

State Legislative Brief

BIHAR, GUJARAT, HIMACHAL PRADESH, KARNATAKA, KERALA, UTTAR PRADESH

Ordinances and Rules amending salaries and allowances of MLAs

Key Features

- Amendments to reduce the salary and certain allowances of MLAs, MLCs, Ministers, and Whips, by 15% to 30%
- This reduction has been done for a period of one year and was effective from April 1, 2020

Issues to Consider

- MLAs set their own salaries. The question is whether alternate mechanisms can be evolved
- Can their salaries be benchmarked against that of other senior public officials?
- The salary cut has negligible fiscal impact

In most states in India, state legislators decide their salaries and allowances, by passing a law in their respective state legislatures. In some states such as Bihar, they have passed an Act which empowers the state government to set and revise their emoluments.¹ In April 2020, six states reduced the emoluments of their respective MLAs, MLCs, Ministers, Speaker, and Whips. These states are Bihar, Gujarat, Himachal Pradesh, Karnataka, Kerala, and Uttar Pradesh.^{2,3,4,5,6,7} This was done in the context of the Coronavirus outbreak, to provide state governments with additional funds for relief measures.⁸ Other states such as Andhra Pradesh, Odisha, and Telangana have issued orders deferring the salaries of their MLAs, MLCs, and Ministers.⁹ This note discusses the Ordinances and Rules issued by Bihar, Gujarat, Himachal Pradesh, Karnataka, Kerala, and Uttar Pradesh to reduce salaries and allowances of their legislators.

Key Features

- MLAs and MLCs:** Gujarat, Himachal Pradesh, Karnataka, Kerala, and Uttar Pradesh promulgated Ordinances, to reduce the basic salary and certain allowances of MLAs and MLCs by 30%. The Bihar government amended the Rules that provide for their salaries and allowances, to reduce their salary by 15%. These amendments have been made for a period of one year and were effective from April 1, 2020.⁷ Table 1 compares the previous and current entitlements of MLAs and MLCs across these states.

Table 1: Five states have cut salaries and allowances of legislators by 30%; Bihar by 15%

Feature	Previous entitlement (in Rs per month)	New entitlement (in Rs per month)
Bihar⁷		
Basic salary	40,000	34,000
Gujarat⁴		
Basic salary	78,800	55,160
Himachal Pradesh⁵		
Basic salary	55,000	38,500
Constituency allowance	90,000	63,000
Karnataka³		
Salary and allowances	1,40,000	98,000
Kerala²		
Basic salary	2,000	1,400
Constituency allowance	25,000	17,500
Telephone allowance	11,000	7,700
Information allowance	4,000	2,800
Sumptuary allowance	8,000	5,600
Uttar Pradesh⁶		
Basic salary	25,000	17,500
Constituency allowance	50,000	35,000
Secretarial allowance	20,000	14,000

Note: The given changes in all these states are being made for a period of one year, effective from April 1, 2020.

Sources: Acts and Ordinances providing and amending salaries and allowances of MLAs and MLCs – please see endnotes for details; PRS.

- **Chief Minister, Ministers, Whips, Speaker, Chairman, and Leader of Opposition:** Gujarat, Himachal Pradesh, Karnataka, Kerala, and Uttar Pradesh also promulgated Ordinances, to reduce the basic salary and certain allowances of Chief Minister, Ministers, Whips, Speaker, Chairman, and Leader of Opposition of their state legislature by 30%. These allowances include sumptuary allowance, dearness allowance, and constituency allowance. These amendments have been made for a period of one year and were effective from April 1, 2020.⁷ Table 5 in the Annexure compares the previous and current entitlements of Ministers, Speakers, Leader of Opposition, and Whips, among others.

Issues for Consideration

The Ordinances and Rules have revised salaries of legislators downwards. The issues regarding the salaries of legislators are complex. These include the questions of *who* decides what is a reasonable compensation for legislators and *what* should be the appropriate compensation for them. As salaries are being cut to rise resources to tackle the coronavirus pandemic, the other question is whether the amount of funds released through these measures is meaningful. We discuss these issues below.

Determining compensation for legislators

Methods for setting salaries of legislators

Article 106 and Article 195 of the Constitution empowers MPs and MLAs, respectively to determine their salaries and allowances by enacting laws in their respective legislatures.¹⁰ State legislatures periodically pass laws to revise the salaries, or in states such as Bihar have enacted a law that delegates this power to the state government.¹ This gives rise to a question of conflict of interest.

Parliament and some states in India have amended laws setting the salary and allowances for legislators to decrease this conflict of interest and ensure regular revisions. For example, in 2018 through the Finance Act, the Salary, Allowances and Pension of Members of Parliament Act, 1954 was amended by Parliament to provide that the salary, daily allowance, and pension of MPs shall be increased every five years, on the basis of the cost inflation index provided under of the Income-tax Act, 1961.¹¹ Some states have pegged the salaries of their respective state legislators with the salaries of government civil servants in the state.¹² For example, Maharashtra has pegged it to the minimum basic pay and dearness allowance (DA) of the Principal Secretary to the state government, while Gujarat has pegged it to the minimum basic pay and DA of the Deputy Secretary.¹²

Some parliamentary democracies such as Australia and UK, appoint an independent authority to determine the salary of legislators.¹³ For example in the UK, the Independent Parliamentary Standards Authority which includes a former MP, a qualified auditor, and a person who has held high judicial office decides MP salaries and the consequent revisions.¹⁴ In other countries, such as France, MP salaries are pegged to the average salary of the highest ranking civil servants.¹³ Table 2 lists various methods used in different countries to set salaries for legislators.

Table 2: Various democracies use different methods to decide salaries of legislators¹³

Countries	Different mechanisms for determining salary of legislators
Salary indexed to inflation	
India	MP salary: Increased every five years, on the basis of the cost inflation index
Canada	Adjusted annually as per the average consumer price index of the previous year
Salary set by an Independent Authority	
United Kingdom	Composed of a former MP, former judge, and auditor; salary revised annually as per the average public sector earnings
Australia	Composed of experts in government, economics, law, and public administration; salary revised annually
New Zealand	Composed of judges, MPs, and members of independent statutory bodies; based on the legislator's position in Parliament
Salary indexed to civil servants' pay	
France	Average of salaries of the highest and lowest paid civil servant at the highest grade used to determine salaries. Pay of civil servants decided by treasurers (three MPs) of Parliament.

Sources: Various government websites of respective countries- please see endnotes for details; PRS.

Note that in August 2015, the Delhi Legislative Assembly constituted an independent committee for studying and recommending the salaries and allowances for Delhi MLAs.¹⁵ The committee members included a former Secretary General of Lok Sabha, a senior journalist, and a Supreme Court advocate.¹⁵ As per the recommendations of this committee, a new Bill was passed in the Delhi legislative assembly which increased

basic monthly salary of Delhi MLAs from Rs 12,000 to Rs 50,000 and certain other allowances as well. However, the Bill is pending enactment as it was returned by the Lieutenant Governor in 2016.¹⁶

Some states in India have appointed independent commissions to examine and revise the emoluments of government officials. For example, the Kerala government periodically sets up pay commissions to revise the pay of government employees and teachers.¹⁷ These commissions have included members representing government service and former High Court judges or lawyers. The central government also sets up an independent pay commission every decade to revise the salary structure of its employees and pensioners.¹⁸

Comparison of salaries of state legislators with other state public officials

The independent committee constituted for studying salaries and allowances of Delhi MLAs observed that legislators have various expenses related to their constituency work, public life and law making responsibilities.¹⁵ It also observed that salaries of legislators in India are inadequate to meet all these expenses and to improve their quality of performance.¹⁵ The question is what should be the reasonable compensation that MLAs must receive in order to discharge their functions effectively.

Table 3 below compares the range of basic salary of MLAs across states with the base salaries of various other state level public officials in India. We see that the monthly basic pay of MLAs across states is less than half of the base salary of a Chief Secretary to a state.

Table 3: MLAs get paid much less than other senior public officials in the state

Position	Pay before COVID-19 (Rs per month)
MLA salaries across states	2,000 – 78,800
State Election Commissioner	2,50,000
Governor of state	3,50,000
Chief Secretary to state	2,25,000
High Court Judge	2,25,000
DG Police	2,25,000

Note: This table only gives the basic pay and does not include allowances, such as daily allowance, housing, medical care, and pensions. Sources: Acts of states providing salaries and allowances of MLAs; Seventh Pay Commission; the Election Commission (Condition of Service of Election Commissions and Transaction of Business) Act, 1991; the Governors (Emoluments, Allowances and Privileges) Act, 1982; the High Court and the Supreme Court Judges (Salaries and Conditions of Service) Amendment Act, 2017; PRS.

Effect of amendments on resources to fight COVID-19

The amendments to reduce salaries and allowances of MLAs, MLCs, Ministers, Speakers, and Whips, among others have been done to supplement the resources with the states to fight the coronavirus pandemic.⁸ The question is – whether reducing the salaries of legislators will have a significant impact to help ramp up the resources needed to fight the pandemic.

Table 4 gives an estimate of savings across various states due to these reductions compared to the total budgeted expenditure for 2020-21 for these states. Note that the total saving per year across these states, ranges from around Rs 2.1 crore in Bihar to Rs 17.4 crore in Uttar Pradesh. This shows that such measures to decrease MLA salaries and allowances toward increasing the pool of funds for fighting the pandemic are likely to have an almost negligible impact for the state's finances.

Table 4: Negligible savings through deductions in salaries (Rs crore per year)

States	Total Savings	Total Budgeted Expenditure 2020-21	Total saving as a % of total budgeted expenditure
Bihar	2.1	2,11,761	0.001%
Gujarat	5.8	2,14,133	0.003%
Himachal Pradesh	4.3	49,131	0.009%
Karnataka	15.9	2,37,893	0.007%
Kerala	3.1	1,44,265	0.002%
Uttar Pradesh	17.4	5,12,861	0.003%

Sources: Acts of states providing and amending salaries and allowances of MLAs, MLCs, Ministers, Whips, Speakers, and Leader of Opposition; Budget Documents 2020-21 for Bihar, Gujarat, Himachal Pradesh, Karnataka, Kerala, and Uttar Pradesh; PRS.

Annexure

Table 5: Emoluments of Ministers, Whips, Speaker and Leader of Opposition have also been cut

Position and Features	Previous entitlement (Rs per month)	New entitlement (Rs per month)
Gujarat⁴		
Speaker, Deputy Speaker, Ministers, Deputy Minister, and Leader of the Opposition		
Basic salary	98,500	68,950
Himachal Pradesh⁵		
Speaker, Deputy Speaker		
Sumptuary allowance	95,000	66,500
Ministers, Chief Whip, Deputy Chief Whip		
Sumptuary allowance	90,000	63,000
Chief Minister		
Fixed salary	95,000	66,500
Cabinet Minister, Chief Whip		
Fixed salary	80,000	56,000
Speaker		
Fixed salary	80,000	56,000
Minister of state, Deputy Chief Whip		
Fixed salary	78,000	54,600
Deputy Minister of state		
Fixed salary	75,000	52,500
Deputy Speaker		
Fixed salary	75,000	52,500
Karnataka³		
Chief Minister, Chairman, Speaker		
Basic salary	50,000	35,000
Sumptuary allowance	25,000	17,500
Ministers		
Basic salary	40,000	28,000
Sumptuary allowance	25,000	17,500
Deputy Chairman, Deputy Speaker, and Leader of Opposition		
Basic salary	40,000	28,000
Sumptuary allowance	16,667	11,667
Minister of State, Government Chief Whip, and Opposition Chief Whip		
Basic salary	35,000	24,500
Sumptuary allowance	16,667	11,667
Deputy Ministers		
Basic salary	30,000	21,000
Sumptuary allowance	12,500	8,750
Kerala²		
Ministers, Leader of Opposition, Chief Whip, Speaker, Deputy Speaker		
Fixed salary	2,000	1,400
Dearness allowance	19,400	13,580
Constituency allowance	40,000	28,000
Uttar Pradesh⁶		
Chief Minister, Minister, and Minister of State		
Basic salary	40,000	28,000

Note: The given changes in all these states are being made for a period of one year, effective from April 1, 2020. For Karnataka, the table does not cover certain allowances such as travel allowance, and daily allowance.

Sources: Various Acts and Ordinances of these states providing and amending salaries and allowances of various state constitutional positions – please see endnotes for details; PRS.

¹ Bihar Legislature (Members Salary, Allowance and Pension) Act, 2006, http://vidhansabha.bih.nic.in/pdf/member_salary_acts.pdf.

² The Payment of Salaries and Allowances (Amendment) Ordinance, 2020, https://prsindia.org/files/covid19/notifications/4442.KL_Salaries_Ordinance_2020_Apr%2030.pdf; Kerala Payment of Salaries and Allowances Act, 1951,

<http://www.niyamasabha.org/codes/14kla/The%20kerala%20Payment%20of%20Salaries%20and%20Allowances%20-Act.pdf>; Revised rates of Dearness Allowance for state government employees, April 2019, <http://www.finance.kerala.gov.in/includeWeb/fileViewer.jsp?dId=b8yh2sf4uc7xc7xf>.

³ Karnataka Legislature Salaries, Pensions and Allowances and certain other law (Amendment) Ordinance, 2020, https://prsindia.org/files/covid19/notifications/3127.KA_Salaries_Pension_Ordinance_2020_Apr%2010.pdf; Facilities to Members of Karnataka Legislature, <http://www.kla.kar.nic.in/council/FTMANDEXM.PDF>; Karnataka Legislature Salaries, Pensions and Allowances Act, 1956, <https://indiacode.nic.in/bitstream/123456789/7160/1/2%20of%201957%28E%29.pdf>; Karnataka Ministers Salaries and Allowances Act, 1956, [http://dpal.kar.nic.in/pdf_files/5%20of%201957\(E\).pdf](http://dpal.kar.nic.in/pdf_files/5%20of%201957(E).pdf).

⁴ Gujarat Salaries and Allowances of Members, Speaker and Deputy Speaker of the Gujarat Legislative Assembly, Ministers and Leader of the Opposition Laws (Amendment) Ordinance, 2020, https://prsindia.org/files/covid19/notifications/5214.GJ_Ordinance_MLA_Salaries_Reduction_Apr%208.pdf; Salaries and Allowances to the Member of the Legislative Assembly, <http://www.gujaratassembly.gov.in/mlafacility.htm>; Gujarat Salaries and Allowances of Members, Speaker and Deputy Speaker of the Gujarat commencement. Legislative Assembly, Ministers and Leader of the Opposition Laws (Amendment) Act, 2018, https://lpd.gujarat.gov.in/assets/downloads/ACT_NO_18_OF_2018.PDF.

⁵ Himachal Pradesh Regulation of Salaries and Allowances of different categories in Certain Exigencies Ordinance, 2020, https://prsindia.org/files/covid19/notifications/6754.HP_ordinance_salaries_legislators_apr_11.pdf; Salary and Allowances of Speaker, Deputy Speaker and Members Himachal Pradesh, <https://hpvidhansabha.nic.in/Home/FormFilePdf?filepathName=http%3A%2F%2F10.25.128.163%2FFileStructure%2FAssemblyFiles%2F12%2F19.pdf&Filename=%2FAssemblyFiles%2F12%2F19.pdf>; Salaries and Allowances of Ministers (Himachal Pradesh) Act, 2000, https://indiacode.nic.in/bitstream/123456789/5729/1/the_salaries_and_allowances_of_ministers_%28himachal_pradesh%29_act%2C_2000.pdf; Salaries, Allowances and Other Benefits of the Chief Whip and the Deputy Chief Whip in the Legislative Assembly of Himachal Pradesh Act, 2018, <https://indiacode.nic.in/bitstream/123456789/3335/1/CHIEF%20WHIP%20OF%20HP.pdf>.

⁶ Uttar Pradesh State Legislature (Members Emoluments and Pension) (Amendment) Ordinance, 2020, https://prsindia.org/files/covid19/notifications/6972.UP_Ordinance%20MLA%20MLC%20Salary_April%2011.pdf; Uttar Pradesh Ministers (Salaries, Allowances and Miscellaneous Provisions) (Amendment) Ordinance, 2020, https://prsindia.org/files/covid19/notifications/6976.UP_Ordinance%20Ministers%20Salary_April%2011.pdf; Uttar Pradesh State Legislature (Members Emoluments and Pension) Act, 1980, <http://uplegisassembley.gov.in/getImageHandler.ashx?ID=21267&con=11>; Uttar Pradesh State Legislature (Members' Emoluments and Pension) (Amendment) Act, 2016, http://www.upvidhai.gov.in/MediaGallery/21_of_2016.pdf; Uttar Pradesh Ministers (Salaries, Allowances and Miscellaneous Provisions) Act, 1981, <http://uplegisassembley.gov.in/getImageHandler.ashx?ID=21244&con=11>.

⁷ Bihar State Legislature (Members' Salaries, Emoluments and Pension) (Amendment) Rules, 2020, April 17, 2020, https://prsindia.org/files/covid19/notifications/BR_MLA_Salaries_Amendment_Rules_Apr_17.pdf.

⁸ Gujarat Salaries and Allowances of Members, Speaker and Deputy Speaker of the Gujarat Legislative Assembly, Ministers and Leader of the Opposition Laws (Amendment) Ordinance, 2020, https://prsindia.org/files/covid19/notifications/5214.GJ_Ordinance_MLA_Salaries_Reduction_Apr%208.pdf.

⁹ Order no. 27, Certain austerity measures due to economic slowdown, Finance Department of Telangana, March 30, 2020, https://prsindia.org/files/covid19/notifications/1682.TS_salaries_deferment_Mar_30.PDF; Order no. 26, Deferment of payment of salaries, Finance Department of Andhra Pradesh, March 31, 2020, https://prsindia.org/files/covid19/notifications/1330.AP_deferrement_salaries_mar_31.PDF; Order no. 13686/F, Deferment of salary in view of economic impact of COVID-19, Finance Department of Odisha, https://prsindia.org/files/covid19/notifications/1147.OD_Deferment_salary_Mar_31.pdf.

¹⁰ The Constitution of India, https://www.india.gov.in/sites/upload_files/npi/files/coi_part_full.pdf.

¹¹ Finance Act, 2018, March 29, 2018, <http://egazette.nic.in/writereaddata/2018/184302.pdf>.

¹² Maharashtra Legislature Members' Salaries and Allowances Act, 1956, https://indiacode.nic.in/bitstream/123456789/7833/1/mah_xlix_of_1956.pdf; Gujarat Salaries and Allowances of Members, Speaker and Deputy Speaker of the Gujarat commencement. Legislative Assembly, Ministers and Leader of the Opposition Laws (Amendment) Act, 2018, https://lpd.gujarat.gov.in/assets/downloads/ACT_NO_18_OF_2018.PDF.

¹³ UK Parliament website, <https://www.parliament.uk/about/mps-and-lords/members/pay/mps/>; The National Assembly in the French Institutions, International Affairs and Defence Service, February 2013, http://www.assemblee-nationale.fr/connaissance/fiches_synthese/septembre2012/national-assembly.pdf; Website of Remuneration Tribunal – Australia, [https://www.remtribunal.gov.au/about-us#:~:text=The%20Remuneration%20Tribunal%20is%20an.appointed%20by%20the%20Governor%2DGeneral.](https://www.remtribunal.gov.au/about-us#:~:text=The%20Remuneration%20Tribunal%20is%20an.appointed%20by%20the%20Governor%2DGeneral.;); Website of Victorian Independent Remuneration Tribunal, <https://www.vic.gov.au/members-victorian-independent-remuneration-tribunal>; Website of Remuneration Authority of New Zealand, <https://www.remauthority.govt.nz/>; Salaries and Allowances of Members, Website of Parliament of Canada, https://lop.parl.ca/sites/ParlInfo/default/en_CA/People/Salaries – all last accessed on June 16, 2020.

¹⁴ Schedule 1, Parliamentary Standards Act, 2009, United Kingdom, <http://www.legislation.gov.uk/ukpga/2009/13/schedule/1>.

¹⁵ Report of Committee of experts constituted by Hon'ble Speaker to recommend revision of salaries and allowances for Members of Legislative Assembly, Legislative Assembly of National Capital Region of Delhi, October 5, 2015, <http://delhiassembly.nic.in/Archives/SalaryReport.pdf>.

¹⁶ F. No. 25(3)/16-RN/24/A-2306, Letter by Lieutenant Governor on The Members of Legislative Assembly of National Capital Territory of Delhi (Salaries, Allowances, Pension, etc.) (Amendment) Bill, 2015, April 1, 2016, <http://delhiassembly.nic.in/Legislation/2015-18-LG-M.pdf>.

¹⁷ Kerala Pay Revision Commissions, Finance Department, Website of Kerala Pay Commission, last accessed on June 10, 2020, <http://www.prc.kerala.gov.in/history.jsp>.

¹⁸ Report of the Seventh Central Pay Commission, November 2015, https://doe.gov.in/sites/default/files/7cpc_report_eng.pdf.

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