

The Seventh Central Pay Commission was appointed in February 2014 by the Government of India (Ministry of Finance) under the Chairmanship of Justice Ashok Kumar Mathur. The Commission has been given 18 months to make its recommendations.

The terms of reference of the Commission are as follows:

1. To examine, review, evolve and recommend changes that are desirable and feasible regarding the principles that should govern the emoluments structure including pay, allowances and other facilities/benefits, in cash or kind, having regard to rationalisation and simplification therein as well as the specialised needs of various departments, agencies and services, in respect of the following categories of employees:-
  - (i) Central Government employees—industrial and non-industrial;
  - (ii) Personnel belonging to the All India Services;
  - (iii) Personnel of the Union Territories;
  - (iv) Officers and employees of the Indian Audit and Accounts Department;
  - (v) Members of the regulatory bodies (excluding the RBI) set up under the Acts of Parliament; and
  - (vi) Officers and employees of the Supreme Court.
2. 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 parties, with due emphasis on the aspects unique to these personnel.
3. 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.
4. To examine the existing schemes of payment of bonus, keeping in view, inter-alia, its bearing upon performance and productivity and make recommendations on the general principles, financial parameters and conditions for an appropriate incentive scheme to reward excellence in productivity, performance and integrity.
5. To review the variety of existing allowances presently available to employees in addition to

pay and suggest their rationalisation and simplification with a view to ensuring that the pay structure is so designed as to take these into account.

6. To examine the principles which should govern the structure of pension and other retirement benefits, including revision of pension in the case of employees who have retired prior to the date of effect of these recommendations, keeping in view that retirement benefits of all Central Government employees appointed on and after 01.01.2004 are covered by the New Pension Scheme (NPS).
7. To make recommendations on the above, keeping in view:
  - (i) the economic conditions in the country and the need for fiscal prudence;
  - (ii) the need to ensure that adequate resources are available for developmental expenditures and welfare measures;
  - (iii) the likely impact of the recommendations on the finances of the state governments, which usually adopt the recommendations with some modifications;
  - (iv) the prevailing emolument structure and retirement benefits available to employees of Central Public Sector Undertakings; and
  - (v) the best global practices and their adaptability and relevance in Indian conditions.
8. To recommend the date of effect of its recommendations on all the above.