

these sub-regional groups will come together, in one form or other, and join hands to form an Asian cooperation stretching from one of the continent to the other. That will be the emergence of the Asian personality which will be a factor of international life, a force for peace and cooperation and synthesis of the great values that originated in Asia and have today become the common heritage of mankind.

MR. CHAIRMAN: Mr. Minister now come from dreams to reality!

Will you take a long time because at 3.15 p.m. the Deputy Prime Minister has to make a statement?

DR. SUBRAMANIAM SWAMY: (Bombay North-East) He can print the whole speech and circulate it.

MR. CHAIRMAN: You may continue after 3.15 p.m.

SHRI SAMARENDRA KUNDU: I will speak up to 3.15 and will continue after the statement is made by the Deputy Prime Minister.

This House is aware, as many hon. Members expressed their concern, about the reports of increasing presence of the navies of Great Powers in the Indian Ocean. We continue to maintain a close watch over these developments and I should like to reiterate here that we are opposed to any military bases and presence of any power of any kind in this region which would lead to increased tension and cause anxiety. Increased presence of foreign navies in this area could only further increase tensions in the area around us. We are glad that the United Nations, which is already seized of this problem would be calling a Conference to deal with the question in the coming months. It is indeed unfortunate that the talks between the USA and the USSR have been suspended indefinitely with no sign of their resumption in the near future. However, I am happy to say here that when Mr.

Kosygin came here, he said that he would try his best to re-start the negotiations soon. We recognise that this region is vital for the world's economy and we maintain that no one power should try to gain a short-term advantage which is best illusory.

MR. CHAIRMAN: Now, I will ask the Deputy Prime Minister to make a statement regarding dearness allowance

15.14 hrs.

STATEMENT RE. DEARNESS ALLOWANCE TO CENTRAL GOVERNMENT EMPLOYEES AND OTHER RELATED MATTERS

THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI CHARAN SINGH): As perhaps the House is already aware, the Staff Side of the National Council of the Joint Consultative Machinery had raised certain demands relating to—

(i) Merger of dearness allowance with pay;

(ii) Enhancement/restoration of the higher rates of dearness allowance allowed by Government while implementing the Third Pay Commission's recommendations; and

(iii) Interpretation of the existing dearness allowance formula.

As Government was unable to accept the demands, disagreement was recorded in June 1978 between the Official Side and the Staff Side on these three issues. In pursuance of the disagreement, the three issues were referred to the Board of Arbitration in September 1978 in accordance with the Scheme for Joint Consultative Machinery and Compulsory Arbitration.

Although the matter was referred to arbitration, Government's desire all along had been to settle the issues through negotiations. Efforts were initiated accordingly some time ago

[Shri Charan Singh]

and I am now happy to report that these negotiations have come to a successful conclusion and that the Staff Side have written to us accepting the offer made by Government. Consequently, the reference to the arbitration has been withdrawn by both side on the 29th March, 1979. Briefly stated, the offer made by Government and accepted by the Staff Side covers the following:

(i) Merger of dearness allowance with pay at average index level 272 for retirement benefits with effect from 30-9-1977;

(ii) Payment in cash of the 6th 7th instalments of additional dearness allowance at the higher rates of 4 per cent and 3 per cent with effect from 1-12-1978; these higher rates will be adopted for future instalments of dearness allowance also;

(iii) Liberalisation of the pension formula incorporating a slab system under which the maximum pension related to 33 years of service admissible to persons retiring on or after 31-3-1979 will be regulated as follows:

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| (a) Up to first Rs. 1000 of average emoluments reckonable for pension | 50% of average emoluments. |
| (b) Next Rs. 500 | 45% of average emoluments. |
| (c) Balance | 40% of average emoluments subject to such ceilings as may be laid down by Government. |

(iv) Refixation of ceilings on dearness allowance as follows:

(a) Dearness allowance at 4 per cent of pay up to Rs. 400 instead of up to Rs. 300 with effect from the 7th instalment of additional dearness allowance.

(b) Dearness allowance at 3 per cent of pay up to Rs. 1000 instead of up to Rs. 900 subject to a maximum of Rs. 16 and a maximum of Rs. 30 with effect from the 7th instalment of additional dearness allowance.

Government have also decided to grant to pensioners and family pensioners simultaneously the instalment of relief corresponding to the 7th instalment of additional dearness allowance to serving employees. This instalment of relief will be payable at 5 per cent of pension subject to a minimum of Rs. 5 and a maximum of Rs. 25 as before. In respect of employees who have retired on or after 30-9-1977, in whose case part of dearness allowance is being merged with pay, the total relief payable will be redetermined taking into account the element merged with pay.

Government have also taken the opportunity to review the present position under which officers drawing a pay of Rs. 2,400 and above are not entitled to draw dearness allowance. The review became necessary because the ceiling of Rs. 2,400 had resulted in officers drawing different basic pay getting the same emoluments thus distorting the accepted relativities and straining the command structure, particularly in the Armed Forces and other uniformed services. Government have now decided that the ceiling may be raised to Rs. 2,750 with slight marginal adjustments subject to a minimum dearness allowance of Rs. 150 being payable also to officers drawing above Rs. 2,750.

Government have also had under consideration the question of enhancing the ceiling on maximum pension. At present, the ceiling is Rs. 1,000 per month and in addition pensioners drawing the maximum pension are entitled to relief according to a formula recommended by the Third Pay Commission. Thus, at average index level 328, the total of maximum pension and

relief would come to Rs. 1,200 per month on the basis of the formula recommended by the Commission. After due consideration Government have decided that this may be raised to a total of Rs. 1,500 inclusive of relief upto index level 328. The pension of the Cabinet Secretary will be fixed on par with that of the Chiefs of Staff. It has also been decided that the pensions of Defence personnel will be enhanced. My colleague, the Deputy Prime Minister and Minister of Defence, will be making a separate statement giving details in this regard.

The improvements indicated in this Statement inclusive of those applicable to Defence personnel are estimated to cost Government approximately Rs. 500 crores up to the end of 1983-84. Of this, the expenditure during 1979-80 is expected to be Rs. 132 crores, including the arrears payable on account of the merger of dearness allowance with pay for retirement benefits from 30-9-1977 and the increase in the rates of dearness allowance with effect from 1-12-1978. This will be in addition to the normal expenditure of Rs. 59 crores per annum on account of the release of the seventh instalment of additional dearness allowance and the corresponding instalment of relief to pensioners. In this connection it may be noted that a total provision of Rs. 50 crores for one instalment of dearness allowance has already been made in the General and Railway Budgets for 1979-80.

I have no doubt that all sections of the House will appreciate the spirit of goodwill and cooperation in which this agreement of far-reaching significance has been reached with the staff side. I earnestly hope that this spirit of understanding and cooperation will continue and will enable Government to harness the talent, the energies and spirit of devotion and dedication to duty of all sections of Government employees and thus impart a new vigour and dynamism to the various programmes of socio-economic development on which we have embarked.

Madam Chairman, I have done.

15.22 hrs.

DEMANDS FOR GRANTS, 1979-80— Contd.

MINISTRY OF EXTERNAL AFFAIRS— Contd.

MR. CHAIRMAN: Mr. Kundu, you can continue.

SHRI SAMARENDRA KUNDU: Madam Chairman, I was referring to South East Asia. I have travelled enough in South East Asia. I will take hon. Members to far off places like Latin America and Carribean countries. I would like to inform the hon. Members that with the countries of Latin America and with the Carribean countries, India is in a very happy position and maintains very friendly relations. We also share with those countries common aspirations as members of the developing World and we are conscious of the need to build up on this basis a more fruitful and meaningful relations with them. I may also inform the House that we are going to hold a Conference of the Heads of the Missions of this region, which has been long since delayed.

SHRI HARI VISHNU KAMATH (Hoshangabad): When?

SHRI SAMARENDRA KUNDU: Sometime in early July. This region throws immense potential in the field of culture, economic trade; and cooperation with those countries is important and we are trying our best to see how best we can cultivate these cooperations to the best of satisfaction of both the countries.

Coming to the point about foreign publicity, I would like to briefly touch some of the points. The hon. member, Mr. Kanwar Lal Gupta referred to it in his speech a short-while ago. I had a feeling as if he says that we have been very weak and we have not been able to do enough. I will concede that there is a possibility of improving. Mr. Madhu Limaye is smiling and I think he will agree that there is a