



Federation of National Postal Organisations

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SIVAJI VASIREDDY

Secretary General

No: FNPO/8th CPC/50% DA Merger/1-2026

dated 27.02.2026

To

Smt. Justice Ranjana Prakash Desai ,
Chairperson of the 8th Central Pay Commission,
O/o the 8th Central Pay Commission,
3rd & 7th Floor, Chanderlok Building,
Janpath Road, New Delhi – 110001.

Respected Madam,

Subject: Merger of 50% Dearness Allowance with Basic Pay and Grant of Interim Relief in View of Continuing Inflation – w.e.f 01.01.2026 - reg.

My Federation as a stake holder most respectfully submit the following for your kind consideration:

1. Background

Dearness Allowance (DA) is granted to Central Government employees and pensioners to neutralize the impact of price rise, based on the All India Consumer Price Index (AICPI). Over the years, DA has increased substantially due to persistent inflationary trends affecting essential commodities, housing, healthcare, education, fuel, and transportation.

As DA is directly linked to the cost of living, its steep rise reflects the continuous erosion of real wages. The present DA has already crossed significant levels, clearly indicating that the existing basic pay structure no longer reflects the actual cost of living.

2. Justification for Merger of 50% DA with Basic Pay

a) Erosion of Real Wages:

Sustained inflation over the past several years has substantially reduced the purchasing power of employees. Essential commodities and services have witnessed consistent price escalation, placing heavy financial stress on employees and pensioners.

b) Principle Adopted in Earlier Pay Commissions:

Historically, whenever DA crossed 50%, it was considered appropriate to merge a portion of DA with Basic Pay to neutralize inflation impact and to provide structural correction in pay. Such merger ensures that future DA calculations are made on a realistic base.

c) Impact on Allowances and Retirement Benefits:

Since several allowances and retirement benefits are calculated on Basic Pay, non-merger of DA leads to stagnation in actual financial improvement. Merger of 50% DA would:

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- Enhance House Rent Allowance, Transport Allowance, and other pay-linked benefits.
- Improve pension, gratuity, and other retirement benefits.
- Provide long-term financial stability to employees and pensioners.

d) **Interim Relief Pending Final Recommendations:**

The constitution of the 8th CPC and the time required for submission and implementation of its recommendations may take considerable time. During this period, employees continue to face severe inflationary pressures. Therefore, merger of 50% DA with Basic Pay may kindly be considered as an **Interim Relief measure**, subject to final adjustment based on the 8th CPC recommendations.

3. **Economic Reality**

The rising cost of:

- Food and essential commodities
- Housing and rentals
- Education and healthcare
- Fuel and transportation

has significantly increased household expenditure. Middle-class salaried employees are particularly affected, as their income growth does not proportionately match market inflation.

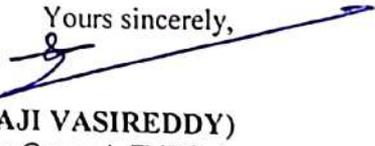
4. **Prayer** : In view of the above, it is humbly requested that the Hon'ble Commission may kindly:

- Recommend **merger of 50% Dearness Allowance with Basic Pay** for all Central Government employees and pensioners; and
- Treat the same as **Interim Relief** pending finalization and implementation of the 8th Central Pay Commission recommendations.

In the light of the prevailing inflationary conditions and the erosion of real wages, my Federation earnestly request the Hon'ble Commission to recommend to the Government the **merger of 50% Dearness Allowance with Basic Pay/Pension with effect from 01.01.2026 as a measure of interim relief**. This measure would provide immediate financial relief, restore partial purchasing power, and ensure economic dignity to lakhs of employees and pensioners across the country.

An early positive action will be highly appreciated.

Yours sincerely,


(SIVAJI VASIREDDY)

Secretary General, FNPO &
Member, National Council (Staff side) – JCM

Copy to: - Sri Shivagopal Mishra, Secretary, National Council (Staff side)- JCM , 13C, Firozshah road, New Delhi-110001 for information and with a request to take up the matter with the appropriate authorities for necessary action.