

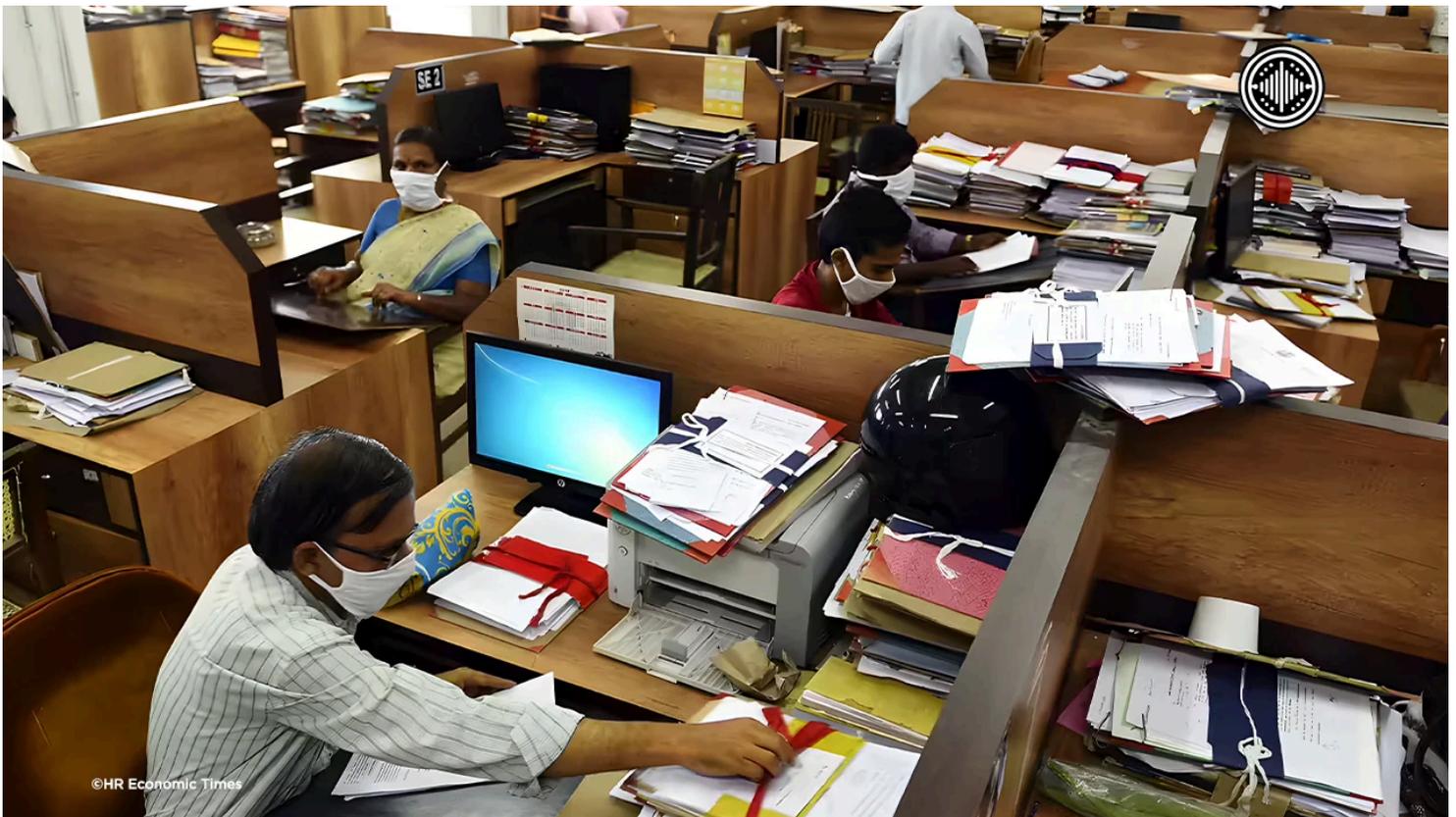
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8th Pay Commission May Propose Up to 34% Salary Hike for Government Employees

July 28, 2025

– Categories: Finance



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Central government employees and pensioners may see a significant salary and pension increase starting January 2026, as the 8th Central Pay Commission (CPC) is expected to propose revisions that could raise basic pay by 30 to 34 percent. This hike would be based on a fitment factor that may range between 2.46 and 2.86, according to recent media reports.

The fitment factor is a key component in determining new salary structures. It multiplies an employee's current basic pay to arrive at the revised amount. If a fitment factor of 2.86 is adopted, the minimum basic pay of ₹18,000 could potentially increase to ₹51,480.

However, some financial analysts, including those from Kotak Institutional Equities, suggest a more conservative estimate with a fitment factor around 1.8. This would result in a real salary hike of about 13 percent, similar to the 14.3 percent increase implemented during the 7th CPC.

Employee representatives are pushing back against these lower estimates. The staff side of the National Council–Joint Consultative Machinery (NC–JCM) has argued that the fitment factor should be at least 2.57, the same level applied in the 7th CPC. They maintain that anything less would fail to meet the expectations of millions of government workers and retirees.

The 8th Pay Commission was approved by the government in January 2025, although formal notification and appointment of the commission's chairperson and members have yet to be finalized. Preparatory discussions are underway with relevant ministries and departments. The final recommendations are anticipated by the end of 2025, with implementation scheduled for January 2026.

The revised pay structure will also influence other components of government compensation, including dearness allowance (DA), house rent allowance (HRA), and transport allowance. Currently, DA stands at 55 percent of basic pay. Merging this allowance into the new pay structure could result in substantial changes to overall compensation packages.

Implementing the 8th CPC is estimated to cost between ₹2.4 lakh crore and ₹3.2 lakh crore, compared to ₹1.02 lakh crore incurred during the 7th CPC. The decision on the final fitment factor and related allowances will likely be influenced by broader fiscal considerations.