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**GOVERNMENT OF INDIA
MINISTRY OF DEFENCE**

New Delhi, the 5th September, 2016

RESOLUTION

No: 02(E)

No. 1(7) /2016/D (Pay/Services)

1. The Seventh Central Pay Commission (CPC) was set up by the Government of India vide Ministry of Finance (Department of Expenditure) Resolution No. 1/1/2013-E.III(A) dated 28th February, 2014. The Commission submitted its report on 19th November, 2015. The report covered among other things, matters relating to structure of emoluments, allowances and conditions of service of Armed Forces personnel. Government has given careful consideration to the recommendations of the Commission relating to these matters in respect of Personnel Below Officer Rank (PBOR) of the Armed Forces and have decided that the recommendations of the Commission on the aforementioned matters in respect of these categories of Defence personnel shall be accepted as follows. Some of the major points in respect of the Defence Personnel (PBOR) are as mentioned below:

- (i) Implementation of the revised pay structure will be w.e.f 01.01.2016;
- (ii) Pay related matter;
 - a) The existing system of Pay Band and Grade Pay has been replaced with separate Pay Matrix for Defence forces personnel as specified at Annexure-II.
 - b) Fixation of pay of each employee in the new Pay Matrix as on 01.01.2016 would be done by multiplying his/her basic pay by a factor of 2.57.

Note-1 With regard to fixation of pay in the new Pay Matrix as on 01.01.2016, the existing pay (Pay in Pay Band plus Grade Pay) in the pre-revised structure as on 31.12.2015 shall be multiplied by a factor of 2.57. The figure so arrived at is to be located in the Level corresponding to employee's Grade Pay in the new Pay Matrix. If a Cell identical with the figure so arrived at is available in the appropriate Level, that Cell shall be the revised pay; otherwise the next higher cell in that Level shall be the revised pay of the employee.

Note-2 After fixation of pay in the appropriate Level as specified in Note-1 above, the subsequent increments shall be at the immediate next Cell in that Level.

(iii) Increase in Military Service Pay (MSP) of Personnel Below Officer Rank (PBOR) from Rs. 2000/- to Rs. 5200/- p.m. MSP would be counted only for Dearness Allowance (DA) and Pension purposes;

(iv) There would be two dates for grant of increment viz. 1st January and 1st July of every year, instead of existing date of 1st July. However, an employee will be able to avail annual increment only on one of these two dates depending on the date of appointment, promotion or grant of financial upgradation;

(v) Recommendations on Allowances (except Dearness Allowance) would be referred to a Committee comprising Finance Secretary & Secretary (Expenditure) as Chairman and Secretaries of Home Affairs, Defence, Health & Family Welfare, Personnel and Training, Posts and Chairman, Railway Board as Members. The Committee would submit its report within a period of 4 months. Till a final decision on Allowances is taken based on the recommendations of this Committee, all Allowances would continue to be paid at existing rates in existing pay structure, as if the pay had not been revised w.e.f. 1.1.2016 i.e. , status quo would be maintained;

(vi) Arrears of Pay would be paid during the current financial year;

(vii) Recommendations not relating to pay and allowances and other administrative issues specific to department/ cadres/ posts would be examined separately as per the Transaction of Business Rules/ Allocation of Business Rules.

2. Other instructions on Pay Fixation and increment not specifically covered in these instructions will be as in the Government of India, Ministry of Finance (Department of Expenditure) Resolution No. 1-2/2016-IC dated 25th July, 2016.

3. The decisions taken by the Government accordingly on various recommendations of the Commission in respect of Personnel Below Officer Rank (PBOR) of Armed Forces are indicated in the statement at Annexure-I to this Resolution. New Pay Matrix applicable to Personnel Below Officer Rank (PBOR) is at Annexure-II.



(V. Anandarajan)
Joint Secretary to the Government of India

Annexure-I

STATEMENT SHOWING THE RECOMMENDATIONS OF THE VII CENTRAL PAY COMMISSION RELATED TO PERSONNEL BELOW OFFICER RANK (PBOR) OF THE ARMED FORCES AND GOVERNMENT DECISION THEREON (FIGURES REFERRED IN PARENTHESIS PERTAINS TO CHAPTER AND PARAGRAPH OF THE PAY COMMISSION REPORT)

Sl. No.	Recommendations of the VII CPC	Decision of the Government
1.	<p>Fitment Factor: The Seventh CPC has recommended fitment in the pay band in the following manner:</p> <p>“The fitment in the new matrix is essentially a multiple factor of 2.57. This multiple is the ratio of the new minimum pay arrived at by the Commission and the existing minimum pay. The fitment factor is being applied uniformly to all employees. It includes a factor of 2.25 to account for DA neutralisation, assuming that the rate of Dearness Allowance would be 125 percent at the time of implementation of the new pay as on 01.01.2016. The actual raise/fitment being recommended by the Commission is 14.29 percent. An identical fitment of 2.57 has also been applied to the existing rates of Military Service Pay (MSP), applicable to Defence forces personnel only.’ (Para 5.2.7)</p>	<p>Minimum Pay, Fitment Factor, Index of Rationalisation, Pay Matrix and general recommendations on pay recommended by the Commission in as much as it impacts PBORs accepted without any material alteration.</p>

2.	<p><u>Rate of increment:</u> The rate of annual increment is being retained at 3 percent. (Para 5.1.38)</p>	<p>There would be two dates for grant of increment viz. 1st January and 1st July of every year, instead of existing date of 1st July. However, an employee will be able to avail annual increment only on one of these two dates depending on the date of appointment, promotion or grant of financial upgradation.</p>
3.	<p><u>Military Service Pay for PBORs:</u></p> <p>The Defence forces personnel, in addition to their pay as per the Matrices above, will be entitled to payment of Military Service Pay for all ranks up to and inclusive of Brigadiers and their equivalents. The Commission recommends an MSP for Defence forces personnel at Rs 5,200 for JCO/ORs.</p> <p>MSP will continue to be reckoned as Basic Pay for purposes of Dearness Allowance, as also in the computation of pension. Military Service Pay will however not be counted for purposes of House Rent Allowance, Composite Transfer Grant and Annual Increment.(Para No. 5.2.22)</p>	<p>Rate of Military Service Pay (MSP) is accepted. However, MSP will be counted only for Dearness Allowance (DA) and Pension.</p>
4.	<p><u>Group 'X' Pay:</u> The Commission recommends:</p> <p>a) X pay for JCOs/ORs in Group X at Rs 6,200 per month: For all X trades which involve obtaining a qualification which is equivalent of a diploma recognised by AICTE. This amount is the difference in the minimum of the Pay level 6 (corresponding to Grade Pay of Rs 4200 in VI</p>	

