

1. Government of India implemented the recommendations of 6<sup>th</sup> Pay Commission for its employees giving effect from 1.1.2006 for following categories of employees.

- a. Central Government employees including those belonging to Union Territories,
- b. members of All India Services,
- c. personnel belonging to the Defense Forces,
- d. officers and employees of the Indian Audit and Accounts Department (IA&AD) and
- e. Chairpersons/Members of Regulatory Bodies (except Reserve Bank).

2. As of now, none of the States in the North East and most of the other States has not implemented this pay package.

3. Notwithstanding the fact stated above and a poor revenue base, the State of Arunachal Pradesh announced implementation of Sixth Central Pay Commission Package for State Government employees from 01.01.2009 and also agreed for notional pay fixation from 01.01.2006 and also payment of 6 (six) months arrears in anticipation of augmentation of its own resources and financial support from Government of India in the form of Green and Peace Bonus.

4. Total requirement of funds for full implementation of Sixth Pay Commission package as per central pattern for 2008-2009 & 2009-10 is a whopping Rs. 1414.77 crores (Rs. 521.16 crores including 40% arrears + Rs. 893.61 crores including 60% arrears). The increase of expenditure for WC staff and wages of contractual, contingency and casual staff is not covered under the above calculation. In comparison, the financial implication for implementation of 5<sup>th</sup> Central Pay Commission in Arunachal Pradesh was just Rs. 55.00 crores.

5. To augment state's resources the State Government is initiating long term measures like increase in upfront fees for various categories of hydropower projects, introducing lease rent against Government lands being used by various Central Government Organizations like Army, ITBP, BRO, etc, and issuing instructions to them to pay royalty against all construction materials, etc.

6. State Government has also taken up the matter very strongly with Government of India for financial support in the form of Green and Peace Bonus. Hon'ble Chief Minister personally gave memorandum in PMO and met Shri P. Chidambaram, the then Union Finance Minister along with all cabinet colleagues. Memorandum for Green & Peace bonus was also given to Shri Pranab Mukherjee, Union Foreign Minister, on his visit to Tawang during recent Buddha Mahotsava Festival and to Shri Hamid Ansari, H.E. the

Vice President of India, during his visit to the state. However, till date not a single paisa has been received. Misleading information has been spread to the effect that fund has been released by the Central Government in terms of sixth pay commission. There is no truth in such rumours.

7. Shri Kalikho Pul, Hon'ble Minister (Finance) has also made persistent efforts since the announcement of acceptance of Sixth Central Pay Commission by Government of India, to get the same for State Government employees. He personally met Shri P. Chidambaram, the then Union Finance Minister twice in this regard and pleaded the case of the state personally before 13th Finance Commission and Planning Commission, at New Delhi. He also strongly placed the concern of the State Government to provide higher pay scales for its employees on Central Government pattern and the need for financial assistance by Government of India, before *Empowered Committee of State Finance Ministers* at New Delhi. **The Empowered Committee have thereafter recommended 50% financial support from GOI/13th Finance Commission to all the states to implement 6<sup>th</sup> Pay commission.** It is the result of his untiring efforts that State of Arunachal Pradesh has become the first State in North East to announce implementation of Central Sixth Pay Commission Package for State Government employees.

8. The state government has also furnished the information sought by Ministry of DONER within the scheduled time frame (Details in *Annexure-I*). Misleading information has been spread that State Government has not provided information to DONER regarding sixth pay commission. There is no truth in such rumours.

9. The Government of India did not provide financial assistance to any state during implementation of 5<sup>th</sup> Pay Commission, as was promised to states. The other hope for the State is 13<sup>th</sup> Finance Commission. However, during the recent visit of 13<sup>th</sup> Finance Commission to our state, **they have clarified that they cannot provide any help for Rs. 1414.77 crores, which is the additional financial implication from 01/01/06 to 28/02/2010, since their award period starts from April 2010. Further even for award period (2010-15) how much help 13<sup>th</sup> Finance Commission will actually provide will be known only after their award is announced.**

10. The debt burden of the state (Rs. 3012 crores) is very high and is second highest in the country at 80.6% of GSDP, after Mizoram, in percentage terms. We therefore cannot afford to borrow more, especially for revenue expenditure, as high debt is affecting the State's development expenditure as a large portion of our own revenues is consumed in loan repayment (with interest). **As against the state's total own revenue**

receipts of Rs. 367.04 crores, the amount of Rs. 346.86 crores would be utilized towards payment of principal and interest during 2008-09.

11. **Total numbers of regular government employees alone under the Government of Arunachal Pradesh are 51,359, in addition to 15,000 pensioners and other WC, casual, contractual and contingency staff.** We have more number of employees in relation to population. **The ratio of number of employees to population is highest (1:14) in comparison to other states.** Obviously, it has increased the financial burden on Arunachal Pradesh in comparison to other states.

12. The rumour that the state has comfortable cash balance is misleading since this cash balance is largely tied/earmarked funds like Rs. 265.00 crore under P.M's Package, Rs. 179.64 crore for long term reconstruction of 2005 floods damages, Rs. 35.00 crore unspent SPA of PM's Package of 2007-08, Rs. 25.00 crores as unspent ACA/SPA (2007-08), Rs. 141.48 crore as Other ACA earmarked under BADP, AIBP, RKVY, schemes etc, Rs. 48.48 crore under NLCPR, Rs. 9.60 crore for Police Modernization, Rs. 163.29 crore for CSS/Central Sector Schemes, Rs. 41.85 crore under NEC, etc. This amount cannot be diverted from developmental scheme specific expenditure towards salary, pension, etc.

13. **The funds from Government of India are for development schemes and any increase in administrative expenditure has to be met from state's own sources.** If these developmental funds are illegally diverted, it would have disastrous consequences, in terms of stopping further developmental funding by Government of India and recovery of this amount wrongly spent.

14. Therefore, even for implementing the Sixth Pay Commission proposal from 01/01/2009 without any arrear benefit, the State Government must augment its resources and the State Government has therefore accommodated its employees demand even beyond its present means. At present we are spending Rs. 751.00 crores (without sixth pay commission implementation) on just salaries alone, which will increase by another Rs. 521.27 crores next year with implementation of sixth pay commission, without any arrears. The total arrears have a huge financial implication of Rs. 738.36 crores (from 01/01/06 to 31/12/08), which is definitely beyond the financial capacity of the State Government from any means. The State Government has still agreed to provide six months of arrears, which will cost the Government around Rs. 123.06 crores. Any further accommodation would mean compromising the interest of the development of the state severely leaving no scope for any developmental scheme under normal AOP.

15. Further, other essential expenditure like on police administration, student stipend, textbooks, medical relief, ex-gratia payments, air-sortie charges for evacuation of patients and PDS items droppings in remote areas, etc. would have to be stopped.

16. In such an eventuality, if there will be no balance in the State Government account, the State will slip into overdrafts in its accounts. This will lead to suspension of payment against State Government accounts by the RBI. The payment of the account of State Government will be resumed by RBI only when the overdraft is cleared. Even payment of salary to Government employees will be stopped.

17. When the overdraft is huge and it is beyond the capacity of the State Government even after availing the advance entitlements from the GOI, the State Government can face the critical financial crisis in the State and the GOI may declare financial emergency as per the Article 360 of the Constitution of India. In that case the salaries of the employees including the salary of Judges may be reduced to overcome the financial crisis of the State.

18. The State Government calls upon the Government Employees not to be misled by any rumours that the Government is not willing to implement Sixth Pay Commission package in spite of availability of financial resources.

19. In view of the facts stated above, it is most unfortunate that the State Government employees fail to appreciate the bold decision taken by the State Government in their favour.

12-DEC-2008 10:26

DONER

01123022307

P. C 1



**RAJENDRA MISHRA**  
Joint Secretary

Tel: 011-23794866  
Fax: 011-23022307

भारत सरकार  
उत्तर पूर्वी क्षेत्र विकास मंत्रालय  
विज्ञान भवन एनेक्स-  
मौलाना आजाद मार्ग, नई दिल्ली-110011

Government of India  
Ministry of Development of North Eastern Region  
Vigyan Bhavan Annexe  
Maulana Azad Road, New Delhi-110011

**MOST IMMEDIATE**

D.O.No. 1/20/08/Misc/DONER  
December 11, 2008

By No. 12345  
Dd. 11/12/08  
Chief Secy's Cell

Dear *Shri Tabom Bam*,

It has been considered at Prime Minister's Office that the likely impact of adopting recommendations of the Sixth Pay Commission in respect of the North Eastern States, may be worked out. Since the information is needed urgently in a given timeframe of a week, I shall request you to get the matter examined taking into account the number of employees after their seniority and likely impact on State exchequer. The information may please be made available to us latest by 16<sup>th</sup> Dec., 2008.

With regards,

Yours sincerely,

(Rajendra Mishra)

Shri Tabom Bam  
Chief Secretary,  
GOVT. of Arunachal Pradesh,  
Civil Secretariat,  
Itanagar, Arunachal Pradesh.

FAC: 0360-2212446

E-mail: rajendra\_mishra1@yahoo.com

*Cent. Secy*  
*us*  
*RS (BCE)*  
*NZ*  
*15/12/08*

D O No.ET-106/08 (Pr)  
Dated Itanagar, 16<sup>th</sup> Dec. '08

Dear Shri Mishra,

Please refer to your D O Letter dated 11<sup>th</sup> December '08 regarding likely impact of adopting recommendations of the 6<sup>th</sup> Pay Commission in respect of Arunachal Pradesh.

2. I am to inform you that we have 51,359 regular Govt employees and 15,000 pensioners.

3. The likely impact of 6<sup>th</sup> Pay Commission recommendations in respect of regular Govt employees as well as pensioners put together comes to Rs.1,414.76 crores which includes the arrears.


4. The detailed break-up is being sent by post.

With regards.

Yours sincerely,

  
[ TABOM BAM ]

Shri Rajendra Mishra,  
Joint Secretary,  
Govt of India,  
Ministry of Development of  
North Eastern Region,  
Vigyan Bhavan Annexe,  
Maulana Azad Road,  
New Delhi - 110011.

  
16/12/08

9

**Immediate**

F.No.1/20/Misc./2008/DoNER  
Government of India  
Ministry of Development of North Eastern Region  
(Admn.& Cord. Section)

.....  
Vigyan Bhavan Annexe, Maulana Azad Road  
New Delhi-110011, Dated the 18<sup>th</sup> December, 2008

**OFFICE MEMORANDUM**

**Subject:** Likely impact of adopting recommendations of the  
6<sup>th</sup> Central Pay Commission in the N.E. States.

The undersigned is directed to refer to this Ministry's D.O. letter of even number dated 11<sup>th</sup> December 2008 regarding the likely impact of adopting recommendations of the 6<sup>th</sup> Central Pay Commission in respect of the North Eastern States which is being under consideration at the Prime Minister's Office.

The information is required to be sent urgently to the Prime Minister's Office. However, the comments of the State Government of Arunachal Pradesh are still awaited.

It is, therefore, requested that the information may please be made available to this Ministry i.e. by 22/12/2008 positively.

  
(Asholi Chalai)

Deputy Secretary to the Government of India

Tele: 2302 2431

Fax: 2302 2307

Chief Secretary  
(Sh. Tabom Bam),  
Government of Arunachal Pradesh,  
Itanagar. (Fax: 0360-2212446).

Copy (Pin)

19/12/08  
Chief Secretary  
Itanagar

U.O. No. 1231 Dtd. 19/12/08  
Deputy Secretary (Personnel)

J&F - 4129  
dt. 23/12

19.12.08



**ADDL. FUND REQUIREMENT (FOR ARREARS & REVISED PAY SCALES) ON  
IMPLEMENTATION OF 6TH PAY COMMISSION**

(Rs. In crore)

**I. GRAND TOTAL ARREAR FROM 01-01-2006 TO 31-12-2008 (36 months)**

Salary	671.24
Pension	67.12
<b>Total</b>	<b>738.36</b>

Out of this, six months arrears worth Rs. 123.60 crores is being provided in  
three years

**II. WITH IMPLEMENTATION FROM 01-01-2009 ADDL. REQUIREMENT  
UPTO 2015-16 (WITHOUT ARREARS)**

Year	Salary	Pension	Total
2008-09	85.46	5.52	90.98
2009-10	488.19	33.08	521.27
2010-11	602.72	43.58	646.30
2011-12	720.39	53.77	774.16
2012-13	828.45	61.84	890.29
2013-14	952.72	71.12	1023.84
2014-15	1095.63	85.39	1181.02
2015-16	1259.97	102.28	1362.25
<b>Total</b>	<b>6033.53</b>	<b>456.58</b>	<b>6490.11</b>