

# Vital Stats

## How much does India pay its legislators?

Parliament passed the ‘Salary, Allowances and Pensions of MPs’ Bill on the last day of its sitting during the Monsoon session this year. With this, the base salary of an MP has increased from ₹16,000 to ₹50,000 per month. This has been accompanied with increments in allowances and pension.

Before the hike, the salary of an Indian MP was comparable to that of a government employee in the lowest band. Even after the hike, his salary remains lower than that of several key government officials. National legislators of many other democracies also earn more than Indian MPs.

### The law raises an MP’s base salary to ₹50,000 per month

**Table: Salaries, Allowances and Pension of MPs**

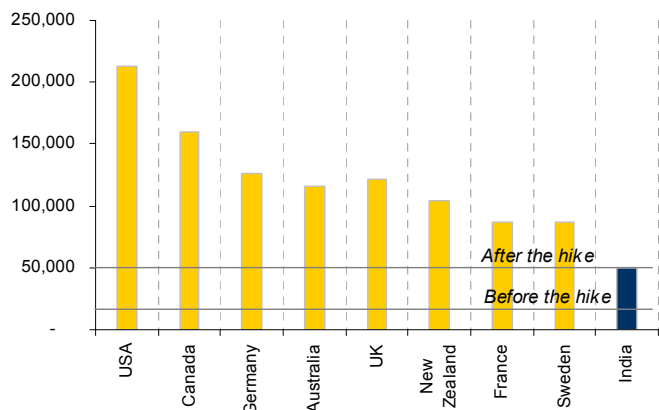
Major heads	Unit	Before hike	After hike
Base salary	per month	₹16,000	₹50,000
Pension	per month	₹8,000	₹20,000
Daily allowance (session days only)	per day	₹1,000	₹2,000
Constituency allowance	per month	₹20,000	₹45,000
Office expenses allowance	per month	₹20,000	₹45,000

Source: The Salary, Allowances and Pensions of Members of Parliament (Amendment) Act, 2010 and Minister’s Statement in Rajya Sabha (31st August, 2010)

- An MP is now paid a base salary of ₹50,000 per month and is entitled to a pension of ₹20,000 per month. If an MP serves as a member for a period exceeding five years, this pension increases by ₹1,500 for each additional year of service.
- In addition, MPs are compensated for official expenses through various allowances – daily allowance of ₹2,000 for each day of attending Parliament, constituency allowance for expenses incurred in the constituency (₹45,000 per month) and office expenses for staff, stationery and postage (₹45,000 per month).
- MPs are provided accommodation in Delhi, which varies from hostel rooms to two-bedroom flats to bungalows. They are also reimbursed for electricity, water, telephone, and internet expenses, and also for 34 one-way air tickets from their constituency to Delhi.

### Despite the hike, MPs in India are paid lower than in many other democracies

**Monthly base salaries of National Legislators across countries (PPP adjusted)**

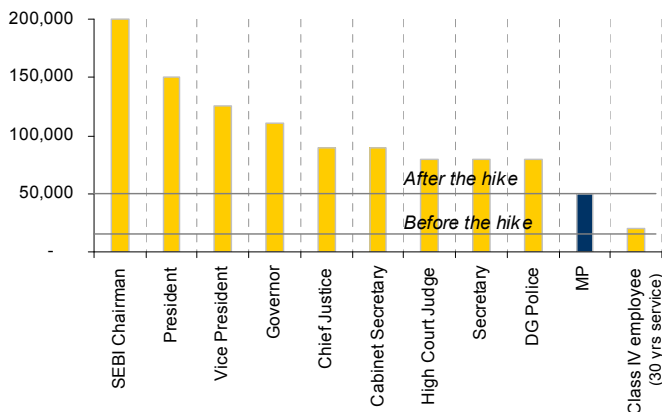


- Salaries of National Legislators across countries, when adjusted for the relative cost of living, provide a useful metric for comparison. The adjustment is done using the Purchasing Power Parity (PPP) which takes into account the relative prices of products in each country.
- On PPP-adjusted terms, Indian MPs earn about 25% of their counterparts in the US. In fact, most advanced democracies pay their national legislators an amount significantly higher than India.
- Parliaments in these advanced democracies also provide higher level of support to their legislators. For instance, the allowances accorded for hiring support staff. Whereas an Indian MP gets an allowance of ₹28,000 per month (as part of office expenses) for hiring assistants, his counterpart, the US Congressman gets \$70,000 per month and can hire up to 18 permanent employees.

Source: Salary data (Country websites); PPPs (Global Report 2005, International Comparison Program, World Bank)  
 Note: This does not include allowances

## MP salaries in India are still lower than those of several key government officials

Monthly base salaries of Public Officials in India



Note: This does not include allowances  
Source: Sixth Pay Commission; Acts of Parliament

- It is interesting to note that Indian MPs are paid lower than a Secretary to the Government of India, even though they outrank them in the order of precedence.
- During the debate in Parliament, several MPs recommended that their salaries be pegged at one rupee more than the salary of the Secretary to the Government of India. This would also result in automatic revision with each Pay Commission award.

## Is establishing an independent salaries commission a solution?

Table: Methods for setting salaries

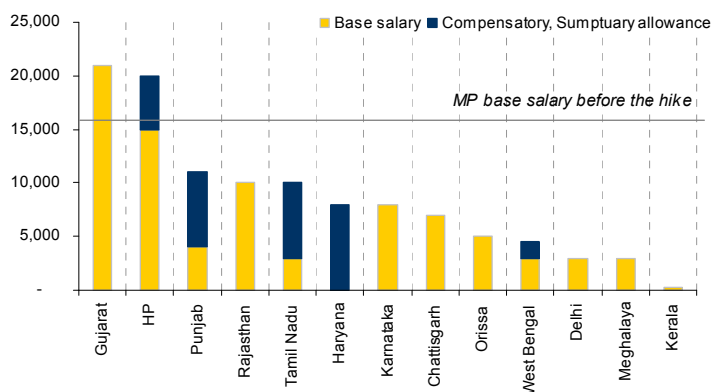
Country	Process of determining salary
India	Decided by Parliament
Australia	Remuneration Tribunal
Canada	Commission to review MPs' pay; salary pegged to annual wage rate index
France	MP pay linked to that of civil servants
Germany	Decided by parliament (Bundestag)
New Zealand	Remuneration Authority
UK	Parliament votes upon recommendations of the Senior Salaries Review Board
US	Decided by parliament (Congress)

Source: Country websites

- In India, MP salaries are decided by the MPs themselves. This gives rise to the question of conflict of interest. The US Congress and the German Bundestag also follow a similar process.
- There are two alternative approaches seen in other democracies - Some appoint an independent authority (e.g. New Zealand); others peg the salary to that of public officials (Canada).
- These structural issues were a major theme of the discussion in Lok Sabha on the 27<sup>th</sup> of August. Several MPs suggested that the government work towards changing the existing procedure and establish an independent commission for determining salaries.

## MLAs in Kerala are paid a base salary of ₹300 per month

Monthly earnings of members across Assemblies



Note: This does not include other items like constituency allowance etc  
Source: State assembly/ government websites

- There is wide variation in MLA salaries across state assemblies. Apart from the usual allowances, some assemblies give 'compensatory' and 'sumptuary' allowances to their members. These cannot be directly correlated with official expenses and as such have been included in our definition of salary.
- Among the states analyzed, Gujarat records the highest salary of ₹21,000 per month and Kerala the lowest (₹300 per month).
- Other than salary, MLAs also get similar facilities like MPs – daily allowance, constituency allowance, office expenses allowance, provisions for accommodation, travel etc. As is the case with salaries, these too vary across states.

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