CHAPTER - VI

REWARD MANAGEMENT IN INDIAN RAILWAYS
CHAPTER - 6

REWARD MANAGEMENT IN SOUTH CENTRAL RAILWAY

Reward management or compensation management is an important function within the organization and is typically part of personnel Human Resource Manager’s responsibility. One of the single most important facets of a job in the eyes of most employees is its rate of pay. The basic objective of reward management is to make the organization to attain its goals, individual employees are being treated fairly and their rewards must be linked with the trends of economic cycle. Thus reward management is concerned with designing, implementation and maintenance of remuneration system to its employees and workforce. Compensation is a broad term pertaining to financial rewards received by persons through their employment relationship with an organization. Generally speaking compensation is financial in nature because monetary outlay is required by the employer. Such monetary outlay may be ‘immediate’ payable within a short period of time or deferred payable at a later date. An employee weekly or monthly is an example of an immediate payment. Compensation can be direct where money is placed into the hands of the employee.

The pay or the wage has a direct impact on the movement of the wheel in a Rail transport. If the wheel is to be kept running uninterrupted, the hands behind the wheel must be paid acceptable and need based wages. Hence, wage fixation has become most delicate and complex area of personnel management in rail transport sector like Indian railways. It has been observed in any transport industry that wage-disputes constituted the single largest issue of industrial disputes. Unfavorable
wages create strong resentment and dissatisfaction although good wages need not necessarily lead to high level of productivity.\(^4\)

According to ‘Payment of Bonus Act 1965’ pay or wage means all remuneration capable of being expressed in terms of money, be payable to an employee in respect of his employment or work done. Remuneration in respect of overtime is excluded from pay or wage.

**Methods of Wage Payment**

Out of several methods of wage system like Time-wage system, payment of results, incentive wages, straight piece rate scheme and task bonus system adopted Time-wage system. Under the latter system of wages, the workers are remunerated according to some measure of time like a day, week or a month as in the case of Indian Railways. In this variant time wage scheme, the worker receives usually monthly salary according to a scale of pay which indicates a progressive in the scale at some fixed rate popularly known as increments, for each completed year of satisfactory service.

It is always necessary for the management to prepare and communicate to the staff on their salary policies. If such policies are too specific, they can use the trade unions for bargaining point. The reward management strategies should aim to develop pay and other allowance structure which in turn will help the organization to get and retain the people it needs.

Rewards Management Policies need to be formulated to ensure that the development of the various components of the systems are geared to
achieve its overall aims. The main areas in which management policies need to be formulated are:  

a) Levels of rewards- How much should be paid  
b) Performance related reward – incentives and Bonus schemes.  
c) Market policy – to keep pace with the market rate.  
d) Equity- equal pay for equal work  
e) Salary structure – Enabling sufficient degree of flexibility and ensuing adequate amount of control to avoid in equities and  
f) Control- To achieve a delicate balance between extremes of rigidity.  
g) Total remuneration- The best mix of basic salary and other benefits.  
h) Communication- information to the staff with regard to salary system.  

For the services rendered to an organization, the management has to compensate adequately for such persons. Compensation includes besides salary, bonus superannuation benefits like pension etc. In any organization the salary levels are dependent on four factors viz.  

➤ What enactment of state and central Government – Modified sometimes by tribunal and courts.  
➤ Wage rate in community or in similar industry.  
➤ Influence of trade unions.  
➤ Corporate philosophy on salary.  

Fringe benefit may be called as indirect benefits which supplement the salary or wage. They are supplementary compensation in addition to
wages to stimulate the workers on job. Through, they are termed as fringe benefit they are neither mere gringes peripheral wage trimmings but substantial part of the wage of salary structure. In Indian Railways, fringe benefits are under two categories viz., statutory and non-statutory. Under the former provident fund scheme, gratuity, pension, employees state insurance, medical aid, accident benefits, death benefits etc. The latter benefits are loan for house purchase children education; leave travel concession (LTC) fair price shops, personal transport etc.

Pay Fixation in Indian Railways

The pay fixation in Indian Railways is done in different appointments as explained below

Initial appointment

The pay of Railway servant at the time of initial appointment is fixed at the minimum of scale of pay to which he is appointed except where in special Cases, when advance increments are granted by an authority who has the powers to create permanent post in the same scale of pay.

On Promotion

Where a Railway servant holding a post in substantive, temporary of officiating capacity is promoted or appointed is a substantive, temporary or officiating capacity to another post carrying duties and responsibilities of greater importance than those attaching to the post held by him, his initial pay in the time scale of the higher post shall be fixed at the stage next above the pay notionally arrived at by increasing his pay in respect of the lower post by one increment subject to the condition that amount to be added to the pay in lower post before fixing the pay in
higher post should not be less than Rs. 25 at the stage at which such pay has accrued.7

Appointment from ex-cadre to another ex-cadre post

For fixation of pay in cases of promotion to ex-cadre post, the railway servant is entitled to draw pay in scale of pay attached to the higher ex-cadre post, in accordance with the term and condition of deputation or transfer sanctioned for him.

Appointment from ex-cadre post to cadre post

In case a railway servant who draws pay in the scale of pay attached to ex-cadre post if he reverts to his parent cadre, and is appointed in that cadre to a post higher than ex-cadre post immediately held before reversion, his pay shall be fixed with reference to the pay drawn or admissible to him in the post in is cadre.

Appointment from one ex-cadre to another ex-cadre post

On appointment to a second or subsequent ex-cadre post in a higher pay scale than that of the previous ex-cadre, the pay may be fixed with reference to the pay drawn in ex-cadre post and if the pay so fixed happens to be less than the pay drawn in the previous ex-cadre post, the difference may be allowed as personal pay to be absorbed in future increases in pay.

Fixation of pay on re-employment

In fixing the pay on re-employment of Railway employees, retired central/state Government employees, retired defense personnel, the following instructions may be observed:
(a) Re-employed pensioners shall be allowed to draw pay in the prescribed scales of pay for the post in which they are re-employed. No protection of the scales of the scales of pay of the post held by them prior to retirement shall be given.

Under Next below Rule

The intension of the rule is that an officer out of his regular line should not suffer by forfeiting acting promotion which he would otherwise have received had he remained in his regular line. If follows that the fortuitous acting promotion of someone junior to an officer who is out of regular line does not in itself, give rise to a claim under the “next below” rule.

Before such a claim is established, it would be necessary that all the officers Senior to the officer who is out of the regular line have been given acting promotion and also the officer next below him, unless in any case the acting promotion is not given because of inefficiency, unsuitability or leave. In the event of one of these three being applicable to the officer immediately below the officer outside his regular line then some other officer, even more junior, should have received acting promotion and the officer, if any, in between should have been passed over for one of these reasons.

The Indian Railways is a central Government Public Sector undertaking functioning directly under Ministry of Railways. Salary Administration and the payment of other allowances of this sector is formulated and recommended by the central pay commission appointed by the Government of India. The pay commission is comprising of a chairman, and other along with a Member Secretary. The Commission is
assigned with the assignment of looking into and makes recommendations on proposed pay Revision and other related matters in order to arrive at effective salary structure. The commission generally makes recommendations by taking into account the relevant factors like economic conditions of the country, paying capacity of the central Government, developmental plans, defense and national security commitments and the repercussion on the financial position of Indian Railways etc. Since the pay revision is enunciated by the increased cost of living and prevailing pay structure, and the course of deliberations with trade unions compels the commission and the government to recommend for interim relief payable monthly with the salary till the revision is affected. In the event of recommendation made for the interim relief by the commission it also specifies the date from which the relief is to be implemented.

In the process of pay revision, the commission is responsible to recommend such revisions in enabling the employees to lead a respectable standard of living with their peers. Successive pay commissions have been set by the central Government for evolving compensation packages for employees at intervals of 10 to 13 years. The commission examines various issues like pay, allowance, condition of service, retirement benefits, and submit their recommendations. Constituting pay commissions is a device adopted by the Government to exhibit that the demands of the employees are enquired into by an independent body. The recommendations of the commission are binding both the employer and employee in the organization.

Supreme Court judgment on pay commissions held that pay commissions are expert bodies who functioning are of job evaluations,
equations of pay, determination of pay scales and the court should not interfere in these matters. However, if any grave error having crept in to white fixing the pay scales may however warrant the inference of the court.  

Appointment of Pay commissions – Retrospect

A look into the history of appointment of pay commissions for Indian Railways shows that the first pay commission was appointed by British Government in May 1946, which submitted its report in May 1947. The second Central pay commission was setup in August 1957, eleven years after the first and it submitted it report in August, 1959. The Third pay commission was constituted in April 1970, submitted its report in March, 1973. this clearly reveals that, there was a gap of 13 years in constitution of a pay commission and the commission has also taken 3 years time to submit its report as against two years time taken by the earlier commission. The fourth commission which was constituted in July 1983 submitted its final report in May 1987, which took four years to submit the Report. The fifth pay commission submitted its report after 2years and 9months of its constitution and the revised pay scales as recommended by it came into effect from 1.1.1996.

Revised Pay Scales

In fixing the pay of an employee in the revised scale of pay it is to be ensured that he gets at least one increment in the revised scale of pay for every three increments(inclusive of stagnation increments, if any) drawn by him in the existing scale of pay. It is not clear when the next increment should be granted in such cases it appears that there has been some confusion about the manner in which the next increment is to be
regulated in respect of employees who have drawn stagnation increments in the pre-revised pay scales.

It is also not clear the manner in which pay the revised scales is to be fixed in cases where the ‘existing emoluments’ computed after adding an amount representing 40 percent of the basic pay in the pre-revised scales.

The manner of payment of arrears on account of revision of scales of pay and allowances in respect of those employees who have superannuated on or after 1st January 1996 is also not clear.

Sixth Central Pay Commission

Revised pay Rules, 2008.

These rules are followed from the 1st day of January, 2006.

The rules applied to the categories of Railways servants

Rules not applied to Permanent employees:-

(i). Permanent employees of former Indian States absorbed in Railway Services so long as such persons continue to be governed by the pre-absorption conditions of service under the Railway Services.

(ii). Persons locally recruited for service in Diplomatic Consular or other Indian establishments in foreign countries;

(iii). Persons not in whole-time employment;

(iv). Persons paid out of contingencies;

(v). Persons paid otherwise than on a monthly basis including those paid only on a piece-rate basis;

(vi). Persons employed on contract except where the contract provides otherwise;
(vii) Persons re-employed in Railway service after retirement;
(viii). any other class or category of persons whom the President may, by order, specifically exclude from the operations of all or any of the provisions contained in these rules.

Definitions

(1). “Existing basic Pay” means pay drawn in the prescribed existing scale of pay, including stagnation increment(s), but does not include any other type of pay like “special pay”, etc.

(2). ‘Existing scale” in relation to Railway servant means the present scale applicable to the post held by the Railway servant (or, as the case may be, (personal scale applicable to him) as on the 1st day of January, 2006 whether in a substantive or officiating capacity.

Explanation – In the case of a Railway servant, who was on the 1st day of January, 2006 on deputation out of India or on leave or on foreign service, or who would have on that date officiated in one or more lower posts but for his officiating in a higher post, “existing scale” includes the scale applicable to the post which he would have held out for his being on deputation out of India or on leave or on foreign service or, as the case may be, but for his officiating in a higher post.

(3). “Existing emoluments” means the sum of (i) existing basic pay, (ii) dearness pay appropriate to the basic pay and (ii) dearness allowance appropriate to the basic pay and (iii) dearness allowance appropriate to the basic pay + dearness pay at index average 536 (1982=100).
(4) “Present scale” in relation to any post/grade specified in column 2 of the First Schedule means the scale of pay specified against that post in column 3 thereof.

(5) “Pay in the pay band” means pay drawn in the running pay bands specified in Column 5 of the First Schedule.

(6) “Grade Pay” is the fixed amount corresponding to the pre-revised pay scales/posts.  

(7) “Revised pay structure” in relation to any post specified in column 2 of the First Schedule means the pay band and grade pay specified against that post or the pay scale specified in column 5 & 6 thereof, unless a different revised pay band and grade pay or pay scale is notified separately for the post.

(8) “Basic pay” in the revised pay structure means the pay drawn in the prescribed pay band plus the applicable grade pay but does not include any other type of pay like special pay etc.

In the case of Railway servants in the pay scales in HAG + and apex scale, basic pay means the pay in the prescribed scale.

(9) “Revised emoluments” means the pay in the pay band plus the grade pay of a Railway servant in the revised pay structure or the basic pay in HAG+ & above and includes the revised non-practicing allowance, if any, admissible to him, in addition.

(10) “Schedule” means a schedule annexed to these rules.
4. Scale of pay of posts

The pay band and grade pay or the pay scale, as applicable, of every post/grade specified in column 2 of the First Schedule shall be as specified against it in column 5 & 6 thereof.

5. Drawal of pay in the revised pay structure

These rules, a Railway servant shall draw pay in the revised pay structure applicable to the post of which he is appointed.

Provided that a Railway servant elect to continue to draw pay in the existing scale until the date on which he earns his next or any subsequent increment in the existing scale or until he vacates his post or censes to draw pay in that scale.

Provided further that in cases where a Railways servant has been placed in a higher pay scale between 1.1.06 and the date of notification of these Rules on account of promotion, up-gradation of pay scale etc, the Railway servant may elect to switch over to the revised pay structure from date of such promotion, up-gradation etc.

6. Exercise of Option

(1). The option under the provisions to Rule 5 shall be exercised in writing in the form appended to the Second Schedule so as to reach the authority mentioned in sub rule (2) within three months of the date of publication of these rules or where an existing scale has been revised by any other made subsequent to that date, within three months of the date of such order.
(i) In the case of a Railway servant the date of such, publications or, as the case may be, date of such order, out of India on leave or deputation or foreign service or active service, the said option shall be exercise in writing so as to reach the said authority within three months of the date of his taking charge of his post in India; and

(ii) A Railway servant is under suspension on the 1st day of January, 2006, the option may be exercised within three months of the date of his return to his duty if that date is later than the date prescribed in this sub-rule.

(2) The option shall be intimated by the Railway servant to the head of his office.

(3) The intimation regarding option is not received within the time mentioned in sub rule (1), the Railway servant shall be deemed to have elected to be governed by the revised pay structure with effect on and from the 1st day of January, 2006.

(4) The option once exercised shall be final.

7. Fixation of initial pay in the revised pay structure

(1). The initial pay of a Railway servant who elects, or is deemed to have elected under sub-rule (3) of rule 6 to be governed by the revised pay structure on and from the 1st day of January, 2006, shall unless in any case the President by special order otherwise directs, be fixed separately in respect of his substantive pay in the permanent post on which he holds a lien or would have held a lien if it had not been
suspended, and in respect of his pay in the officiating post held by him, in the following manner, namely.

(i) The pay in the pay band/pay scale will be determined by multiplying the existing basic pay as on 1.1.2006 by a factor of 1.86 and rounding off the resultant figure to the next multiple of 10.9

(ii) The minimum of the revised pay band/pay scale is more than the amount arrived at as per (i) above, the pay shall be fixed at the minimum of the revised pay band/pay scale.

The fixation of pay, the pay of Railway servants drawing pay at two or more consecutive stages in an existing scale gets bunched, that is to say, gets fixed in the revised pay structure at the same stage in the band, then, for every two stages so bunched, benefit of one increment shall be given so as to avoid bunching of more than two stages in the revised running pay bands. For this purpose, the increment will be calculated on the pay in the pay band. Grade pay would not be taken onto account for the purpose of granting increments to alleviate bunching.

The case of pay scales in higher administrative grade (HAG) in the pay band PB-4, benefit of increments due to bunching shall be given taking into account all the stages in different pay scale in this grade. In the case of HAG, scale, benefit of one increment for every two stages in the pre-revised scale will be granted in the revised pay scale.10

The pay of a Railway servant gets fixed at a stage in the revised pay band/pay scale (where applicable) which is higher than the stage in the revised pay band at which the pay of a Railway servant who was drawing pay at the next higher stage or stages in the same existing scale
in fixed, the pay of the latter shall also be stepped up only to the extent by which it falls short of that of the former.

(iii) The pay in the pay band will be determined in the above manner. In addition to the pay in the pay band, grade pay corresponding to the existing scale will be payable.

8. Fixation of pay in the revised pay structure of employees appointed as fresh recruitments on or after 1.1.2006

First Scheduled of these Rules indicates the entry level pay in the pay band at which the pay of direct recruits to a particular post carrying a specific grade pay will be fixed on or after 1.1.2006.11

This will also be applied in the case of those recruited between 1.1.2006 and the date of issue of this Notification. In such cases, where the emoluments in the pre-revised pay scale(s) (i.e. basic pay in the pre-revised pay scale(s) plus Dearness Pay plus Dearness Allowances applicable on the date of joining) exceeds the sum of the pay fixed in the revised pay structure and the applicable dearness allowance thereon, the difference shall be allowed as personal pay to be absorbed in future increments in pay.

9. Rate of increments in the revised pay structure

The rate of increments in the revised pay structure will be 3% of the sum of the pay in the pay band and grade pay applicable, which will be rounded off to the next multiple of 10. The amount of increment will be added to the existing pay in the pay band. Illustration 5 in this regard is in the Explanatory Memorandum to these Rules. In the
case of PB-3, variable rates of increment at 3% and 4% have been provided. The higher rate of increment will be granted to not more than 20% of the strength of officers in PB-3.

Separate instructions in regard to variable increment will be issued through executive orders.

10. Date of next increment in the revised pay structure

There will be a uniform date of annual increment, viz, 1st July of every year. Employees completing 6 months and above in the revised pay structure as on 1st of July will be eligible to the granted the increment. The first increment after fixation of pay on 1.1.2006 in the revised pay structure will be granted on 1.7.2006 for those employees for whom the date of next increment was between 1st July 2005 to 1st January 2007.

Provided that in the case of persons who had been drawing maximum of the existing scales for more than year as on the 1st day of January, 2006, the next increment in the revised pay structure shall be allowed on the 1st day of January, 2006. Thereafter, provision of Rule 10 would apply.

Provided that in cases where an employee's reaches the maximum of his pay band, shall be placed in the next higher pay band after one year of reaching such a maximum. At the time of placement in the higher year pay band, benefit of one increment will be provided. Thereafter, he will continue to move in the higher pay band till his pay in the pay band reaches the maximum of PB-4, after which no further increments will be granted.
In cases where two existing scales, one being a promotional scale for the other, are merged, and the junior Railway servant, now drawing his pay at equal or lower stage in the lower scale of pay, happens to draw more pay in the pay band in the revised pay structure than the pay of the senior Railway servant in the existing higher scale, the pay in the pay band of the senior Railway servant shall be stepped up to that of his junior from the same date and he shall draw next increment in accordance with Rule 10.

11. Fixation of pay in the revised pay structure subsequent to the 1st day of January, 2006

Where a Railway servant continues to draw his pay in the existing scale and is brought over to the revised pay structure from a date later than the 1st day of January, 2006, his pay from the later date in the revised pay structure shall be fixed in the following manner:

Pay in the pay band will be fixed by adding the basic pay applicable on the later date, the dearness pay applicable on that date and the pre-revised dearness allowance based on rates applicable as on 1.1.2006. This figure will be rounded off to the next multiple of 10 and will then become the pay in the applicable pay band. In addition to this, the grade pay corresponding to the pre-revised pay scale will be payable. Except that the basic pay and dearness pay to be taken into account will be the basic pay and dearness pay applicable as on that date but dearness allowance will be calculated as per the rate applicable on 1.1.2006.
12. Fixation of pay on reappointment after the 1st day of January, 2006 to post held prior to that date

A Railway servant who had officiated in a post prior to the 1st day of January, 2006 but was not holding that post on that date and who on subsequent appointment to that post draws pay in the revised pay structure shall be allowed the benefit of the provision to Rule 1313 (FR 22) of Indian Railway Establishment Code, Volume II, to the extent it would have been admissible had he been holding that post on the 1st day of January, 2006, and had elected revised pay structure on and from that date.

13. Fixation of pay on promotion on or after 1.1.2006

The promotion from one grade pay to another in the revised pay structure, the fixation will be done as follows:-

(i). One increment equal to 3% of the sum of the pay in the pay band and the existing grade on pay will be computed and rounded off to the next multiple of 10. This will be added to the existing pay in the pay band. The grade pay corresponding to the promotion post will thereafter be granted in addition to this pay in the pay band. In cases where promotion involves change in the pay band also, the same methodology will be followed. However, if the pay in the pay band after adding the increment is less than the minimum of the higher pay band to which promotion is taking place, pay in the pay band will be stepped to such minimum.

(ii). In the case of promotion from PB-4 to HAG+ after adding one increment in the manner prescribed in Rule 9, the pay in the pay band
and existing grade pay will be added and the resultant figure will become the basic pay in HAG+. This shall not exceed Rs. 80,000, the maximum of the scale. For Railway servants in receipt of NPA, pay plus NPA will not exceed Rs. 85,000.

14. Mode of payment of arrears of pay

The arrears shall be paid on cash in two installments. The first installment should be restricted to 40% of the total arrears. The remaining 60% of arrears should be paid during the next financial year.

Explanation – For the purpose of this rule.

(a) “Arrears of pay” in relation to a Railway servant, means the difference between:

(i) The aggregate of the pay and allowances to which he is entitled on account of the revision of his pay and allowances under those rules, for the relevant period. Revised allowances (except for dearness allowances and non-practicing allowance) will be payable only with effect from 1.9.2008; and

(ii) The aggregate of the pay and allowances to which he would have been entitled (whether such pay and allowances had been received or not) for that period had his pay and allowances not been so revised.

(b) ‘Relevant period’ means the period commencing on the 1st day of January, 2006 and ending with the 31st August, 2008.

15. Overriding effect of Rules

The provisions of the Railway Fundamental rules, the Railways Services (Revision of Pay) Rules, 1947, the Railway Services
(Authorized Pay) Rules, 1960, the Railway Services (Revised Pay) Rules, 1973 Railway Services (Revised Pay Rules, 1986 and Railway Services (Revised Pay) Rules, 1997 shall not, save as otherwise provided in these rules, apply to cases where pay is regulated under these rules, to the extent they are inconsistent with these rules.

16. Power to relax

Where the President is satisfied that the operation of all or any of the provisions of these rules causes undue hardship in any particular case, he may, by order, dispense with or relax the requirements of that rule to such extent and subject to such conditions as he may consider necessary for dealing with the case in a just and equitable manner.

17. Interpretation

If any question arises relating to the interpretation of any of the provision of these rules, it shall be referred to the Railway Board for decision.

Dearness Allowances

During the last world war due to rise in price index dearness allowances was first granted to railway servants in terms of Railway Board’s Notification No. E.40 PAI 116 dated 19.3.1941. The principles governing grant of dearness allowances were thereafter revised by the two Central Pay Commission and later by Dass Commission and still later by Gajendradkar Commission and by Third Central Pay Commission.

(ii) Drawal of Dearness allowance in different circumstances –
Dearness allowances at the rates announced by the Government from time to time will be drawn by an employee on the basis of the following –

(1)(a) Basic pay including stagnation increment(s) and non-practicing allowance drawn by Railway Doctors, and

(b) The Running staff on the basis of 30% of the basic pay being the pay element in running allowances, over and above the pay as above.

The admissibility and the amount of the allowance to be drawn by a railway servant drawing varying rates of pay during the course of a month will be determined by the emoluments drawn by him during each particular broken period of a month.

A railway servant joining and leaving service in the course of a month, the allowance will be determined with reference to the monthly rate of pay and will be proportionate to the actual days of employment.

(2) The allowance will be drawn in the different circumstances as under:-

(a) A railway servant in foreign service may draw dearness allowances from the foreign employer on the basis of foreign service pay, if the foreign employer is willing to bear the cost and provided that the rates as well as the monetary limits (including marginal adjustments) for the eligibility for the allowances are not higher than those sanctioned for railway servants.

(b) During joining time and suspension the allowance will be granted on the basis of joining time pay/subsistence allowance.
(c) During recorded leave the rates of dearness allowances will be based on the leave salary actually drawn both for the purpose of monetary limit within which the allowance is admissible and for calculating the amount of the allowance. The allowance is not admissible during extraordinary leave without pay. As casual leave is not treated as leave dearness allowances will be drawn during casual leave at the same rate as admissible while on duty.

(d) Dearness allowance is admissible to railway servants based on leave salary sanctioned during study leave whether in India or abroad.

(e) A railways servant deputed for training abroad under the various officially sponsored training schemes may be allowed dearness allowances at the rate which he would have drawn had he not proceeded on deputation abroad or training even in case of stay of more than six months in a single country irrespective of whether wife/ husband of the employee accompanies him/her or not. This will also be admissible irrespective of whether the officer is married or unmarried, divorced or widower.

(f) Leave preparatory to retirement spent in India dearness allowance will be admissible only during the first 180 days and in the case of terminal leave it will only be admissible during the first 120 days and of the leave spent in India, but if LPR is spent outside India dearness allowance will not be admissible.

The allowance is admissible on the basis of leave salary drawn during such leave.
(g) During unpaid holidays, workshop staff will be eligible for the allowance at the full rate applicable to them.

(h) A railway servant who is a Nepalese and Bhutanese National shall be eligible to dearness allowances during leave preparatory to retirement spent by him in Nepal and Bhutan respectively in the same way as it is allowed to the Railway servants of Indian Nationality during leave preparatory to retirement spent by them in India.

(i) A railway servant while on leave preparatory to retirement avails himself of such leave concurrently with his new appointment in the Railway, he will be granted dearness allowances in respect of his new appointment based only on the pay of such employment. The allowance will neither be admissible on leave – salary nor will leave salary be taken into account in calculating the allowance.

**Allowance to Military officers** – Military officers in civil employment drawing civilian rates of pay will be eligible for the Dearness allowance as admissible to Railway servants in corresponding grades, while Military officers drawing Military rates of pay and allowances will be governed by the rules or orders on the subject applicable to the personnel of the Armed Forces.

**Running Allowance & ALK**

Running allowance means the allowance ordinarily granted to non-gazetted railway servants for the performance of duty directly connected with the charge of moving train. The staff drawing running allowance is not entitled to daily allowance.
Running, allowance is admissible to running staff which includes, drivers, firemen, shunters, guards, and Asst. Guard, breaks man.

**Allowance In Lieu Of Kilometrage (Alk)**

This allowance is granted to running staff with a view to compensate them for the loss of kilometrage which they would have normally earned on running duty had they not been engaged on not-running duties.

**Allowance In Lieu Of Running Room Facilities (R.R.F.A)**

At outstations where running rooms are not provided, running staff may be paid., “Allowance in lieu of running room facilities at the rates specified for every 24 hours or part thereof reckoned form the time of “signing off” at the outstation subject to the period of rest exceeding four (4) hours between train arrival and train departure timings.

**Night Duty Allowance**

Night duty allowance is an allowance paid to the staff of certain categories for working 22.00 hours to 6.00 hours, Each hour of duty performed within this period is weighed equal to 10 minutes and the total hours of weightage so arrived at in a month are paid for at the following prescribed rated. A period more than ½ hour is taken as one hour and less than ½ hour is ignored. Pay for the purpose includes pay plus special pay, personal pay, dearness allowance & CCA.

**Bad Climate Allowance**

Railway employees (both gazetted and not-gazetted) who has been posted to work in unhealthy localities are sanctioned a special pay on
account of the unhealthiness of the locality in which he has to perform his duty. This allowance shall be paid when it is declared by the railway board on the basis of notification issued by the concerned state government when locality is leading to unpreventable control over the environmental conditions aggravated by unhygienic conditions.

**Hard Duty Allowance**

Group 'D' shunting porters of Loco, Carriage & Wagon and Transportation departments who accompany pilots in the collieries and for shunting and similar other duties will be paid hard duty allowance at Rs.21.15p. for the first trip from 1.6.79 for every subsequent trip, Rs.15/- per trip will be paid. The hard duty allowance is renamed as 'Coal Pilot Allowance'.

In addition to above allowances paid to the officers as well as employees of Indian railways who are eligible to receive, the following other types of allowances are paid to them. They are, shunting duty allowance for running staff, dual charge allowance for those who perform dual responsibilities. Composite hill compensatory allowance who serve in hill stations. Deputation allowance for medical doctors, messing allowance to those who are attending training programmers in training institutions, officiating allowance to those officers who work in a higher grade post for a minimum period of time, out turn allowance is telegraph and wireless employees, project allowance to those employees who are working in the project localities, uniform allowance for employees working in nursing allowance to nurses, conveyance allowance to doctors. Extra Duty allowance for railway protection Force; special compensatory (tribes/scheduled agency area) allowance for those who work in tribal area pockets, remote locality allowance, border allowance.
to those working 16 kms. Away from international border and cycle allowance so on.

**Increments**

Addition pay, dearness allowances and other allowances, as stated above, every year increments are also paid to employees including officers of Indian railways whenever they are due to them. Usually the superior officer of the employee certifies that the work and conduct of the employee are satisfactory. Then the sanctioning authority grants increments. An increment is drawn from the 1st of the month in which it falls due except when it is withheld as a punishment.

**Efficiency Bar**

The principle of efficiency bar is followed in Indian railways where an efficiency bar is prescribed in the time scale, the increment next above the bar will not be given to the employee unless he is certified as fit to cross efficiency bar by the competent authority.

**Analysis of Rewarding Policy In Indian Railway**

By the analysis of rewarding policy of Indian railways, it is evident that an attempt is made to raise the standard of living of the lowest paid employees and to bridge the gap between the lowest and the highest salaries in the organization. The criteria in determination of pay structure which had been highlighted in earlier pages reveals that it is purely determined on need based and capacity of bear. The capacity of the Government to pay the pay scales recommended by the pay commissions had been taken uppermost cognizance in maintaining the balance between the employees and the Government. The inferences pertaining to the central pay commission on the principle of pay determination and other
aspects is an exposure of the policy of India. Railways since the central pay commission recommendation has to be adopted and implemented even by the Indian railways as is being a central sector, through the procedure of getting approval and implementation order from the ministry of railways which will be implemented in Indian railways accordingly.

Since Indian railways is the biggest public sector organization with a huge man power had introduced both statutory and non-statutory welfare measures, whose cost in total cost is relatively significant.

The criteria in the determination of pay structure which had been highlighted in earlier pages reveals that, it is purely determined on need based, and capacity to bear.

The analysis also reveals that, the pace in the growth rate of cost is relatively faster than the growth rate of gross revenue. Given the situation, assuming to, continue, the sector is expected to face severe financial crisis, which necessitates formulating a strategic policy of bringing down the cost through introduction. Of modern technology will provide the solution to the future crisis. Therefore, it is evident from the trend analysis of reward management is that, the organization is implementing its policy towards corporate goals.

A further in – depth analysis per unit-wise i.e., per employee, in the sample zone reveals that, over the study period, the cost per employee also increased. This phenomenon is on account of increased staff cost due to gratuity and other superannuation payments made year after year over the study period., which was also the resultant of incentive measures
adopted by the railways, towards the reduction of manpower, though, the strength is falling down the staff cost instead of falling increased on account of such payments it has given this result, but this trend will be only for the few more years and thereafter the organization, will have an optimum manpower staff which will depict, the minimum level as per cost.

**Employee rewards and recognition**

Rewards and recognition can be powerful tools for employee motivation and performance improvement. Many types of rewards and recognition have direct costs associated with them, such as cash bonuses and stock awards, and a wide variety of company-paid perks, like car allowances, paid parking, and gift certificates. Other types of rewards and recognition may be less tangible, but still very effective. These "non-monetary" rewards include formal and informal acknowledgement, assignment of more enjoyable job duties, opportunities for training, and an increased role in decision-making.

**Attitude on Rewards in Railways**

In Indian Railways the reward schemes are implemented for the benefit of employees. To know how many employees are aware of reward schemes, a survey has been conducted. The respondents rated 1.98 as weighted average which is near to small extent as stated in table 6.1. It explains that most of the employees are not aware of reward schemes. Hence it is suggested that employees should make aware of the reward schemes for the beneficial of the employees. It is also beneficial to the organization. Indian railways should widely circulate the reward scheme to the employees through circulars and newsletters.
Table 6.1 - Attitude on Rewards in Railways

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Statement</th>
<th>Weighted Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Employees are aware of reward schemes.</td>
<td>1.98 (0.765)</td>
</tr>
<tr>
<td>2.</td>
<td>The scheme for recognizing employees on the job in protecting the interest of Indian Railways is effective</td>
<td>1.73 (0.566)</td>
</tr>
<tr>
<td>3.</td>
<td>High performing staff members are being recognized appropriately by the Indian Railways.</td>
<td>2.79 (0.671)</td>
</tr>
<tr>
<td>4.</td>
<td>Scheme of recognizing the job honesty of employees in protecting the employees interest is effective</td>
<td>1.71 (0.701)</td>
</tr>
</tbody>
</table>

Source: Information collected through employee questionnaire
Note: Figures in Parenthesis are Standard deviation.

The scheme of recognizing on the job alertness of employees in protecting the interest of Indian Railways should be effective. To know this a question is asked. The respondents gave a weighted average score of 1.73. It is just below to the small extent, it explains that the recognition on the job alertness of employee in protecting the interest of Indian Railways is very less. Hence, it is suggested that Indian Railways should make the scheme of recognizing employees on the job to protect the interest of its own should be more effective. There should be a method of identifying high performing employees to recognize them and to reward them.

As explained above the high performing employees should be identified and recognized with rewards to motivate them. A question is asked in this regard. The respondents gave a weighted averages score of
2.79. It is less than to moderate extent, it explains that high performing staff members are moderately recognized and rewarded.

In Indian Railways mainly protecting the employees towards job honestly plays a vital role because the employee who is honest towards his job supports the organization climate and culture. The contribution given by an employee to the organization helps to develop various strategies in service sector. When asked this the respondents rated 1.71 as the weighted average, it is just below small extent. It reveals the scheme of recognizing the employees who are honestly at their job work could not be protected. Hence it is suggested the honesty of employees should be recognized and identified so as the employees will contribute their knowledge and their performance towards the development of the organization at various strategic levels to achieve the goals of the Indian Railways.

**Compensation**

Humans are regarded as one of every company's assets so they need to be efficiently and effectively managed. One of the tools companies use to attract, retain and motivate its people is Compensation Management.

Compensation refers to this exchange, but in monetary terms. Compensation is the employer's feedback for an employee's work. It simply is the monetary value you would give to your four employees in return of their services.

Gary Dessler in his book Human Resource Management defines compensation in these words "Employee compensation refers to all forms of pay going to employees and arising from their employment." The
phrase 'all forms of pay' in the definition does not include non-financial benefits, but all the direct and indirect financial compensations.

Advantages of Compensation & Benefits

Advantages to Your Boutique

A well designed compensation and benefits plan helps to attract, motivate and retain talent. A well designed compensation & benefits plan will benefit your boutique in the following ways.

1. **Job satisfaction:** Your employees would be happy with their jobs and would love to work for you if they get fair rewards in exchange of their services.

2. **Motivation:** We all have different kinds of needs. Some of us want money so they work for the company which gives them higher pay. Some value achievement more than money, they would associate themselves with firms which offer greater chances of promotion, learning and development. A compensation plan that hits workers’ needs is more likely to motivate them to act in the desired way.

3. **Low Absenteeism:** Why would anyone want to skip the day and watch not-so-favorite TV program at home, if they enjoy the office environment and are happy with their salaries and get what they need and want?

4. **Low Turnover:** Would your employees want to work for any other boutique if you offer them fair rewards.

Employee attitude towards salaries and Benefits

In Indian Railways the salaries paid according to the central pay commission. At present the Indian Railways employees are receiving six
pay commission salaries as already explained. The salaries are fixed according to the position, cadres like technical, non-technical branches. Those who do hard work are paid accordingly to the hard core jobs – like gaurage mend drivers. The salaries of any employee should commensurate the work done by him. If it is not, the analyze will be demotivated. Hence, a question is asked to this extent. The respondents in the survey rated 2.91 as weighted average. It is just below the moderate level as stated in the table 6.2. It explains that salaries are received by the employees in the Indian Railways are commensurating their work.

### Table 6.2 - Attitude towards salaries and Benefits

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Statement</th>
<th>Weighted Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The salary that I receive is commensurate the work I do in organization</td>
<td>2.91 (0.698)</td>
</tr>
<tr>
<td>2.</td>
<td>The pay scales and benefits of this Organization treat each employee equitably.</td>
<td>2.78 (0.746)</td>
</tr>
<tr>
<td>3.</td>
<td>Whether benefits are innovatively packed and reviewed from time to time.</td>
<td>2.86 (0.752)</td>
</tr>
<tr>
<td>4.</td>
<td>Salaries in Indian Railways are comparable to the best in the industry.</td>
<td>3.28 (0.805)</td>
</tr>
<tr>
<td>5.</td>
<td>Pay policy attracts and retain high performance employees</td>
<td>3.82 (0.783)</td>
</tr>
<tr>
<td>6.</td>
<td>The pay and benefits cover all my expenses and needs</td>
<td>2.52 (0.643)</td>
</tr>
</tbody>
</table>

**Source**: Information collected through employee questionnaire  
**Note**: Figures in Parenthesis are Standard deviation.

The pay scales and benefits of the organization to employees decided according to the designation and the cadre (position) of the
employees, whether it is technical or not technical. While fixing the pay scales the management should treat all employees equally in that cadre. In this regard an enquiry is made the respondents given the weighted average rate of 2.78 which is below to moderate extent. It explains that the pays and benefits like incentives and welfare activities are decided by the authorities based on the position in Indian Railways. Hence it is suggested that the benefits which are essential and required to employees. The benefits authorities should take enough care in fixing pay scales and like hospitals amenities, schooling are equitable given to the employees.

The requirement of benefits to employees change from time to time. Accordingly, the organization should change them to suit the employees. Employees are asked whether employee benefits are innovatively packed and reviewed from time to time. The employees gave weighted average of 2.86. It is below moderate level. It implies that benefits are not innovatively packed. Hence, it is suggested that the benefits should be improved and given preference to those who work hard and those who are in need. The employee benefits should be innovatively designed and modified from time to time based on need.

To know whether the pay scales in Indian Railways are best in the service industry compared to other organizations. The survey has been conducted to evaluate the pay scales. The respondents rated 3.28 as the weighted average. It is just above the moderate extent. It explains that the pay scales are better when compared to other such organizations.

The pay policy of any organization should attract the new talent from the market. The employees once trained in an organization should be retained with the pay. It is tested in Indian railways whether
employees are attracted and retained in organization. The employees rated this 3.82 as weighted average. It is just below to large extent. It explains that pay policies attracts and retains high performance of employees in Indian railways.

Mostly the employees depend on salaries and benefits for their expenses and other needs. Hence, the pay offered by Indian railways should cover all expenses. To know the fact the survey has revealed that the respondents scored with weighted average 2.52, it is below to moderate extent. It explains that pay scales and benefits do not cover all the expenses and needs of the employees. Hence, it is suggested the organization should plan and expenses and needs of employees apart from position and cadre.
References


9) Railway board’s res.no. Pc-v/97/1/7/14, dt. 16.10.1997.
