

want us to participate in the proceedings.

MR. CHAIRMAN: I cannot have 244 Members participating in the proceedings in this one hour. My ruling in final. Question No. 62.

**D. A. instalments due to the Central Government employee\***

•82. SHRI F. M. KHAN:

DR. RAFIQ ZAKARIA: SHRI

N. K. P. SALVE:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that another instalment of dearness allowance has become due to the Central Government employees w.e.f. 1st July, 1980, in addition to the one which became due from 1st May, 1980; and

(b) if so, by when Government propose to make payment of the two instalments?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI MAGANBHAI BAROT): (a) and (b) A statement is laid on the Table of the House.

**Statement**

Government have already announced the payment of an instalment of dearness allowance to Central Government employees with effect from 1-5-1980. Orders for its payment are likely to be issued shortly. A further instalment of dearness allowance will become due for consideration only when the index average has crossed 368 points. The index figures so far received relate to the month of May, 1980. On the basis of these figures 12-monthly index average of the Consumer Price index works out to 366.50. The fact whether D.A. instalment will become due for consideration from 1-7-1980 will be known only

The question was actually asked on the floor of the House by Dr. Rafiq Zakaria.

sometime in August, 1980 when the index figures for June, 1980 are received from the Labour Bureau.

DR. RAFIQ ZAKARIA: Unfortunately due to the rise in prices of essential commodities, it is certain that another instalment of dearness allowance will become due in August, though the reply is rather vague about it. We know what the situation is. In view of that, I would like to know from the Finance Minister whether he has taken into consideration the repercussions of these repeated payment of dearness allowance to the Central Government employees on the ground that they become due as a result of rise in prices. There is no dispute as far as the payment of these instalments is concerned. But has he taken into consideration the repercussions of these on the finances of various States which are not powerful enough to bear these increasing burdens? As you know, the Finance Minister has been a very distinguished member of one of the most important State Governments and, therefore, I am sure he is aware of what happens as and when these instalments become due. It is no use saying that the States can look after their finances. The Finance Minister is not only in charge of the Central exchequer, he is also the custodian of the financial management...

MR. CHAIRMAN: I think you have made your point.

DR. RAFIQ ZAKARIA... of the entire country. Therefore, I would like to know whether he is devising some machinery by which the limited resources of the various States are not adversely affected and their developmental programmes do not suffer in the process.

SHRI R. VENKATARAMAN: There are two issues involved in this question. One is payment of dearness allowance- . .

MR. CHAIRMAN: Repeated instalments.

SHRI R. VENKATARAMAN: ... as and when it falls due. The other is repercussion of such payments on the State Governments' finances. I will now answer the two points.

So far as the recurrent payment of dearness allow; nce is concerned, we are obliged under an agreement with the staff to pay them dearness allowance whenever there is an eight point increase in the cost of living index calculated on an average of 12 months. Therefore, whenever there is such an increase we are obliged to give it unless my hon. friend is able to persuade the staff to forego this

DR. RAFIQ ZAKARIA: I have made it very clear that on this question there is no dispute. The Finance Minister will kindly note this.

SHRI R. VENKATARAMAN: Now, the recurrent payment part has been answered.

So far as repercussion of this on the State Governments is concerned, the fact that the Central Government is obliged to give instalments of dearness allowance as and when the increase in the cost of living index goes up by 8 per cent in an average of 12 months is very well known to the State Governments and they do provide for it in their own budget, just as we provide for the possible increase in our own budget. Some State Governments have not adopted the Central scale of dearness allowance. Some State Governments which think that they could afford to pay the same amount of dearness allowance as the Central Government pay, have adopted it and give it. Then, whenever the State has some financial problems or difficulties they come to the Central Government. And then, Sir, we discuss how best they can get over them. Some of them very freely make use of the overdraft facilities and some of them leave a deficit. All

these are discussed between the Centre and the States and then it is settled.

DR. RAFIQ ZAKARIA: Another question, Sir, the Finance Minister has himself admitted that they have to fall back on overdrafts.

MR. CHAIRMAN: A, one or the other things only.

DR. RAFIQ ZAKARIA: Yes. They have to adopt other measures and that is because those instalments have to be paid and about the payments to be made there is no dispute and I will certainly not be one of those who will ever suggest to the Finance Minister that whenever there is an increase in the prices of essential commodities, the Government servants are not to be given their DA. All that I am wanting to know from him is whether, knowing what the situation is, he should, leave the States like this and involve them in a process by which the developmental programmes of the States suffer, as he knows, so much or whether he should devise, as I said, some machinery by which there will be some kind of a co-ordination, some kind of an adjustment, between the Centre and the States and even some kind of a help from the Centre. The States have been protesting to the Centre for the past two decades against it. But nothing has been done.

MR. CHAIRMAN: Dr. Zakaria, I think this question was asked some days back and it was answered.

DR. RAFIQ ZAKARIA: No, no. There was no answer. Sir, we have been protesting on behalf of the States, as I said, for the last two decades.

MR. CHAIRMAN: Yes.

SHRI PILOO MODY: The answer was to pay more money.

DR. RAFIQ ZAKARIA: But there was no response at all. I expect from this Finance Minister, who is such

a good doctor and who knows how to prescribe the proper remedies, something...

SHRI PILOO MODY: But he does not know the disease. (*Interruptions*).

DR. RAFIQ ZAKARIA: ...and I want to know whether he will come to the rescue of the States and do something so that they are not left in the woods as it happens.

SHRI U. R. KRISHNAN: Sir, this side also. (*Interruptions*).

SHRI R. VENKATARAMAN: May I say something before you say "this side, Sir"? The long and short of the question is whether the Central Government can make...

MR. CHAIRMAN: Give subsidies.

SHRI R. VENKATARAMAN: ... further allocations for this. It will not be possible for the Central Government to make specific allocations for this purpose. But, whenever we have the Annual Plan discussions, the Planning Commission takes into account the non-Plan expenditure and then makes adequate provision. It is not possible to provide that whenever there is an increase in the DA, it will be made good by the Centre.

DR. RAFIQ ZAKARIA: Why don't you have a machinery?

MR. CHAIRMAN: Yes, Dr. Bhai Mahavir. (*Interruptions*). Mr. Salve is here. Yes, Mr. Salve.

SHRI PILOO MODY: We do not want Dhabe, but we want Salve.

MR. CHAIRMAN: Yes, Mr. Salve. We very often find you with Dr. Zakaria.

SHRI N. K. P. SALVE: Sir, today's papers have published the most disconcerting news that the wholesale price index has gone up by 2.8 per cent in June. Sir, the laws of economics are ruthless and they do not yield to pious platitudes nor do they yield to wishful thinking...

SHRI PILOO MODY: Nor to your rulings, Sir\*.

MR. CHAIRMAN: They are like this: It is a case of Canute and the sea. Yes, Mr. Salve.

SHRI N. P. K. SALVE: have nothing to say, Sir. Next time.

DR. BHAI MAHAVIR: Sir, I seek information on two or three points only. Number one: Is it a fact that the Third Pay Commission had observed that after 272 points the question of revising the DA would become irrelevant and a stage would be reached when the DA would have to be merged with the basic pay and, if so, does the Government have this in view when that proposal comes? I hope the Finance Minister will concede that the present increases in DA do not fully compensate the Government servants for the rise in the cost of living] Therefore, merger of the DA with the basic pay would be a step in the right direction. My second point, Sir, is that the Government takes three to six months for conceding a revision of DA after the rise in prices has been recorded by the index number. The result is that by the time the increase in DA is received the prices have gone up still further and it takes the shape of a dog trying to get at its own tail, round and round. We are in a vicious circle. Will the Government, therefore, Sir, agree to consider the proposal that in the case of Government servants also the DA should be linked with the cost of living in an automatic manner as has been done in the case of bank employees? These are the two points, Sir, and I would like a specific answer from the hon. Finance Minister.

SHRI R. VENKATARAMAN: Sir, the Third Pay Commission recommended a merger up to the point of 272, or thereafter it said that whenever there is an increase of 8 points in an average of 12 months it must give one additional DA. Now the request is before the Government and the matter is being discussed in what is known as the JCM—Joint Consultative Machinery. This is not a matter for the Government to decide uni-

laterally. It is a matter for decision in consultation with the Joint Consultative Machinery of the staff.

DR. BHAI MAHAVIR: Will you appoint a Fourth Pay Commission?

SHRI R. VENKATARAMAN: Definitely no. Even the Third Pay Commission said that another Pay Commission is not necessary. In the Joint Consultative Machinery meetings there is a strong opinion against another Pay Commission. Just as Members of Parliament feel that we cannot in our relationship with our staff go beyond the wishes of the staff, in the matter of our relationship, in the matter of dearness allowance and salary we will go largely by our relations and discussions with the staff in the Joint Consultative Machinery.

DR. BHAI MAHAVIR: What about the merger of DA?

SHRI R. VENKATARAMAN: He said that the DA payment should be given on the basis of the cost of living index as and when it comes. Sir, this has also been a matter of discussion with the Third Pay Commission and the Third Pay Commission recommended that the average of 12 months should be taken in order to calculate the 8 points rise, and we are continuing it and there is no dispute between the staff and the Government in this matter.

DR. BHAI MAHAVIR: The Pay Commission recommended the merger of DA with the basic pay. That they did not accept. They accept only what is palatable to them and what is unpalatable to them they don't accept. What is this...

SHRI R. VENKATARAMAN: Government accepts whatever is feasible and does not necessarily accept everything.

SHRI U. R. KRISHNAN: I would like to know from the hon. Minister whether, while granting additional dearness allowance to Central Government employees, the Government will have consultations with the State—2.

Governments, with at least some of the deserving State Governments?

SHRI R. VENKATARAMAN: I have already replied to that point.

SHRI U. R. KRISHNAN: He has not replied.

MR. CHAIRMAN: He has already replied to another similar question.

SHRI JAHARLAL BANERJEE: Sir, as the price index has reached a record level this month according to a newspaper report and the Central Government is giving another instalment of DA to their employees, may I ask the hon. Minister whether they are thinking of giving some assistance to States so that they can give some relief to their employees?

MR. CHAIRMAN: This has already been answered. The Question Hour is over.

#### WRITTEN ANSWERS TO QUESTIONS

##### Lump sum payment received in lieu of one-fourth pension

\*83. DR. BHAI MAHAVIR: SHRI

KALRAJ MISHRA: SHRI LADLI

MOHAN NIGAM:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that under the recommendation of the First Pay Commission, pensioners were given a lump sum payment on their surrendering one-fourth of pension;

(b) whether Government have received representations from affected pensioners that the cut be restored in the case of those who have suffered it for a long period of 12 years or more; and

(c) whether a decision has been taken to accept the plea and if not what are the reasons therefor?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI MAGANBHAI BAROT): (a) A lump sum payment in the form of