>th</sup> PRC Recommendation

- a) *HRA may be allowed at the following rates*
  - (i) *@ 30% of basic pay subject to a ceiling of ₹.26,000/- p.m. for employees shifting from Hyderabad on bifurcation of State.*

- (ii) @ 22% of pay basic pay subject to a ceiling of ₹.22,500/- p.m. in cities with population above 10 lakh
- (iii) @ 20% of pay basic pay subject to a ceiling of ₹.20,000/- p.m. in cities with population of above 2 lakh and up to 10 lakh.
- (iv) @ 14.5% of pay basic pay subject to a ceiling of ₹.20,000/- p.m. in cities with population of above 50,000 and up to 2 lakh
- (v) Rest of the employees @12% subject to a limit of ₹.17,000 p.m.

*The Commission however does not concur to the view of certain sections of employees that the same rate of HRA should be allowed for the staff recruited/ posted newly after shifting of the capital, since such employees have faced no unexpected disruption and have joined at Amaravati with full knowledge of all the extant service conditions;*

- b) *Additional HRA in lieu of rent free accommodation is retained at 8 % of basic pay, but the monetary ceiling is recommended to be increased from ₹.2,000/- to ₹.2,600/- p.m.*

**Observations/recommendations of the Committee of Secretaries:** The Committee examined the structure of HRA being followed by the Central Government and other States like Tamil Nadu, Karnataka, Rajasthan, etc. The 7<sup>th</sup> CPC followed a two-fold approach to arrive at appropriate rates of HRA. 1. It compared the rise in housing compensation with the cost of housing in major category cities. 2. It compared de novo the HRA after the rise in basic pay proposed with representative house rents in major category cities. The 7<sup>th</sup> CPC safely concluded that the rise in housing compensation has largely kept pace with the rise in rental values of all categories of cities.

In view of the above, the Committee recommends to adopt the HRA slabs being followed by Government of India (7<sup>th</sup> Central Pay Commission) as presented below.

- Employees in cities having a population up to 5 lakh: 8% of basic pay
- Employees in cities having a population from 5 to 50 lakh: 16% of basic pay
- Employees in cities having a population more than 50 lakh: 24% of basic pay

The Committee also observed that the benefit of higher HRA was accorded for a limited period to mitigate the immediate impact of the relocation of employees from Hyderabad as a temporary measure for a limited period. The continuance of the same after the elapse of a period of more than 6 years may not be reasonable. Therefore, the Committee recommends to discontinue the same.

The Committee noted that there may be a likelihood of reduction in the gross pay of some employees due to revision of the HRA slabs. Therefore, the Committee recommends to protect the gross pay of such employees as on the date of implementation of monetary benefit to avoid any financial loss and inconvenience.

This may be done by granting Personal Pay (PP) equivalent to the differential amount.

## **18.6 City Compensatory Allowance**

**11<sup>th</sup> PRC Recommendation:** *For the purpose of grant of City Compensatory Allowance, the Commission has recommended two slab rates, one for Visakhapatnam and Vijayawada and the second for the 12 other Municipal Corporations. The quantum of allowance is increased for all the pay ranges (Municipal Corporations of Visakhapatnam and Vijayawada ₹400-1000 and other Municipal Corporations ₹,300-750).*

**Observations/recommendations of the Committee of Secretaries:** The Committee noted that the Government of India and several other States have discontinued the concept of City Compensatory Allowance (CCA). The 6<sup>th</sup> CPC while recommending the abolition of CCA has noted that *“the classification of regions for the purposes of CCA is mainly based on the size of the population. It has been contended that size of the population cannot be an adequate index of the expensiveness of the localities. The Commission also notes that the Consumer Price Index numbers measure the changes in the price level over a period of time at a given place and do not indicate variations in the price levels from place to place at one time. The index, therefore, does not provide any criteria for classifying cities on the basis of relative expensiveness. This show that CCA does not really address the problem of providing proper compensation for relative expensiveness of a particular region/city. The Commission also notes that, apart from the problems of Housing and Transportation, larger cities and towns have much better facilities than smaller places. As such, no rationale may now exist for compensating any other factor other than accommodation and transportation in order to meet the high cost of living in large cities”*

In view of the above, the Committee recommends to discontinue the CCA in Andhra Pradesh as well in line with the practice being followed by Government of India.

## **18.7 Advance Increments**

**11<sup>th</sup> PRC Recommendation:** *The Commission has recommended not to grant in the normal course any special increment for possessing higher qualifications.*

**Observations/recommendations of the Committee of Secretaries:** The Committee, after examination of the recommendation, proposes that the same may be accepted in toto.

## **18.8 Loans and Advances**

### **11<sup>th</sup> PRC Recommendation**

- a) *The Commission has recommended that the Government tie-up with financial institutions for grant of House Building/Personal Conveyance loans and link up repayment to salary disbursement. Back-ended subsidy of 2.5% has been recommended on such loans;*

- b) *Pending such tie up, revised eligibilities, amounts and floating rate of interest linked to Repo Rate have been recommended in respect of all types of advances;*
- c) *It is recommended that the eligibility for 'Advance for purchase of Personal Computer' may be increased to a maximum of 3 times during the entire service career subject to a minimum gap of 7 years between the purchase of two successive computers and complete repayment of previous computer advance.*

**Observations/recommendations of the Committee of Secretaries:** The Committee recommends that the Government may facilitate tie up of loans with financial institutions for grant of House Building/Personal Conveyance/Personal Computer loans and link up repayment to salary disbursement, duly negotiating the most favourable interest rates for the employees.

Till the above tie-up is made, the Committee proposes that the existing arrangement may be continued.

## **18.9 Leave Benefits**

### **11<sup>th</sup> PRC Recommendation**

- a) *Additional 5 days Casual Leave has been recommended in favour of non-teaching women employees on par with the teaching women employees;*
- b) *Child Adoption Leave up to 180 days is recommended for woman employee having less than two surviving children if she legally adopts a child up to one year of age. Subject to the same conditions, paternity leave up to 15 days may be extended to 'single' male employees (unmarried/widower/divorcee) within a period of 6 months of child adoption;*
- c) *Child Care Leave has been recommended to be increased to 180 days in a maximum of three spells. It may also be extended to 'single' male employees (unmarried/widower/divorcee);*
- d) *Special Casual Leave of up to 7 days in a year is recommended for orthopedically challenged employees needing to change prosthetic aides. Same duration of Special Casual Leave has also been recommended for Nursing staff working in high risk ward;*
- e) *Revised rates have been prescribed for Ex-gratia Allowance payable to the employees who are granted extraordinary leave for the treatment of certain diseases.*

**Observations/recommendations of the Committee of Secretaries:** The Committee observed that 11<sup>th</sup> PRC has recommended additional leaves for women and orthopedically challenged employees which are justified and progressive in nature. Hence, the Committee recommends to accept the recommendations of 11<sup>th</sup> PRC on Leave Benefits in toto.

## 18.10 Medical Benefits

### 11<sup>th</sup> PRC Recommendation

- a) *In order to ensure financial sustainability of EHS, the quantum of employees' contribution should be increased in steps over a period of time along with similar step-up in the Government contribution;*
- b) *The pending claims of the network hospitals should be settled expeditiously by releasing additional funds to the Arogyasri Trust;*
- c) *The facility of Annual Health check-up may be extended to the Pensioner and his/her spouse;*
- d) *The Dr. YSR Arogyasri Trust may hold talks with a few hospitals in Hyderabad, Bangalore and Chennai, empanelled by the concerned State Governments, for inclusion under the EHS;*
- e) *Medical Allowance to Service Pensioners / Family Pensioners is recommended to be enhanced to ₹.500/- p.m.*

**Observations/recommendations of the Committee of Secretaries:** The Committee, after examination of the recommendation, proposes that the same may be accepted in toto.

## 18.11 Special Pays

**11<sup>th</sup> PRC Recommendation:** *The quantum/rate of Special Pay for the existing category of employees has been recommended to be suitably enhanced. In respect of a few categories, we have recommended its discontinuance.*

**Observations/recommendations of the Committee of Secretaries:** The 11<sup>th</sup> PRC has *inter alia* recommended constituting a separate Committee of senior secretaries and HR experts by the Government to review granting of special pay to the employees and pending the same 11<sup>th</sup> PRC recommended increase in rates of special pay in certain cases. The Committee has observed that the approach of the 11<sup>th</sup> PRC is adhoc as the recommendations are not in consonance with the ToR and therefore opines that a comprehensive view needs to be taken so that there is no discrepancy in the grant of special pays. Therefore, the Committee accepts the recommendation of 11<sup>th</sup> PRC to the extent of constitution of a separate committee of senior secretaries and HR experts to examine the issue of Special Pay and the existing guidelines on special pays are recommended to be continued till the recommendations of the aforementioned committee are finalised.

## 18.12 Other Allowances

### 11<sup>th</sup> PRC Recommendation

- a) *Mileage Allowance is recommended to be increased to ₹.15.50 per k.m. for petrol driven vehicles, ₹.11.50 per k.m. for diesel driven vehicles and ₹.6.40 per k.m. for motor cycles/ scooters.*
- b) *Rates of Daily Allowance and Lodging Charges may be enhanced by 33 % to ₹.300-600 per day for tours inside the State and ₹.400-800 per day for tours outside the State*
- c) *For the purpose of payment of lodging charges a fresh classification of places, inside and outside the State, has been drawn up and lodging charges have been fixed from ₹.300/- to ₹.1700/- per day.*
- d) *Conveyance charges to Court Masters and Personal Secretaries to Hon'ble Judges of A.P. High Court/ APAT has been increased to a maximum of ₹.5000/- per month.*
- e) *Fixed Travelling Allowance enhanced to a maximum of ₹.1700/- per month from the existing ₹.1200/- per month. The rates applicable for minimum 20 days touring in a month have been rationalised pro rata compared to the rates fixed for minimum 15 days touring in a month. Several new categories of employees from the Departments of Animal Husbandry, Cooperation, Sericulture, School Education and Panchayatiraj/ Tribal Welfare Engineering have been recommended to be added to the list to get FTA.*
- f) *The limit for Tuition Fee reimbursement has been enhanced to ₹.2500/- per annum per child, subject to a maximum of two children.*
- g) *Funeral Charges of deceased employee has been recommended for increase to ₹.20,000/-.*
- h) *Special Compensatory Allowance payable for working in the Tribal areas has been increased from the existing minimum and maximum of ₹.500/- per month and ₹.1275/- per month respectively to ₹. 700/- per month and ₹.1800/- per month.*
- i) *Substantial increases have been suggested in Uniform Allowance, Uniform Maintenance Allowance and Stitching Charges.*
- j) *Enhanced admissibility of Risk Allowance has been suggested and new categories have been added to the existing list of employees eligible for 'Risk Allowance' in the Departments of Animal Husbandry and Forest.*
- k) *'Ration Allowance' has been recommended at enhanced rates. New categories have been suggested for inclusion in the Insurance Medical Service and HM&FW departments.*
- l) *Increases have been recommended in 'Emergency Health Care Allowance', PG Degree and Diploma Allowance, Non Private Practice Allowance, Tribal Allowance and Rural Allowance for several categories of employees in Medical related Departments.*
- m) *'Readers Allowance' to Visually Challenged teacher and lecturers is recommended to be enhanced by 33 percent, up to a maximum of ₹. 1200/- per month.*



- n) 'Delhi Allowance' / 'Special Compensatory Allowance', to the staff working in the Andhra Pradesh Bhavan at New Delhi, has been recommended to be enhanced to 15% of Basic Pay subject to a maximum of ₹.5000/- per month.
- o) 'Special Gratuity Allowance' to drivers of AP Bhavan has been recommended to be increased to ₹.30/- per hour subject to a ceiling of 100 hours in a month.
- p) 'Conveyance Allowance' to physically challenged employees has been enhanced to 10% of Basic Pay subject to a maximum of ₹.2000/- per month.

**Observations/recommendations of the Committee of Secretaries:** The Committee, after examination of the recommendation, proposes that the same may be accepted in toto especially since it is beneficial to women and differently abled employees and are progressive in nature.

### 18.13 Pensionary Benefits

**11<sup>th</sup> PRC Recommendation:** *In respect of pensionary benefits our recommendations are the following:*

- a. *To consolidate pension/family pension with dearness relief as on 1.7.2018. 27% of the basic pension/family pension is to be treated as fitment benefit.*
- b. *To continue the existing provision of full pension after 33 years of qualifying service with 5 years of service weightage. Similarly, no change is recommended in the formula for fixation of pension/family pension.*
- c. *A revised scale of additional quantum of pension starting from 70 years of age has been suggested*
- d. *If a government servant dies while in service, enhanced family pension is recommended to be paid to his dependants for a period of up to 10 years without any upper age limit. In case of death after retirement the enhanced family pension should be payable for a period of seven years or up to the date on which he would have attained 67 years, had he survived, whichever is earlier.*
- e. *The conditions of 45 years age limit in respect of unmarried/ widowed/ divorced daughter of family pensioners may be rescinded and the stipulation regarding having children may be altered so as to exclude widowed/ divorced daughter having a child who has attained 25 years of age or started earning.*
- f. *To allow Dearness Relief on both the basic pensions (Service and Family) received by the same pensioner.*
- g. *The quantum of minimum pension/ family pension is recommended to be increased to ₹.10000/- p.m.*
- h. *The maximum amount of Gratuity payable at the time of retirement is recommended to be enhanced from ₹.12 lakh to ₹.16 lakh.*

- i. *The maximum limit for Death Relief amount on the death of a service pensioner/ family pensioner is recommended to be enhanced to ₹.20,000/-.*
- j. *The financial assistance is recommended to be increased to the level of minimum service pension/family pension (₹.10,000 per month) with dearness relief thereon after 1.7.2018.*
- k. *The existing ceiling limit of commutation at 40% of basic pension and provision regarding restoration of commuted portion of pension after 15 years should be continued.*

**Observations/recommendations of the Committee of Secretaries:** The Committee recommends to accept the 11<sup>th</sup> PRC recommendations on pensionary benefits as mentioned in 13(b), 13(d), 13(f) to 13(k) in toto.

Regarding recommendation on fitment i.e. 13(a), the Committee recommends to accept to consolidate pension/family pension with dearness relief as on 1.7.2018. However, the committee recommends 14.29% of the basic pension/family pension to be treated as fitment benefit.

Regarding recommendation on additional quantum of pension (AQP) i.e., 13 (c), the Committee observed that the intention of providing AQP is to mitigate the additional expenditure on healthcare for the pensioners who are in advanced age. The GoI has introduced AQP in the 6<sup>th</sup> CPC i.e. from the year 2006 only for the pensioners who are aged 80 years and above in different slabs duly considering the additional expenditure towards healthcare with increase in age beyond 80 years. The same age criterion was continued in the 7<sup>th</sup> CPC also. However, in contrast, basing on the recommendation of the 9<sup>th</sup> PRC in the year 2008 in the State of Andhra Pradesh, the AQP was introduced for the pensioners older than 75 years itself duly modifying the AQP slabs also. The entry age for AQP was further reduced to 70 years in 10<sup>th</sup> PRC along with rates and slabs. These changes adopted by the Govt of AP has led to substantial additional burden on state exchequer.

The Committee observed that the entry age of 80 years and the slabs being implemented for AQP by the GoI are based on the reasoning that the older pensioners require a better deal because their needs, especially those relating to health increase with age. Keeping in view the general improvements in the nutritional standards, extensive availability of healthcare facilities including super speciality care and the support given by the Government of AP in the form of EHS and additional medical allowance to all the pensioners, the Committee is of the view that the AQP slabs followed by GoI shall be adopted in toto by the Government of Andhra Pradesh and recommends the adoption of the same.

The Committee also noted that there is likelihood that the adoption of GoI slabs for AQP may reduce the gross pension to the pensioners in the age range of 70 to 79 years. Therefore, the Committee recommends to protect the **gross pension** of such pensioners as on the date of implementation of monetary benefit. This may be done by granting **Personal Pension (PP)** equivalent to the differential amount.

Regarding the recommendation on rescinding the age limit of 45 years in respect of unmarried/ widowed/ divorced daughter i.e., 13(e), the Committee is of the view of that under normal circumstances no person shall be dependent on their parents even after the age of 45 years. Therefore, extending pensionary benefits irrespective of age limit shall be extended only to those dependent children of government employees/pensioners who are physically/mentally disabled. Therefore, the Committee recommends that the 11<sup>th</sup> PRC recommendation of rescinding the age limit of 45 years in respect of unmarried/ widowed/ divorced daughter i.e., 13(e) may not be accepted.

#### **18.14 Work Charged Establishment**

**11<sup>th</sup> PRC Recommendation:** *The scales of pay of Work Charged establishment have been rationalised keeping in view the qualifications prescribed at the entry level and the service conditions.*

**Observations/recommendations of the Committee of Secretaries:** The Committee, after examination of the recommendation, proposes that the same may be accepted in toto.

#### **18.15 Full Time Contingent Employees and Contract Employees**

##### **11<sup>th</sup> PRC Recommendation**

- i. *The Commission recommends a remuneration of ₹.20,000/p.m. (i.e. the minimum pay of Last Grade Employees in the proposed RPS) plus DA to the Full-time Contingent/Daily Wage/ Consolidated Pay/NMR employees whose services have not been regularized and who are already drawing a remuneration of ₹.13,000/p.m. + DA in the 2015 RPS.*
- ii. *In respect of Contract employees also the remunerations may be fixed at the minimum of the time scale, in the now revised pay scale, of the equivalent category in regular employment in the Government.*
- iii. *The revision in remuneration in respect of these employees may be given effect to simultaneously (with effect from the same date) with the regular Government employees.*

**Observations/recommendations of the Committee of Secretaries:** The Committee, after examination of the recommendation, proposes that the same may be accepted in toto.

#### **18.16 Home Guards**

##### **11<sup>th</sup> PRC Recommendation**

- i. *They may be paid Daily Allowance at the rate of 1/30th of the Minimum Pay (in the Revised Pay Scale recommended in this report for the Police Constables) plus Dearness Allowance thereon at the rates applicable to the Government employees from time to time.*

- ii *The Home Guards may be allowed to draw TA/DA at the rates applicable to Police Constables when they are sent on bandobaust duty to a place which is more than 8 km. from their normal place of duty.*

**Observations/recommendations of the Committee of Secretaries:** The Committee has noted that the fixation of pay of Home Guards is not in the ToR of 11<sup>th</sup> PRC. By making recommendations regarding the revision of honorarium of the Home Guards, the 11<sup>th</sup> PRC has traversed beyond its jurisdiction.

Further, the Committee has observed that the daily duty allowance to Home Guards was only Rs. 400 per day up to 2018 which was increased Rs. 600 per day w.e.f 18.06.2018 and further increased to Rs. 710 per day w.e.f 12.10.2019. Thus, the daily duty allowance for home guards has already increased by **77.5%** within last 2-3 years. Therefore, the Committed is of the view that there is no case for any further enhancement of daily duty allowance for home guards.

In view of the above, the Committee recommends that the recommendation of the 11<sup>th</sup> PRC w.r.t. home guards may not be accepted.

## **18.17 Automatic Advancement Scheme**

### **11<sup>th</sup> PRC Recommendation**

*The existing scheme of AAS may continue with the following modifications:*

- (1) *The present SPP Scale II/SAPP ScaleII, eligible after 24 years of service in the same post, may be rechristened as SPP Scale IIA/SAPP ScaleIIA*
- (2) *An employee, on completion of 30 years of service in a particular post, may be granted one increment in the SPP Scale IIA/ SAPP Scale IIA, as the case may be, which shall be called the Special Promotion Post Scale II-B/ Special Adhoc Promotion Post Scale II-B.*
- (3) *The benefit of Automatic Advancement Scheme may be continued up to and inclusive of Grade25 in the revised scales i.e., ₹.76730-162780.*

**Observations/recommendations of the Committee of Secretaries:** The Committee, after examination of the recommendation, proposes that the same may be accepted in toto.

## **18.18 Human Resources to Meet Contemporary Requirements of Governance**

### **11<sup>th</sup> PRC Recommendation**

- a. *Each department should draw up a Recruitment Plan, updated on annual basis, containing details of existing vacancies in staff and officers, vacancies likely to arise in future due to retirement/ promotion etc. and phase wise recruitment to be made through APPSC / DSC or through Contract.*

- b. *In future Contract staff may be appointed only against positions which are temporary in nature and not against permanent positions. Those of the qualified Contract employees, who have been appointed on merit after following transparent and competitive recruitment process, may be regularised in service against available vacancies in permanent posts.*
- c. *Outsourcing should be only of services such as cleaning and maintenance, security/ watch and ward, bill collection, managing reception desks, supply of vehicles/drivers etc. These functions should be outsourced to Agencies on competitive tendering and in future no individual personnel should be hired on outsourcing basis.*
- d. *Gaps in training should be identified, department wise, by a Committee constituted under the auspices of the Andhra Pradesh HRD Institute, Bapatla and budgetary support provided for planning and conducting induction/ refresher training programmes for different categories of employees.*
- e. *General Administration (Services) Department may constitute a Committee to review, in a time bound manner, the Service Rules of all the departments in consultation with the respective Heads of Departments. While doing so adequate attention should be given to the aspect of career planning.*
- f. *Executive staff at the field level may be provided with mobile phones with CUG connectivity to quicken the process of decision making, problem solving and to monitor progress.*
- g. *Increasing number of 'Government to Citizen' (G2C) services should be brought under the umbrella of 'Mee Seva'.*

**Observations/recommendations of the Committee of Secretaries:** The Committee recommends that the observations made by PRC on “Human Resources to Meet Contemporary Requirements of Governance” may be examined and acted upon appropriately as and when the policies are formulated concerning the same.

**19. Other Recommendations of the Committee of Secretaries:** The Committee further made the following recommendations.

#### **19.1 Shifting to Central Pay Commissions**

- i. The Government of India has historically appointed Central Pay Commissions as multi-member bodies with strong secretarial support staff. Such arrangements have enabled the Commissions to benefit from the experience, expertise, scholarly knowledge of members & staff, which contribute towards insightful recommendations, duly factoring in financial and economic intricacies while determining the fitment & other benefits.
- ii. The recommendations of the Central Pay Commissions, based on multiple inputs & rigorous processes are on a firmer footing.
- iii. It has been observed that, increasingly, many States of the Union are adopting the Central Pay Commission's recommendations for their employees.

- iv. In view of the reasons stated supra, the Committee recommends that, as is done by several other States, the Government of Andhra Pradesh may also align the subsequent revision of pay and pensions of the employees/pensioners with that of the Central Pay Commissions. The practice of constituting State Pay Revision Commissions may be discontinued.

## 19.2 Village/Ward Secretariat

The Committee noted that the subject relating to pay/revision of the pay of Village/Ward Secretariat employees, was not under the scope of the PRC, as this category of employees did not exist at time of the constitution of the 11<sup>th</sup> PRC, that this cadre was created subsequently with consolidated pay of Rs 15,000 per month & service rules were framed for (17) of the (19) cadres.

The Committee felt that as Village/Ward Secretariat employees play an important role in governance at the cutting-edge level, & though the matter relating to the pay/revision of pay of Village/Ward Secretariat employees, was not under the scope of the PRC, it would not be desirable to leave the matter unaddressed as this would lead to unwarranted anxiety among these employees.

Therefore, after careful examination of the matter, the Committee considered it just & proper to recommend that the pay scales as per the service rules issued for the various cadres of the Village/Ward Secretariat employees be confirmed as the pay scales of the concerned cadres for the purpose of the 11<sup>th</sup> PRC.

The regularisation of the Village & Ward Secretariat employees at these scales would lead to an additional expenditure of around Rs 1,800 crore on an annual basis upon the State exchequer.

The pay scales are as mentioned in Table 8.

**Table 8: Pay for Village & Ward Secretariat Employees**

S.No	Designation	Scale
1	Panchayat Secretary Grade V	15030-430-15460-470-16870--510-18400-550-20050-590-21820-640-23740-700-25840-760-28120-820-30580-880-33220-950-36070-1030-39160-1110-42490-1190-46060
2	Panchayat Secretary Grade VI (Digital Assistant)	14600-430-15460-470-16870--510-18400-550-20050-590-21820-640-23740-700-25840-760-28120-820-30580-880-33220-950-36070-1030-39160-1110-42490-1190-44870
3	Mahila Police	
4	Animal Husbandry Assistant (AHA)	
5	Fisheries Assistant	
6	ANM	
7	Engineering Asst	
8	Village Agriculture Assistant (Gr-II)	
9	Village Horticulture Assistant	
10	Village Sericulture Assistant	
11	Village surveyor	
12	VRO	
13	Welfare assistant	
14	Ward Administrative Secretary	
15	Ward Amenities Secretary	14600-430-15460-470-16870--510-18400-550-20050-590-21820-640-23740-700-25840-760-28120-820-30580-880-33220-950-36070-1030-39160-1110-42490-1190-44870
16	Ward Education & Data processing Secretary	
17	Ward Planning & Regulation Secretary	
18	Ward Sanitation & Environment Secretary	
19	Ward Welfare & Development Secretary	

**19.3 Cadre Rationalisation**

The Committee also considered that there is an imminent need to streamline the entire work force of the State across Departments and align the existing human resources of all Departments in tune with contemporary requirements of the State, & the Committee has recommended to take up the following activities in a time-bound manner.

- a) Cadre Rationalisation-Formulating criteria to determine the nature of recruitment to all cadres, eliminating/suppressing redundant cadres & posts, and redeploying

people currently working in those cadres, formulate guidelines for implementation of the same by all Departments, including suppression of posts and the creation of supernumerary posts, as required.

- b) Study the existing system of engaging personnel on contract basis and formulate a policy to standardize contract employment practices across all Departments, HoDs & other Autonomous Organizations.
- c) Study the existing system of compassionate appointments, evaluate its performance till date, costs and benefits, and formulate a policy that meets its objective of supporting the family of deceased government employees of certain categories.

## **20. 11<sup>th</sup> PRC Recommendations on Public Transport Department (APSRTC)**

**20.1 Pay Scale:** *The Commission is of the view that a proper and full integration of the former APSRTC employees in the Government service, on their absorption in PTD with effect from 01-01-2020, presupposes that they have uniform pay structure and pay scales with that of the other Government employees. Accordingly, the Commission recommends that the Revised Master Scale comprising of 32 Grades and 83 stages, suggested by us in Vol-I of this Report, be made applicable to the PTD employees also.*

**20.2 Assignment of equivalent Government Pay Scales:** *Each category of PTD employee has been assigned a corresponding pay scale in RPS-2018. The Commission has also recommended that the employees drawing the 9 or 18 year Stagnation Grade pay scales in the APSRTC may be assigned the Special Grade Post Pay Scale and Special Promotion Post Scale I-B/ Special Adhoc Promotion Post Scale I-B (under the Automatic Advancement Scheme-AAS) corresponding to the RPS- 2018 scale assigned by this Commission against the basic post held by the employee in APSRTC RPS-2017.*

**20.3 Principle of pay fixation in RPS-2018 with effect from 01-01-2020:** *The Commission has recommended that the pay fixation of the PTD employees, who were in service prior to 01-07-2018, be done in a two-step process i.e. first by fixing the pay notionally in RPS-2018 as on 01-07-2018 and then by re-fixing the pay in RPS-2018 as on 01-01-2020. For the first step the Commission has recommended a fitment benefit of 1.6% % on the Basic Pay as on 01-07-2018 in the APSRTC RPS-2017. A prescription has also been made in respect of pay fixation of employees who have joined duty in the APSRTC between 01-07-2018 and 01-01-2020.*

**20.4 Dearness Allowance:** *Dearness Allowance (D.A.) with effect from 01- 01-2020 (date of absorption) shall be the same as the Dearness Allowance fixed by the State Government for all its employees following the prescription in Chapter-7 of Vol-I of our Report.*

**20.5 House Rent Allowance (HRA):** *The same rates of HRA, as already recommended for the State Government employees in Chapter-7 of Vol-I, are recommended for application to the PTD employees also with effect from 01-01-2020. In addition, we have recommended that PTD employees, whose work stations have been fixed at Hyderabad, Bengaluru and Chennai, shall also be eligible to draw HRA @ 30% of Basic Pay subject to a maximum of ₹.26,000/- per month.*



**20.6 City Compensatory Allowance (CCA):** *The Commission has recommended for the PTD employees the same rates of CCA as those recommended for the other State Government employees stationed in different Municipal Corporation areas. Separates rates have also been indicated for the PTD employees head quartered in Hyderabad, Bengaluru and Chennai Municipal Corporations.*

**20.7 Other Allowances, Special Pay, Perquisites and Incentives:** *The other Allowances, Special Pay, Perquisites and Incentives etc. have been rationalised after examining the rationale for extending such benefits.*

**20.8 Protection of total emoluments of PTD employees:** *In case, for any PTD employee the gross total emoluments (sum total of Pay and Allowances), as fixed on 01-01-2020 in the RPS-2018, falls short of his/her total emoluments in the existing APSRTC scale, such shortfall may be treated as Personal Pay to be absorbed in future increases in pay and allowances.*

**20.9 Automatic Advancement Scheme (AAS):** *The Commission recommends that the PTD employees may be extended the benefits of AAS, in lieu of the existing Stagnation Grade Scale Scheme of APSRTC, in the following manner:*

- a) *The benefit of AAS Scales may be given on absorption into Government Service i.e. 01-01-2020, on satisfying the eligibility conditions and following the guidelines stipulated under the Scheme;*
- b) *As in the case of other Government employees, the benefit of Automatic Advancement Scheme may be allowed up to and inclusive of Grade 25 (₹.76730-162780) in the revised scales;*
- c) *The total qualifying service in any category put in by a PTD employee i.e., including the APSRTC service prior to 01-01-2020 and Government service from 01-01-2020, may be counted towards determining eligibility for AAS Scales.*

**20.10 Other Service Benefits:** *All service benefits including leave benefits, advances, medical facilities and special benefits for Differently Abled Employees, Compassionate Appointment Scheme, Insurance Coverage under APGLI/GIS etc, which are available to the other Government employees, may be made applicable to the PTD employees also with effect from 01-01-2020 (date of absorption). Similarly, the past regular service rendered in the APSRTC should be counted for all purposes on absorption in the Government.*

**20.11 Pensionary Benefits:** *PTD employees absorbed in Government service on 01-01-2020, be given an option to either continue with EPS-95 or join the CPS. The PTD employees, who opt for CPS, will automatically be covered under the DCRG Scheme applicable to the other Government employees. In case, however, they opt to continue under EPS-95, they may be allowed get the benefit under the APSRTC Gratuity formula as before.*

**20.12 Other Retirement Benefits:** *It is recommended that the PTD employees, who are absorbed into Government service on 01-01-2020, should be entitled, after their retirement, to the following other benefits on par with other Government employees:*

- a) *Encashment of accumulated Earned Leave*
- b) *Coverage under EHS*
- c) *Death Relief*

- d) *Medical Allowance*  
e) *Benefits applicable on voluntary retirement / retirement on medical grounds*

**Observations/recommendations of the Committee of Secretaries:** The Committee, after examination of the recommendations, proposes that the same may be accepted in toto with the exception of those relating to fitment, HRA and CCA.

In respect of the recommendations made by 11<sup>th</sup> PRC for PTD employees relating to fitment, HRA, and CCA, the Committee of Secretaries is of the view that the recommendations made by it with respect to fitment, HRA, and CCA for Government employees may be adopted for PTD employees as well so that there is uniformity with Government employees post the full integration of former APSRTC employees in to PTD w.e.f. 1-1-2020.

Further, the Committee also recommends that the Revised Pay Scales for PTD employees (former APSRTC employees) may be implemented w.e.f. 01-01-2020.

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<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>
Dr. K.V.V. Satyanarayana	Shashi Bhushan Kumar	Shamsher Singh Rawat
Secretary, Finance (Budget) (Member)	Principal Secretary (Services) (Member)	Principal Finance Secretary (Convenor)

<b>Sd/-</b>	<b>Sd/-</b>
Ajeya Kallam	Dr. Rajat Bhargava
Principal Advisor to CM (Special Invitee)	Special Chief Secretary, Revenue (Member)

**Sd/-**  
Dr. Sameer Sharma  
  
Chief Secretary to Government  
(Chairperson)