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No. 18474- LFS (Apl)12/2008/HUD.

**HOUSING & URBAN DEVELOPMENT DEPARTMENT**

**RESOLUTION**

The 9th July 2008

**Sub : Merger of D.A. equivalent to 50% of Basic Pay with Basic Pay to the employees of Municipal Corporations with effect from the 1st April 2006.**

Consequent upon the revision of scales of pay of the employees of Urban Local Bodies of the State vide Housing & Urban Development Department Resolution No.22994, dated the 13th October 2006 read with Corrigendum No.795, dated the 11th January 2007, the Orissa Municipal Employees Federation demanded merger of D.A equivalent to 50% of basic pay with basic pay.

2. The matter was on active consideration for some time past. After careful consideration, Government have been pleased to allow the benefits of Dearness Pay (D.P) to the employees of Bhubaneswar Municipal Corporation & Cuttack Municipal Corporation with effect from the 1st April 2006. D.A. equal to 50% of the existing basic pay shall be merged with the basic pay of the Municipal Corporation employees and shown distinctly as "Dearness Pay" (D.P.).

Accordingly, D.A. equal to 50% of the existing basic pay shall be merged with the basic pay and shown distinctly as Dearness Pay (DP) which would be counted for the purposes like payment of allowances wherever applicable, contribution to CPF, licence fee and various advances etc. The entitlement of TA/DA while on tour and transfer, accommodation provided by ULBs shall, however, continue to be governed on the basis of the basic pay alone without taking into account the Dearness Pay.

3. At present, D.A. @ 67% of the basic pay is being paid notionally to the Corporation employees as mentioned in para-5 (ii) of this Department Resolution

No.22994, dated the 13th October 2006. Subsequently, two doses of D.A. have been sanctioned vide this Department Resolution No.18470/HUD., dated the 9th July 2008 with effect from 1st July 2005 and 1st January 2006 raising the total percentage from 67% to 74% respectively. Thus with the merger of D.A. equivalent to 50% of basic pay with effect from 1st April 2006 as D.P., the D.A. @ 24% of basic pay & dearness pay taken together will be payable from the same date i.e. 1st April 2006 and the D.A. doses as sanctioned from time to time will be calculated accordingly.

4. This merger of Dearness Pay (D.P) is applicable to all employees of Municipal Corporations who are drawing the pay in the regular scale of pay pursuant to the stipulations laid down at Para-2 (vii) of the Resolution No.22994, dated the 13th October 2006 under Revised Scale of Pay, 2006 as per the conditions given under:

- (i) No additional grant-in-aid shall be provided by the State Government on account of merger of D.P.
- (ii) The additional financial implication shall be borne by the concerned Corporations from out of their own non-debt income without sacrificing the developmental needs of the public and in no case the grant/grants given to the Corporations of the state for various developmental works including grants given/to be given under 12th Finance Commission Award and Road Maintenance, Incentive linked grant under the Award of the 2nd State Finance Commission etc. will be diverted/encroached to meet the additional expenditure arising out of extending the merger of D.P & incase, they are not able to meet the additional liabilities, this benefit shall not be applicable to them.
- (iii) In case, they are not able to meet the additional liabilities, the benefits of the aforesaid merger of D.P. will not be applicable to them.
- (iv) The salary and establishment expenditure should not exceed 35% of the own revenue of the Corporations. Accordingly, sanction of D.P. would be regulated to keep the expenditure within this limit.
- (v) This merger of D.P. is applicable to those employees who have been recruited against valid approved sanctioned posts and who are in position as on 1st Jan, 1996 and not applicable to the NMRs/DLRs/J.C. Workers who are not on the regular pre-revised scales of pay or those who have been irregularly appointed without any valid sanctioned post.
- (vi) In case, there is any excess payment intentionally or otherwise on any account compared to the merger of D.P. the differential amount would be

recovered / adjusted from the differential pay and allowances with effect from the 1st April 2006 arising out of fresh pay fixation notionally with effect from the 1st January 1996 and actual financial benefit with effect from the 1st January 2006.

5. This merger of D.P. equivalent to 50% of the Basic Pay with Basic Pay to the employees of the Corporations has been concurred in by the Finance Department vide their UOR No.92-(CS-I), dated the 27th May 2008.

**ORDER**

Ordered that this Resolution be published in the Extraordinary Issue of *Orissa Gazette* & forwarded to all Departments of Government/ Heads of Department/ RDCs/ District Magistrates/all ULBs of the State.

By order of the Governor.

Dr. A. K. PANDA

Commissioner-*cum*-Secretary to Government