

## Has the 7th Pay Commission narrowed gap between Central government & private sector salaries?

Last year, IIM-Ahmedabad did a detailed study comparing the salary and emoluments of employees belonging to government and private sector. The study, commissioned and later factored in by the 7th Central Pay Commission (CPC), took a wide range of samples — doctors, engineers and accounts officers at higher levels, down to the lower skilled categories like electricians, plumbers and drivers. The 291-page study made two straightforward conclusions.



First, the government pays much more than the private sector does as far as low-skilled segments are concerned. Second, government salary is lower in the officers' segment than in the private sector, particularly in later years of the job.

After the CPC's recommendations were accepted by the government last week, the salary gap between a low-skilled employee in the government and private sector has widened further. The salary of a newly recruited government driver, for instance, is now Rs 18,000 per month, more than double the prevailing market rate. At the officer's level, the starting monthly salary is Rs 58,100.

Government Officer's Salary (Per Month)			
Entry Level: <b>₹56,100</b>	Joint Secretary: <b>₹1.82 lakh</b>	Secretary: <b>₹2.25 lakh</b>	Cabinet Secretary: <b>₹2.5 lakh</b>

**Note:** Cost-to-government is much higher if perks such as car, driver, accommodation, phone bills and other allowances are factored in

Yes, if compared with a private sector CEO's salary which ranges between Rs 12.5 lakh and Rs 2.5 crore per month — according to data available with HR consulting firm Omam Consultants — the salary of the cabinet secretary seems paltry; the topmost bureaucrat in the country takes home Rs 2.5 lakh per month. But then, you can't ignore the embellishments — the tangible and non-tangible perks doled out to a government officer

# Private Sector

## Executive's Salary (Per Month)

Junior Management:

**₹25,000**  
**to ₹2.5 lakh**

Middle Management:

**₹80,000**  
**to ₹5.8 lakh**

Senior Management:

**₹2.5 lakh**  
**to ₹25 lakh**

CEOs: **₹12.5 lakh to**  
**₹2.5 crore**

(Includes perks; inputs taken  
from Omam Consultants)

Sample this. A Central government officer gets accommodation in Lutyens' Delhi — the market value of the rent of the cabinet secretary's bungalow on 32 Prithviraj Road, for example, is several times more than his salary.

An officer also gets a car, a driver, phone bill reimbursements, unlimited medical benefits for self and dependents, pension and a whole range of allowances, including one-time book allowance for Indian Foreign Service officers, and then a secret allowance — an undisclosed amount paid to officers working in the cabinet secretariat for dealing with top secret papers and performing sensitive duties.

In fact, many of the 196 allowances that exist in the government were not known publicly till Justice (retired) AK Mathur-headed pay panel placed each one of those in public domain and recommended the abolition of 52 such allowances, something that the government has not given a go-ahead as yet, and instead referred the matter to another panel.

And then there are non-tangibles — from job security and prestige to clout (read beacon) associated with the job, something that can't be measured in monetary value.

## Work Satisfaction

Union finance secretary Ashok Lavasa acknowledges that compensation for government employees has gone up considerably, thanks to the liberal approach of the last two pay commissions; the recommendations of the 6th CPC were implemented retrospectively from January 1, 2006.

He reckons that this may explain why the number of government officers who resigned and moved to the private sector has gone down in recent years, though there are no ready statistics to back this.

"Government offers you an amazing range of responsibilities and opportunities to work in public interest. Those who want to move out to the private sector, I think, are attracted by another set of challenges — the private sector has risks but a lot of rewards too," points out Lavasa, adding that domain experts from the private sector often join the government for reasons other than salary.

Amitabh Kant, Lavasa's colleague in bureaucracy and CEO of NITI Aayog, argues that no government servant can now be dissatisfied with her pay package after the government decides to implement the 7th CPC in totality. He says it is the job content in the government, and not the salary at all, which attracts young people to join the civil services.

"I could have joined a private company. But I knew I would not get any satisfaction by selling toothpaste," says Kant, a bureaucrat often credited with driving some major campaigns such as God's Own Country, Incredible India and Make in India. Kant joined IAS in 1980 but is now serving in NITI Aayog on a two-year contract after his retirement in February this year.

## ...and Novel Allowances



### **Book Allowance:**

Indian Foreign Service officials get a one-time grant of ₹15,000 for purchase of books and study material



### **Briefcase Allowance:**

₹10,000 for Union secretary-ranked officers as reimbursement of expenditure incurred on purchase of briefcase, official bag, purse and the like



### **Secret Allowance:**

A lump sum amount (exact amount not known) paid per month to employees of cabinet secretariat for dealing with top secret papers and performing sensitive duties

Human resources consultants who ET Magazine spoke to are broadly in agreement with the findings of the IIM-Ahmedabad study. But it's not all black and white.

For instance, after the 7th CPC, salaries in government have an edge over the private sector, at least in the first 10 years of experience. Although remuneration in the private sector is still more attractive at senior levels, the 7th CPC has perhaps made the task of wooing talent from government even more difficult.



**Bad Climate Allowance:**

Paid (up to ₹600 per month) to Central government employees serving in areas designated as "bad climate area" or "unhealthy locality" by the government



**Family HRA Allowance:**

Granted to Central government servants posted in Northeast region; employees are allowed to retain their house at the last place of posting

Note: 7th Central Pay Commission recommends abolition of 52 of 196 allowances, but the government has decided to continue all allowances till a newly constituted panel decides on the allowances in the next four months