

Life Time Cost of Public Servants

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PREAMBLE

The government of Pakistan is facing a growing financial challenge due to the high number of non-productive government employees. Politicians pride themselves on placing their favourites in the public sector knowing that the taxpayer has no say in the process and will pay the cost.

Yet no one looks at what the cost of this dirigiste politics is!

Not only are most political employees mostly employed in positions where they are not productive, they are also a drain on the budget.

An employee when hired represents a stream of commitments from the budget for her lifetime and beyond given guarantees a of lifetime employment and pension and for pension to surviving widows and unmarried daughters. We show here what the expected compensation amounts to. We calculate the present value of the government commitment here. This is the value that the government must place in a bond to make the hiring budget neutral for the coming generation. Otherwise, the cost will inflate in future budgets.

The estimates presented here are of immense value in understanding our fiscal predicament. We do hope that politicians and media will use them in a debate on our fiscal situation. Like all estimates they are based on available data and some assumptions.

1. INTRODUCTION

The number of federal government employees in Pakistan has been increasing steadily over the past few years. This is due to some factors, including the expansion of the government's bureaucracy, the increasing number of government-run social programmes, political appointments, poor HR planning and bad recruitment.

According to the Pakistan Bureau of Statistics, the latest headcount of federal government employees in Pakistan is 1,374,911 as of December 2022. This number includes civilians, armed forces and autonomous/semi-autonomous/corporations.

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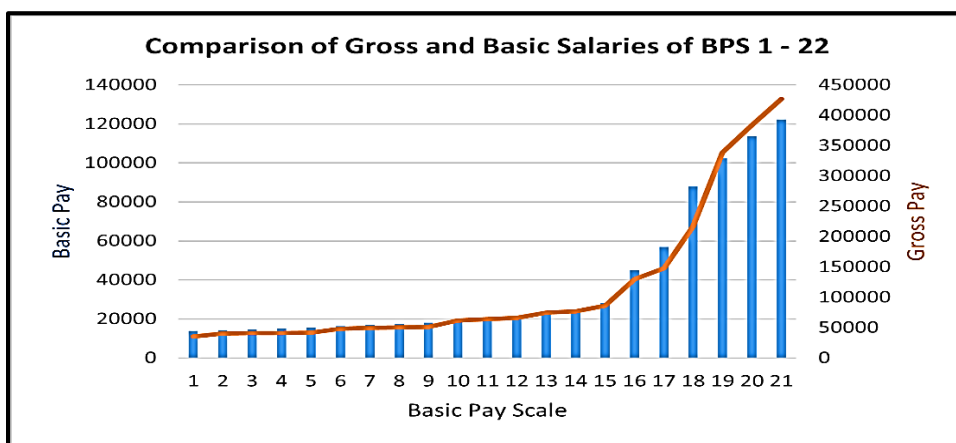
Federal Government		
Employees	Headcount	Source
Federal Government	5,75,354	Annual Statistical Bulletin of Federal Government Employees for (2021-22)
Armed Forces	9,43,000	https://data.worldbank.org/indicator/MS.MIL.TOTL.P1?locations=PK
Autonomous/ Semiautonomous Bodies/Corporations	3,99,265	Annual Statistical Bulletin of Employees of Autonomous/Semi-autonomous Bodies / Corporations under the Federal Government for 2018-19

In Pakistan, the government spends ample amount of money on paying its employees and providing pensions:

- The cost of paying these employees is about Rs 3 trillion, and pensions cost about Rs 1.5 trillion.
- Project workers, people working in government companies, and other organisations, cost approximately another Rs 2.5 trillion.
- Salaries for the military, the total amount spent on wages becomes around Rs 1 trillion.

Since 1947 the central federal government introduced various job and salaries structures from time to time. For details refer to Appendix A.

The Basic Pay Scale (BPS) of 1983 has undergone a series of revisions, with a total of 12 updates implemented since its inception. The most recent revision took place in 2022. Sadly, none of these revisions were based on modern HR principles to develop modern public sector incentives with market conditions and the needs of modern management. Instead, the colonial system of ad-hoc pay and pensions committees patches up the system with allowances. The periodic adjustments in the BPS 1983 underscore a commitment to ensuring fair and competitive compensation for employees over time. The 2022 revision serves as the latest effort to recalibrate the scale in accordance with prevailing economic indicators and the organisation's strategic considerations. This iterative process of revision demonstrates an organisation's responsiveness to changing circumstances and its dedication to maintaining equitable compensation practices.



The BPS system continued with the socialist one pay scale structure across the entire public sector with a few minor tweaks:

- The Pakistan Administrative Service was increasingly favoured with non-monetary benefits and better appointments.
- The technical or professionally skilled with sidelined other terms of grades and in terms of non-monetary benefits.
- While the NPS sought to open the system to lateral entry the BPS with its amendments sought to make it more difficult for lateral entry, separate grades were created for professional intake such as MPS and SPSS but all subservient to PAS.
- Over time.

PIDE conducted a study on perks and benefits of Civil service employees, PIDE concluded that as assumed Civil servants are not at a salary disadvantage when compared to their counterparts in the private sector. PIDE unpacked the compensation package of the civil service employees and found there is a lot more which never reflect on their salary slip.

Salient Features of PIDE Report:

- With higher grades, the proportion of cash allowances in pay and quantified perks in the total cost increases.
- Government housing facility, given as an in-kind benefit, has never been accounted for in the total cost of the civil servants, nor its opportunity cost to the government has ever been calculated.
- The use of official vehicles for personal use by grade 20-22 officers increases the total cost by more than 1.2 times the basic pay.
- Medical allowances and medical bills reimbursement add over Rs 2.5 to Rs 3 billion to the medical bills.
- Perks and different allowances add to the total cost of civil servants substantially, and if monetised, would break the myth of low salaries in the public sector.

Source: Cash Poor, Perk Rich! Civil Service Compensation: Incentives, Dissatisfaction, and Cost.

The Cost of a Public Servant

When a new government employee is recruited, the public sector incurs costs associated with their salary, benefits, and potential training. These financial outlays are funded through tax revenue. The addition of a new employee increases the overall personnel expenses of the government, contributing to a larger portion of the budget being allocated to salaries and benefits. This can directly affect taxpayers, as the government may need to raise revenue through increased taxes or reallocation of funds from other areas to cover these expenses.

PIDE's current study has investigated the burden that each newly recruited individual (ranging from Grade 1-22) brings on the national budget. However, politicians raise political slogans of offering public employment to substantial number of individuals, without acknowledging that Government's job is to create new opportunities and not offering jobs. However, politicians by providing employment opportunities to many individuals, especially within their own party or patronage network, politicians can cultivate a base of supporters who are more likely to vote for them in elections.

In this study, PIDE has estimated the salary burden of public sector employees (from BPS 1-22) specifically how much money shall be needed to carry the load of employee for the period of thirty years. The study has also calculated the present value of accumulative sum that government will pay that employee over the period of 35 years.

The employment practices of political governments in developing economies often stem from a combination of political motivations, short-term focus, lack of economic

expertise, and societal expectations. While immediate job creation can have positive effects, it is crucial for governments to also consider the long-term financial implications and strike a balance between short-term gains and sustainable fiscal policies.

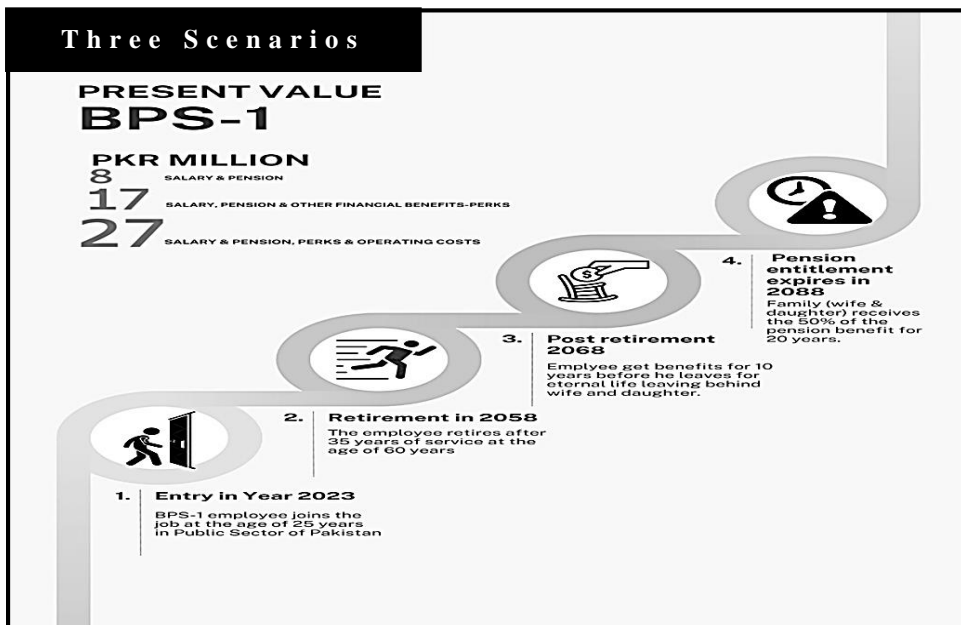
Predicting future salaries and pensions is a highly intricate task, but we endeavour to estimate the current value of forthcoming salary and pension payments. We have formulated three scenarios for government expenditure on employees. Public sector organisations have structured salary scales or step-based systems in place, where employees receive regular salary increases based on their years of service. These increments are intended to acknowledge an employee's experience and dedication to their role. While they may not result in a change in job title or responsibilities, these increments can elevate an employee's compensation.

The significance of these continuous salary increments lies in their cumulative effect. Over the years, even if an employee does not advance to a higher position, their compensation steadily rises. This can have a profound impact on the organisation's budgetary considerations.

The projection of the future salary of government employees is based on few assumptions. The core assumption is the employee appointed in 2023 in initial basic scale and will get promotions in average time of public sector promotion practices. The following three scenarios have been formulated to calculate the total expenditures of government in account of Salaries & Pensions, Perks and Benefits and Non-Salary Expenditures (Overheads).

Scenario I: (Salary Expenditure)

In the first scenario, the salary paid to a public sector employee over a span of 35 years has been projected. The calculation involves considering a period of 10 years of pension for the employee, followed by 10 years each of half-pension for both the spouse and the child. It is assumed that the employee will be hired in July 2023 under the Basic Pay Scale (BPS). To determine the present value of a sum that the State will disburse over the 65-year duration with a 10 percent discount rate.



Present Values of BPS 1 – 16 Employees Salary & Pension

BPS 16 20	BPS 14 17	BPS 12 14	BPS 9 11	BPS 8 11	BPS 7 11
BPS 15 18	BPS 13 15	BPS 11 14	BPS 6 10	BPS 4 9	BPS 3 9
		BPS 10 12	BPS 5 9	BPS 2 8	BPS 1 8

Recommending someone for a BPS 1 position is equivalent to gifting them Rs 8.00 million at the time of appointment. The government pays this amount to the individual over the course of their career, and it continues in the form of a pension after retirement.

The government can consider the Rs 8.00 million as an investment that earns a 10 percent return on investment (ROI) per year. The returns from this investment would offset the cost of the employee’s salary and pension, making the cost budget neutral. In other words, the government would not be putting a burden on future taxpayers by employing this person.

Through this study, our objective is to estimate the present value of future employee costs to make that employment budget neutral over a lifetime. It is important to note that these calculations are under some assumptions and conservative on the lower side. Nonetheless, they vividly highlight the economic burden associated with new hiring and the cost of unproductive political employment.

Scenario II: (Salary and other Financial Benefits—Perks)

In Scenario II, Other financial benefits like Special Allowances, Medical Reimbursement, Job Security Discounts, and others are also added in the monetary burden of Salary and Benefits as estimated in Scenario I & II. (Please refer to Poor Cash, Perk Rich Study of PIDE, *Appendix-B*)

Table 1

BPS	Scenario 1	
	Total Amount to be Paid	Present Value (Millions)
BPS 1	61	8
BPS 2	62	8
BPS 3	70	9
BPS 4	72	9
BPS 5	72	9
BPS 6	74	10
BPS 7	85	11
BPS 8	87	11
BPS 9	88	11
BPS 10	90	12
BPS 11	108	14
BPS 12	111	14
BPS 13	116	15
BPS 14	131	17
BPS 15	135	18
BPS 16	151	20

The estimation of the second scenario is the most complex part of the study. The different offices of public sector employees receive various allowances and perks. The judicial employees receive the highest number of perks, similarly, other autonomous bodies employees also receive higher perks and allowances. The secretariat and other ministries' staff also gain 150 percent of their basic salary as an allowance. Medical reimbursement and most important is Job security discount also an additional allowance of public sector employees. Refer to *Appendix – C*

			BPS 10 26	BPS 9 26	BPS 8 25
BPS 16 49	BPS 14 43	BPS 12 36		BPS 5 20	BPS 4 20
			BPS 7 23		
BPS 15 44	BPS 13 38	BPS 11 32	BPS 6 20	BPS 3 19	BPS 2 17
					BPS 1 17

Table 2

BPS	Scenario 2	
	Total Amount to be Paid	Present Value (Millions)
BPS 1	129	17
BPS 2	131	17
BPS 3	148	19
BPS 4	150	20
BPS 5	152	20
BPS 6	154	20
BPS 7	178	23
BPS 8	195	25
BPS 9	198	26
BPS 10	202	26
BPS 11	243	32
BPS 12	278	36
BPS 13	289	38
BPS 14	327	43
BPS 15	337	44
BPS 16	378	49

Scenario III: (Salary & Pension, Perks and Operating Expenses)

In scenario III, along with salary that has been estimated in Scenario I and allowances with perks in Scenario II, Office overheads (non-Salary Expenditures). This includes the cost of physical space, cost of electricity, cost of telephone and internet, maintenance cost, cost of security of office space etc.

The third scenario is more complex than Scenario 1 & 2. The estimation of overheads of employee's offices and other facilities is a difficult job. The most common non salary expenditures are:

- (1) *Rent and Lease Payments*: Payments made for renting office space, equipment, vehicles, or other assets required for business operations.
- (2) *Utilities*: Expenses for electricity, water, gas, internet, and other utilities necessary to run a business or maintain a residence.
- (3) *Office Supplies*: Costs associated with purchasing stationery, paper, ink, pens, toner, and other supplies needed for daily operations.
- (4) *Equipment and Maintenance*: Expenditures for purchasing, repairing, and maintaining machinery, computers, furniture, and other assets used in the business.
- (5) *Insurance Premiums*: Payments made to insurance companies to cover various types of insurance, such as property insurance, liability insurance, and health insurance.
- (6) *Travel and Entertainment*: Expenses for business-related travel, accommodation, meals, client entertainment, and other related costs.
- (7) *Professional Services*: Fees paid to external consultants, legal advisors, accountants, and other professionals who provide specialised services to the business.
- (8) *Depreciation and Amortisation*: The allocation of the cost of tangible assets (depreciation) or intangible assets (amortisation) over their useful life as an expense.

- (9) *Repairs and Maintenance*: Expenditures for repairing and maintaining equipment, facilities, vehicles, and other assets to ensure their proper functioning.
- (10) *License and Permit Fees*: Payments required to obtain licenses, permits, and certifications necessary to operate legally within a specific industry or location.
- (11) *Software and Technology*: Expenses related to purchasing and maintaining software licenses, cloud services, and other technology solutions.
- (12) *Security Expenses*: Expenditures for security systems, personnel, and measures to ensure the safety of employees, assets, and information.
- (13) *Inventory Costs*: Expenses related to managing, storing, and maintaining inventory, including warehousing and inventory management software.

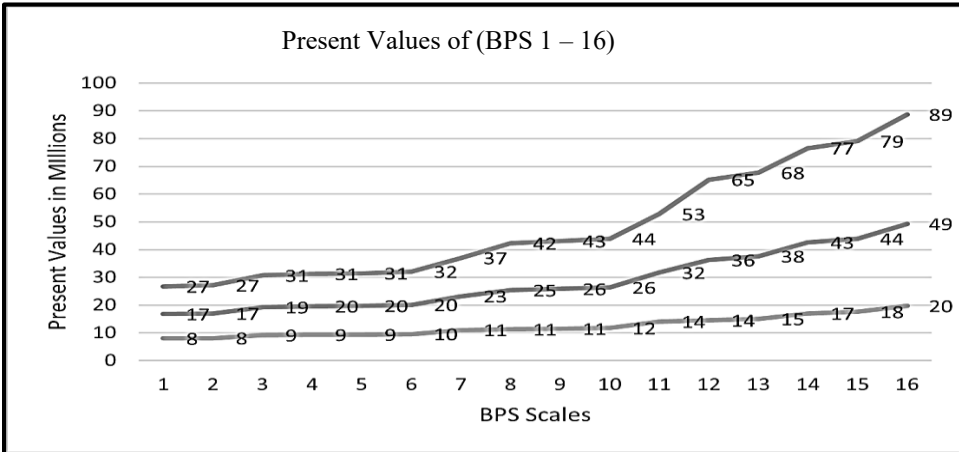
Present Values of BPS 1 – 16 Employees Salary+Pension, Perks and Operating Expenses						
BPS 16 89	BPS 14 77	BPS 12 65	BPS 10 44	BPS 7 37	BPS 6 32	
			BPS 9 43	BPS 5 31	BPS 4 31	
BPS 15 79	BPS 13 68	BPS 11 53	BPS 8 42	BPS 3 31	BPS 2 27	BPS 1 27

Table 3

BPS	Scenario 3	
	Total Amount to be Paid	Present Value (Millions)
BPS 1	205	27
BPS 2	208	27
BPS 3	236	31
BPS 4	240	31
BPS 5	242	31
BPS 6	246	32
BPS 7	284	37
BPS 8	325	42
BPS 9	331	43
BPS 10	337	44
BPS 11	406	53
BPS 12	501	65
BPS 13	520	68
BPS 14	588	77
BPS 15	607	79
BPS 16	681	89

Comparison of All Three Scenarios BPS 1 -16 Present Values

The estimated present values for employees BPS 17 or above are notably higher in comparison to those 16 and below scales. Remarkably, when an employee is promoted to BPS 20, the salary increase is significantly greater compared to other promotion increments.



The present values assigned to scales 17 and above are calculated based on the assumption that promotions will occur accordingly. Interestingly, if an individual is directly appointed to the 18th grade, their total lifetime compensation turns out to be lower than that of those appointed to the 17th grade. This observation underscores the minimal disparity between basic and gross salaries at these levels.

The present value of Scenario 3 is extremely high, it shows that the government spends enormous amounts of money on higher grade employees in account of operating expenses.

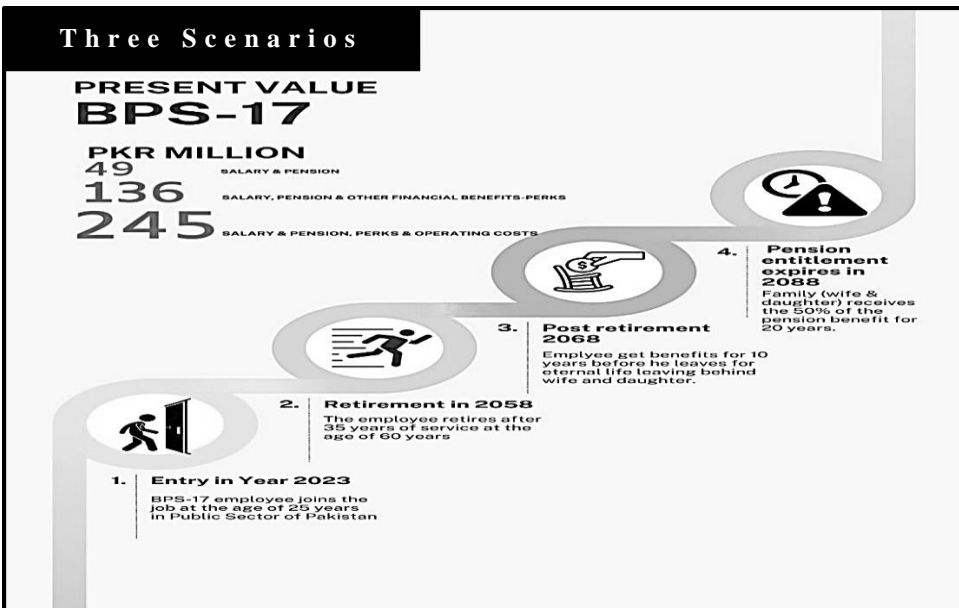
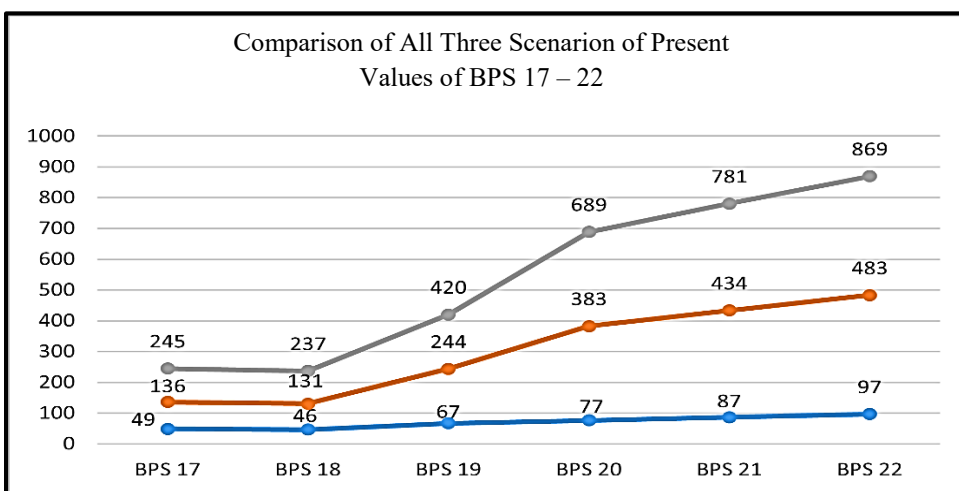


Table 4

BPS	Scenario 1		Scenario 2		Scenario 3	
	Total Amount to be Paid	Present Value (Millions)	Total Amount to be Paid	Present Value (Millions)	Total Amount to be Paid	Present Value (Millions)
BPS 17	482	49	1283	136	2283	245
BPS 18	563	46	1518	131	2711	237
BPS 19	658	67	2298	244	3938	420
BPS 20	552	77	2761	383	4970	689
BPS 21	626	87	3130	434	5633	781
BPS 22	697	97	3486	483	6274	869



The numbers in Table 4 are based on assuming that when a person starts their job, they begin at a certain level and work for 35 years. Each year, their salary goes up by 10 percent. Also, they get promotions when they have worked for a certain amount of time. Mostly, the new hires in the public sector start at levels 17 and 18. The university teachers can start at level 19 if he/she is Ph.D.

In the subsequent Table 5, we try to project the anticipated remuneration for BPS levels 19 to 22, considering an assessment of service duration.

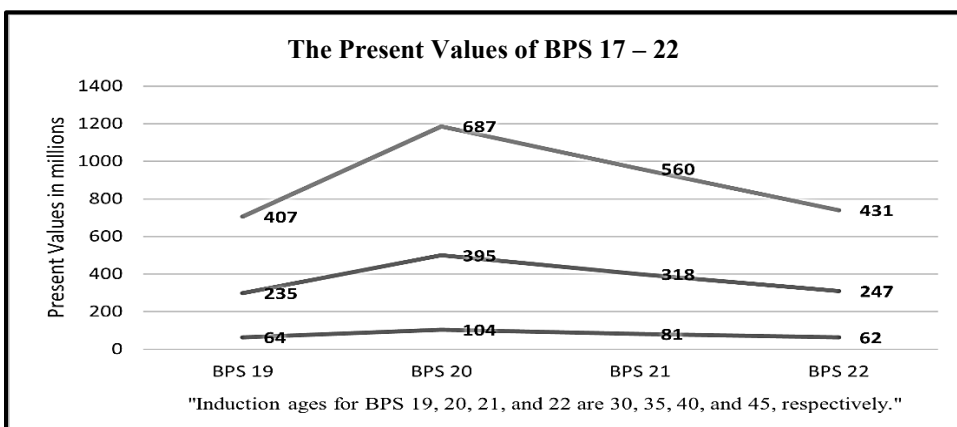
Assumptions:

Scale	Induction Age	1 st promotion	2 nd promotion	3 rd promotion
19	30	BPS 20 at 40	BPS 21 at 50	-
20	35	BPS 21 at 45	BPS 21 at 50	BPS 22 AT 55
21	40	BPS 22 at 50		
22	45	spend 15 years in BPS 22		

Other assumptions remain same

Table 5

BPS	Induction Age	Present Values (Million)		
		Scenario 1	Scenario 2	Scenario 3
BPS 19	30	64	235	407
BPS 20	35	104	395	687
BPS 21	40	81	318	560
BPS 22	45	62	247	431



Anticipated Financial Consequences of Creating a Single Job Across BPS 1 to 19 Grades

Case No.	Scales	No. of Recruitments	Total Amount to be Paid (M)	Present Value (Millions)
Scenario 1	BPS 1 – 19 (one Each)	19	3216	359
Scenario 2	BPS 1 – 19 (one Each)	19	8589	965
Scenario 3	BPS 1 – 19 (one Each)	19	14889	1678

Only nineteen, bad recruitment and nonproductive employees' cost in account of salary & pension Rs 3.2 billion and the present value of this spending is Rs 359 million. In total, the government must spend Rs 14.9 billion and the present value of that amount is Rs 1.6 billion. In simple words, for the appointment of 19 employees, the government should have at least Rs. 1.6 billion in a bank with a 10 percent annual growth rate to pay the salaries and meet the operating expenses and perks of these employees.

Compression Ratio

The compression ratio of salaries and other benefits is the difference between the highest and lowest salaries, or the highest and lowest total compensation packages, in a company or organisation.

The salary compression ratios in developed countries are not as high as in underdeveloped countries. The compression ratios for salaries and pensions in Pakistan are notably higher as compared to those in developed countries. The table below provides a detailed breakdown of these ratios across all three mentioned scenarios. It distinctly

illustrates that the perks and benefits for employees at higher pay scales significantly surpass those at lower scales. Likewise, the operational expenses of the government exhibit a similar pattern.

Region	Country	Ratio	Region	Country	Ratio	
OECD*	United States	3.3	EAP	Mongolia	3.4	
	United Kingdom	1.5		Indonesia	2	
	New Zealand	2.4		Cambodia	5.5	
	LAC	Netherland	2.3	EAP	Serbia	9
		Luxembourg	3.1		Montenegro	4.95
		Finland	2.3		Moldova	2.5
		Australia	2.8		Kosovo	2.5
Uruguay		3.4	AFR	Albania	3	
Suriname		2.6		Togo	13	
Jamaica		15		Nigeria	7	
Colombia	4	Niger		10		
Brazil	22	Mozambique		9		
Belize	9.8	Ghana		13		
EAP	Barbados	5.5	Cote D'Ivoire	9		
	Thailand	14.4	Burkina Faso	8		
	Philippines	9.5	Benin	13		

Compression Ratios of Present Values of All Three Scenarios			
BPS	Salaries and Pensions	Salaries and Pensions with Perks and Benefits	Salaries and Pension and Perks with Operating Expenditures
1	12.10	28.82	32.52
2	11.93	28.42	32.06
3	10.55	25.11	28.33
4	10.36	24.66	27.82
5	10.29	24.49	27.63
6	10.09	24.02	27.10
7	8.75	20.82	23.50
8	8.57	19.04	20.56
9	8.41	18.70	20.19
10	8.25	18.34	19.80
11	6.86	15.25	16.47
12	6.67	13.33	13.33
13	6.42	12.85	12.85
14	5.68	11.35	11.35
15	5.50	11.00	11.00
16	4.90	9.80	9.80
17	1.99	3.56	3.55
18	2.09	3.69	3.67
19	1.44	1.98	2.07
20	1.26	1.26	1.26
21	1.11	1.11	1.11
22	1.00	1.00	1.00

The table shows the compression ratios of salaries and benefits for public sector employees. The lower the compression ratio, the more compressed the salaries are. In this case, the compression ratio for salaries and pensions with perks & benefits is 12.10, which means that the highest salary is 12.10 times the lowest salary. The compression ratio for salaries and pensions with perks & benefits is 28.82, which means that the highest value of salary and perks is 28.82 times the lowest salary.

The aggregate ratio encompassing salaries, perks and benefits, and operating expenses for BPS 22 employees is significantly greater than that of BPS 1 employees, at a ratio of 32.52 to 1. This indicates a substantial disparity in perks, benefits, and operating costs, with a considerable chasm between the highest and lowest salary levels.

The combined ratio of salaries, perks and operating expenses is much higher of BPS 22 employees getting 32.52 times from BPS 1 employee. This suggests that the perks & benefits and operating expenditures are highly compressed, with a large gap between the highest and lowest salaries.

Is the New Employee Worth the Cost?

To the extent that the employee is productive and adds to economic growth our calculated present value would be decreased. However, common perception holds that these appointments are purely rent seeking and often create *sludge* and other activities that impede growth.

In Pakistan, high-level officials order appointments without considering the need for employees or making any plans. These politically motivated and poorly executed recruitments do not contribute to public sector performance. The government must bear the heavy economic burden. The poor recruitment procedures are also one of the main reasons for the low productivity of various government departments, especially autonomous bodies.

In short, the government gifts these amounts to those who are nonproductive and contribute nothing in their jobs. Consequently, the economic burden of compensating these unproductive employees is shifted onto the taxpayers. Moreover, the presence of nonproductive personnel can lead to various issues that hamper the organisation's productivity and spoil its reputation.

This is a significant amount of money, and it is important to find ways to reduce this cost of employment. Bad recruitment can lead to several problems, including low productivity, poor service delivery, and corruption. The cost of bad recruitment can be significant, both in terms of financial losses and the opportunity cost of lost opportunities.

The employment practices of political governments in developing economies often stem from a combination of political motivations, short-term focus, lack of economic expertise, and societal expectations. While immediate job creation can have positive effects, it's crucial for governments to also consider the long-term financial implications and strike a balance between short-term gains and sustainable fiscal policies.

Though it might not appear initially, however, when an employee is recruited without any analysis, we are not looking at immediate salary that shall be paid to that person, we are looking at the burden that taxpayers must carry until that employee or his next to kin is receiving pension.

2. CONCLUSION

This report provides a foundation for estimating the future economic burden of public servants in Pakistan. The increasing number of government employees who are not

productive is a big problem for Pakistan's finances. These appointments are often made for political reasons, not because the person is qualified for the job. This puts a burden on taxpayers and strains the national budget.

When a government appoints an employee, it means that the government is committing to paying them for their lifetime, and even longer if they have surviving spouses or unmarried daughters. This report estimates the cost of these commitments, which is important for ensuring that future generations do not have to pay for them.

This paper is one of a series that PIDE is developing in looking at the costs of politically motivated appointments and contracts. This is an ignored issue in Pakistan. Politicians and VIPs get political credit by appointing favourites into government jobs and giving others' contracts. In this manner, public funds are wasted while Pakistan's governance and administration are also weakened. It is important to understand the costs which are substantial as shown here.

Political motivations can lead to governments hiring more people than they need, to reward supporters or to create a sense of job security. Short-term focus can lead to governments not considering the long-term financial implications of their hiring decisions. The lack of economic expertise can lead to governments making poor decisions about how to manage their workforce. And societal expectations can lead to governments feeling pressured to hire more people, even if they do not have the resources to do so.

It is important for governments to consider all these factors when making decisions about employment. While immediate job creation can have positive effects, it is important to strike a balance between short-term gains and sustainable fiscal policies. Governments need to ensure that they are only hiring people who are needed, and that they are doing so in a way that is financially sustainable.

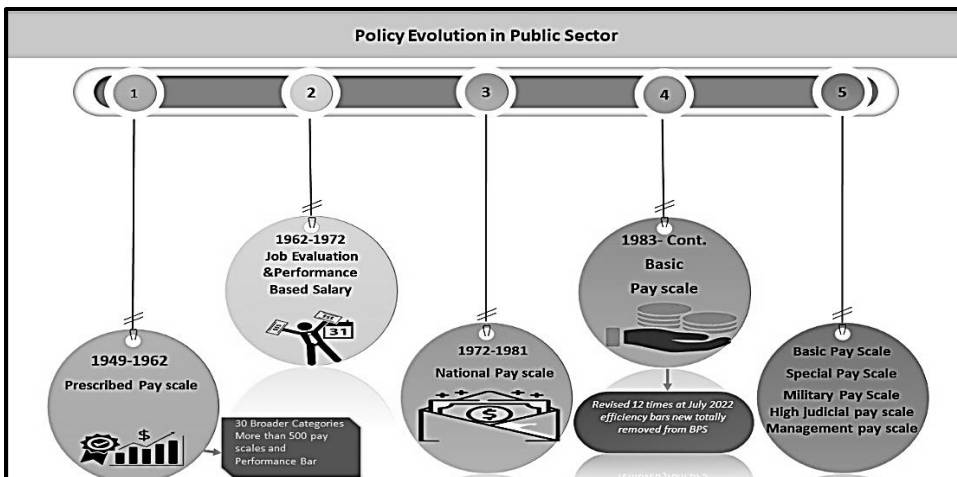
APPENDIX – A

Evolution of Government Pay Scales

Job Structure (1948-1962)

The 1948 Finance Commission divided public employees into 30 broad categories, based on their job responsibilities and qualifications. The Salient Features were:

- These Scales were sanctioned for each post separately in various Ministries/Divisions/ Organisations etc.
- More than five hundred pay scales were operative for different categories of Government servants. One or more Efficiency Bars were introduced in each scale to judge the efficiency of Government servants at various stages.
- Selection grades, special pay and technical pays were introduced as an incentive for improvement of skill of Government servants.
- Government servants were divided in four classes along with comparison with present pay scales, as shown below:
 - Class—I (Gazetted) BPS-17 and above.
 - Class—II (Gazetted/NG) BPS- 16
 - Class—III (Non-Gazetted) BPS-3 to 15
 - Class—IV (Non-Gazetted) BPS-1 and 2.



Pay Structure (1962-1972)

Report of the Pay and Services Commission: 1959-1962 (A.R Cornelius) was submitted on 28th May 1962 and suggested major pay reform in service and pay structure. It introduced a few new features, such as the concept of "Job Evaluation" and performance-based pay. The 1962 finance Commission introduced a new pay structure that was based on the concept of "Job Evaluation." This meant that the salaries of government employees were determined by the job they did, rather than their class or seniority. The new pay structure also introduced several new benefits, such as performance-based pay and pension plans.

NATIONAL PAY SCALES (NPS)

National Pay Scales, introduced with effect from 01.03.1972 and revised with effect from 01.05.1977. The Salient Features were:

- A uniform set of 22 National Pay Scales, introduced for all the Government servants.
 - Selection grades, special pays and technical pays abolished altogether.
- The concept of the Efficiency Bar eliminated in the scales for Gazetted Officers and retained up to N.P.S-15.
- Government servants, divided into twenty-two grades and classes of Government servants abolished.
- The benefit of one premature increment on promotion allowed.

Thus began the era of socialism in public sector management, where all put in one national PayScale—in short one relativity.

BASIC PAY SCALES (BPS)

Basic Pay Scales introduced with effect from 1st July 1983, and revised on 1st July 1987, 1st June 1994, 1st December 2001, 1st July 2005, 1st July 2007, 1st July 2008, 1st July 2011, 1st July 2015, 1st July 2016, and 1st July 2017.

- The nomenclature of the scales changed without disturbing the basic structure of N.P.S.

- The Basic Pay Scales are not to be regarded as grades like in N.P.S.
- Officials shall henceforth be appointed/promoted to posts and not in grades.
- Selection grades were introduced for certain categories of employees.
- Various Special/Technical Pays and Allowances allowed as incentives for higher qualifications, etc.
- The concept of advance increments on possessing/acquiring higher qualification introduced to encourage the Government servants to improve their qualification/skills and they discontinued in BPS 2001, with effect of 01-12-2001.
- Efficiency Bars totally removed from the Pay Scales.

APPENDIX – B

Allowances Galore

Instead of indexing salaries and developing a proper payment system, the approach of pay and pension committees has been to provide arbitrary allowances to compensate for inflation. These allowances make up a substantial portion of the cash received by the civil servants. In addition, the employees of powerful ministries, such as the MOF and the FBR, give special honoraria ranging from a one-month salary to a one-year salary.

A01109-Command	A0122g-Fixed Medical Risk
A01152-Personal	A0122l-Mobile Phone
A01153-Special	A0122n-Special Conveyance to Disabled
A01154-Good Conduct	A0122w-Residential Telephone
A01155-Qualification	A01230-Dusting
A01201-Senior Post	A01232-Performance Evaluation
A01202-House Rent	A01233-Unattractive Area
A01203-Conveyance	A01234-Training
A01204-Sumptuary	A01236-Deputation
A01205-Dearness	A01237-Design
A01206-Local Compensatory	A01238-Charge
A01207-Washing	A01239-Special
A01208-Dress	A01240-Utility for Gas
A01209-Special Additional	A01241-Utility for Electricity
A0120b-Servant	A01242-Consolidation Travelling
A0120c-Club	A01243-Special Travelling
A0120d-Integrated	A01250-Incentive
A0120f-Mobility	A01251-Mess
A0120h-Hair Cutting	A01252-Non-Practicing
A0120i-Remote Area	A01253-Science Teaching
A0120l-Hard Area	A01254-Anesthesia Allowance
A0120r-Prison	A01255-Hostel Superintendent
A0120t-Education	A01259-Fuel
A0120z-Vehicle Maintenance	A01260-Ration
A01210-Risk	A01263-Research
A01211-Hill	A01264-Technical
A01212-Telecommunication	A01276-Outfit
A01216-Qualification	A01277-Contingent Paid Staff
A01217-Medical	A01278-Leave Salary
A0121j-Transport Monetisation	A01279-Extra Duty
A0121n-Personal	A01225-Instructional
A01222-Hardship	A01284-Firewood
A01224-Entertainment	A01289-Teaching
A01225-Instructional	A01292-Screener
A01226-Computer	A01293-Diet Charges
A01227-Project	A012ac-Servant
A01228-Orderly	A03805-Travelling

APPENDIX – C

Officers and Pay Scale

Equivalence of Gazetted Officers Based on Pay Scales in Pakistan

S. No.	Pay Scale Type	Stage-1	Stage-2	Stage-3	Stage-4	Stage-5	Stage-6	Stage-7
1	Basic Pay Scales	BPS 1-4	BPS 5-6	BPS 7-8	BPS 9-10	BPS 11-12	BPS 13-14	BPS 15-16
2	Special Pay Scales	SPS-01	SPS-02	SPS-03	SPS-04	SPS-05	SPS-06	SPS-07 (Staff Cadre)
3	Military Pay Scales	E-1	E-2 & E-3	E-4	E-5 & E-6	E-7	E-8	E-9

Equivalence of Officials Based on Pay Scales in Pakistan

S. No.	Pay Scale Type	Stage-1	Stage-2	Stage-3	Stage-4	Stage-5	Stage-6	Stage-7	
1	Basic Pay Scales	BPS-16 & BPS-17	BPS-18	BPS-19	BPS-20	BPS-21	BPS-22	BPS-Spec	BPS-Apex
2	Special Pay Scales	SPS-7 & SPS-8	SPS-9	SPS-10	SPS-11	SPS-12	SPS-13	SPS-14	–
3	Military Pay Scales	O-1, 2 & 3	O-4	O-5	O-6 & 7	O-8	O-9	O-10	–
4	Higher Judicial Pay Scales	–	–	–	–	J-III	J-II	J-I	O-Apex
5	Management Pay Scales	–	–	–	MP-III	MP-II	MP-I	MP-Spec	–

Gazetted Officers in Pakistan

Group/ Services	BPS-16 & 17/ FMU-1 & 2/O-1, 2 & 3/ SPS-7, SPS-8/ OG 1 & 2	BPS-18 / FMU-3/O-4/SPS-9/OG-3 & 4	PS-19/ FMU-4/O-5/ SPS-10/ OG-5 & 6/TTS-III	BPS-20/ FMU-5/O-6 & 7/SPS-11/ MP-III/ OG-7/ TTS-II/ HoM Grd-III	BPS-21/ FMU-6/J-III/O-8/ SPS-12/MP-II/ OG-8/TTS/ HoM Grd-II	BPS-22/J-II/O-9/SPS-13/MP-I/ HoM Grd-I	BPS-Spec/J-I/O-10/SPS-14/MP-Spec/ TTS-1/ HoM Grd-Spec	BPS-Apex/ O-Apex/ HoM Grd-Apex
Upper Judiciary					Additional Judges of the High Court Registrar of the High Court	Judges of the High Court Registrar of the Supreme Court	Judges of the Supreme Court Wafaqi Mohtasib (Federal Ombudsman) Chief Justice of the Federal Shariat Court Chief Justice of the High Court	Chief Justice of Pakistan (CJP)
Lower Judiciary		Civil Judge cum Judicial Magistrate District Attorney (small districts)	Senior Civil Judge Assistant District & Session Judge District Attorney (larger districts)	Additional District & Session Judge	District & Session Judge			
Lawyers				Assistant Advocate-General Deputy Attorney-General	Additional Advocate-General Additional Attorney-General	Advocate-General for province Attorney-General for Pakistan		

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