INDIAN RAILWAYS TECHNICAL SUPERVISORS' ASSOCIATION

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No:IRTSA/Memo-41 Date:22.08.2026

Director General (HR)
Railway Board

Respected Sir,

Subject: Restoration of PCO Allowance for SSEs upgraded to level-8 and level-9 (non-functional) working in PCO wing of Production Units and Workshops.

Ref: 1) Railway Board letter RBE No.155/2022, dated 17.11.2022.
2) Railway Board letter No PC-VII/2023/I/7/5/8, dated 06.11.2025.
3) DG HR D.O. No.PC/VII/2023/1/7/5/8, dated 22.05.2025.
4) DoE E.II(B) Section OM No. 9/7/2025-E.II(B), dated 08.08.2025.
5) CRB D.O. No. No.PC/VII/2023/1/7/5/8, dated 23.03.2026.
6) DoE E.II(B) Section OM No. 9/7/2025-E.II(B), dated 08.08.2026.

1.1) We would like to draw your kind attention on discontinuance of PCO allowance to Senior Section Engineers (SSEs) working in PCO wing of Production Units and Workshops of Indian Railways covered under incentive scheme. Railway Board's proposal for restoration of PCO Allowance for SSEs received upgradation to level-8 and level-9 (NFU) vide RBE No.155/2022 have not agreed by Finance Ministry.

1.2) As on 01.12.2022, **Approximately 2271 SSEs in level-8** (24% in level-7, 50% in level-8(MACPS) 26% in level-9 MACPS) are working in PCO organisation of Production Units and Workshops which are covered under Incentive System. (**Details in Annexure-1**). It is requested that action may be initiated by Railway Board for reconsideration of the decision taken by DoE, Ministry of Finance on this issue.

2) **Incentive system**

a) Railway Production Units and Workshops are following performance-based incentive system to get higher productivity and for economic utilisation of Rolling Stocks & assets as well that for the man-power. Systematic study of all the operations & process was carried out to set up norms & standards. Bench mark/Time standard for every activity resulted in optimising staff strength and infrastructure utilisation of PUs and workshops. Seamless adoption of new technologies in manufacturing & maintenance process and induction of new rolling stocks are happening continuously. During implementation of incentive system staff strength in PUs and Workshops were streamlined and downsized resulting in achieving in higher efficiency.

b) During every revision of incentive rates, to achieve more productivity downward revision of allowed time (man power bench mark) had been done. Due to the effect of two revisions, Strength of workshop staff was reduced by 18% down from 5,02,582 to 4,13,767 between the year 1999 and 2009. In the year 2017 the strength was further reduced by 15% to 3,51,780. In the same period number of rolling stocks produced and major overhaul done were increased considerably. Increase in number of Rolling stocks between the year 2014-15 and 2024-25 is given in **Annexure-2.**

c) During the incentive revision in the year 1999, 12.5% reduction in fatigue allowances and 2.5% in contingency allowance were made and during the revision in the year 2009, 5% reduction in allowed time across the board implemented to achieve productivity. But staff strength of workshop was reduced by 30% from 1999 to 2017. Similarly, when the incentive rates were revised in the year 2017, 5% reduction in allowed time across the board was implemented. This has resulted in reduction in man power more than 5%, multiple times higher than actual financial value of revision of incentive.

2.1) **Production Control Organisation Allowance (PCO Allowance) part of incentive system**

a) Production Control Organisation (PCO) consists of planning, inspection and progress and they form the nerve system of production and maintenance activities. When staff working directly in shop floor are required to work in these wings through parallel transfer, they are granted PCO allowance. Staff working in shop floor and PCO organisation are inter changeable on administrative convenience.

b) Railway Board letter No.E(NG) I-78SR6/44 dated **09.06.1978** stated principle for staff working in PCO organisation,

> "if staff from the shop floor are posted to the Production Control Organisation (Progress, Inspection, Rate fixing and planning, Jig & Tool) in their existing scale of pay they will receive a special pay of 10% of the pay admissible to them in their posts in shop floor".

2.2) **PCO Allowance (Special Allowance) for SSE & SE**:

a) Railway Board through their letter No. PC-V No.205 (RBE No. 193/1999, dated **10.08.1999** on the subject, Recommendation of **Fifth Central Pay Commission** – "Decision relating to grant of PCO Allowance (known as special pay prior to IV CPC recommendations) to staff of Production Control Organisation" said that Senior Section Engineers and Section Engineers posted to Production Control Organisation on tenure basis will be eligible for a Special Allowance calculated at 7.5% of their basic pay w.e.f 01.09.1999.

b) Through Railway Board letter No. E(P&A)I-2008/SP-1/WS-4, Dated **06.02.2009**, pursuant to the **recommendations of the Sixth CPC**, Section Engineers and Senior Section Engineers drawing grade pay of Rs.4600 were granted PCO Allowance of 7.5%.

c) **7th CPC in para 8.17.102**, without studying details on the principles of Incentive system followed in PUs and workshops of Indian Railways, in line with its general approach of rationalizing the percentage-based allowances by a factor of 0.8, revised the rates of PCO allowance for SSE in level-7 to 6% (7.5%X0.8=6%) of basic pay.

3) **Implementation of RBE No.155/2022 for upgradation of SSEs to level-8 & NFU to level-9**

> a) In certain Group-C categories like Technical Supervisors, new grade of Pay Level-8 has been introduced w.e.f. 01.12.2022 to mitigate stagnation among these categories (7th CPC in para 11.40.113 said that there is some element of stagnation at the GP-4600 (SSE) stage and asked Railways to address the issue departmentally). They will be eligible for non-functional financial upgradation to Pay level-9 on completion of four-year service in Pay level-8.
>
> b) There is no change in the nomenclature/designation, duties and responsibilities and classification of the posts after upgradation and they will remain classified as Group 'C'.
>
> c) Entire scheme of upgradation was made financially neutral proposition.

3.1) It is to be noted that, even though matching surrender for the purpose of financial neutrality was done for entire upgraded posts, only around 15% of SSEs upgraded to level-8 from level-7 got the benefit of pay fixation, since all other were already placed in level-8 and level-9 through MACPS.

3.2) It is pertinent to note that SSEs working in functional level-7, got the financial upgradation under MACPS to level-8 and 9 are eligible for PCO allowance.

4) Allowances are paid to any particular category based on their nature of work and as per requirements for train operation & maintenance in open line, major maintenance in workshops, manufacturing activities in Production units, etc.

5) Eligibility for certain allowances like Night Duty Allowance (NDA), National Holiday Allowance (NHA) and Production Control Organisation allowance (PCO Allowance) are paid to all Group-C employees irrespective of their pay level, if they are posted / rostered for the respective work. These allowances are paid as per accepted recommendations of various pay commissions and expert bodies.

7) Railway Board vide its letter dated 06.11.2025, withdrawn payment of PCO allowance for SSEs in level-8 who are working in progress wing of Production Unit and Mechanical Workshops and Cessation of NDA, NHA and PCO allowance for personnel receiving non-functional upgradation to level-9 after 4 years of service in level-8. It put employees received upgradation / promotion to level-8 and employees going to receive non-functional financial upgradation to level-9 in a disadvantageous position since their effective take home pay will get reduced. (**Illustration in Annexure-3**).

8) Government has already formed 8th CPC and it is functioning full-fledged. 8th CPC has been mandated to review the existing allowances and conditions of their admissibility and recommend their rationalization keeping in view the multiplicity of allowances. Now, it is not appropriate for Railways to withdraw existing allowances to particular category of staff who falls under safety category.

8) **Hence it is requested for restoration of PCO Allowance for SSEs upgraded to level-8 and level-9 (non-functional upgradation) working in PCO wing of Production Units and Workshops. It is requested that action may please be initiated by Railway Board for reconsideration of the decision taken by DoE, Ministry of Finance on this issue.**

Thank you in anticipation

Yours' truly

Copy for kind information
AM (Staff)

K.V.RAMESH
General Secretary, IRTSA

Annexure-1

Approximate Strength of SSEs (level-8) working in PCO organisation eligible for PCO allowance

Production Units

S.N	Production Units	Strength of SSE in level-8	Remarks
1	CLW	110	Approximate.
2	BLW	56	As per write petition No. 1184/2025 at Hon'ble CAT Allahabad.
3	ICF	130	Actual on roll.
4	RCF	33	Book of sanction 66 as on 31.03.2018. Taken 50% of 66.
5	MCF	Nil	No incentive system.
6	PLW	Nil	
7	RWF	13	Actual on roll.
	Sub Total	342	

Mechanical Workshops

S.N	ZONE	MECHANICAL WORKSHOP		On roll strength of SSE in level-8 (Appx)	Remarks
1	Central	Parel	Loco workshop	24	50% of 47 SSEs 'On roll' as on 31.03.2018
2		Matunga	Carriage workshop	25	No separate sanction for PCO. 20% of on roll strength of 247 = 50 SSE taken for PCO. 50% of 50 SSEs accounted in level-8.
3		Kurduwadi	NG workshop	Nil	No incentive system
4	Eastern	Jamalpur	Loco workshop	26	In proportion to Liluah WS
5		Liluah	C & W workshop	40	Arrived from total SSE 'on roll' strength of 388 as done in S.N.2
6		Kanchapara	Group of workshops	27	50% of 53 SSEs 'On roll' as on 31.03.2018
7		Budge Budge	Bogie manufacture factory	Nil	
8	East Central	Samastipur	Mechanical workshop	10	Approximate
9		Harnaut		Nil	
10	East Coast	Mancheswar	Carriage workshop	Nil	PCO is part of Group Incentive System
11	Northern	Charbagh	Loco workshop	15	50% of 30 SSEs 'BOS' as on 31.03.2018
12		Alambagh	C & W workshop	3	50% of 6 SSEs 'On roll' as on 31.03.2018.
13		Amristar	Mechanical workshop	Nil	Zero SSE 'on roll' as on 31.03.2018.
14		Jagadhri	C & W workshop	20	Arrived from total SSE on roll strength of 196 as done in S.N.2
15		Kalka	C & W workshop	3	50% of 5 SSEs 'On roll' as on 31.03.2018
16	North Central	Gwalior	Rail Spring Karkhana	Nil	No incentive system
17		Jhansi	Wagon workshop	13	50% of 26 SSEs 'On roll' as on 31.03.2018.
18	North Eastern	Gorakhpur	Mechanical workshop	13	50% of 25 SSEs 'On roll' as on 31.03.2018.
19		Izatnagar	Mechanical workshop	8	50% of 15 SSEs 'On roll' as on 31.03.2018.
20	North East Frontier	Dibrugarh	Mechanical workshop	6	Equal to New Bongaigaon
21		New Bongaigaon	C & W workshop	6	50% of 12 SSEs 'On roll' as on 31.03.2018.
22		Tindharia	NG workshop	Nil	
23		Ajmer	C & W workshop	28	

	North Western	Ajmer	Loco workshop		50% of 55 SSEs 'On roll' as on 31.03.2018.
24		Bikaner	C & W workshop	8	Half of Jodhpur workshop
25		Jodhpur	Carriage workshop	16	50% of 32 SSEs 'On roll' as on 31.03.2018.
26	Southern	Perambur	C & W workshop	3	50% of 5 SSEs 'On roll' as on 31.03.2018.
27		Perambur	Loco workshop	5	50% of 9 SSEs 'On roll' as on 31.03.2018.
28		Trichy	Golden Rock central workshop	1	1 SSE 'On roll' as on 31.03.2018.
29	South Central	Lallaguda	Carriage workshop	15	50% of 30 SSEs 'On roll' as on 31.03.2018.
30		Guntupalli	Wagon workshop	Nil	PCO is part of Group Incentive System.
31		Tirupati	Carriage workshop	Nil	PCO is part of Group Incentive System
32	South Eastern	Kharagpur	Loco, Carriage & Wagon workshop	14	50% of 28 SSEs 'On roll' as on 31.03.2018.
33		Haldia	DEMU manufacturing	Nil	
34	South East Central	Nagpur	NG workshop	Nil	
35		Raipur	Wagon workshop	7	50% of 14 SSEs 'On roll' as on 31.03.2018.
36	South Western	Mysuru	Central workshop	12	Arrived from total SSE on roll strength of 119 as done in S.N.2
37		Hubli	Carriage workshop	10	50% of 20 SSEs 'On roll' as on 31.03.2018.
38	Western	Dahod	C & W workshop	20	50% of 40 SSEs 'On roll' as on 31.03.2018.
39		Lower Parel	Carriage workshop	27	50% of 53 SSEs 'On roll' as on 31.03.2018.
40		Mahalaxmi	EMU workshop	3	Approximate
41		Pratapnagar	C & W workshop	5	50% of 9 SSEs 'On roll' as on 31.03.2018.
42		Bhavnagar	Wagon workshop	Nil	No incentive system
43	West Central	Kota	Wagon workshop	17	50% of 34 SSEs 'On roll' as on 31.03.2018.
44		Bhopal	Coach Rehabilitation Workshop	9	50% of 18 SSEs 'On roll' as on 31.03.2018.
			Sub total	**1924**	

S&T workshops

S.N	**ZONE**	**S&T WORKSHOP**	**On roll strength of SSE in level-8 (Appx)**	**Remarks**
1	SCR	Mettuguda	1	50% of 2 SSEs 'On roll' as on 31.03.2018.
2	SR	Podanur	Nil	
3	NR	Gaziabad	4	50% of 7 SSEs 'On roll' as on 31.03.2018.
4	WR	Byculla	Nil	No incentive system
5	WR	Sabarmati	Nil	No incentive system
6	ER	Howrah	Nil	No incentive system
7	NER	Gorakpur	Nil	No incentive system
		Sub total	**5**	

Engineering Workshops: No incentive system followed in 10 Engineering workshops.

1	CR	Manmad
2	WR	Sabarmati
3	SR	Arakkonam
4	NR	Lucknow

5	NR	Jalandar Cant
6	NER	Gorakpur Cant
7	NFR	New Bongaigaon
8	ECR	Mughalsarai

9	SER	Sini
10	SCR	Lallaguda

Grand total on SSEs (level-8) working in PCO organisation in Indian Railways = 2271

Number of SSEs working in PCO organisation receiving PCO Allowance as on 01.12.2022 while implementation of Railways 50% upgradation order vide RBE No.155/2022, in ICF

Pay level	Number of SSEs	% to total	Before RBE No 155/2022	Before RBE No 155/2022
Level-7	31	24 %	6% PCO allowance	6% PCO allowance
Level-8 (MACPS)	65	50 %	6% PCO allowance	Nil
Level-9 (MACPS)	34	26.%	6% PCO allowance	Nil
Total	130	100.0%		
After implementation of upgradation to level-8, 99 SSEs (76%) who were already in level-8 and level-9 through MACPS were denied PCO allowance w.e.f. 01.09.2025.				

By applying ICF's proposition for Indian Railways, 76% of approximately 2271 SSEs working in PCO wing receiving PCO allowance were deprived of PCO allowance after upgraded to functional pay level-8, Since their basic pay remains same.

Annexure-2

Increase in number of Rolling stocks between the year 2014-15 and 2024-25

	2014-15	2024-25	% increase
Number of Locos	10,773	16,092	49.4 %
Number of Coaches	68,588	98,173	43.1 %
Number of wagons	2,54,006	3,46,366	36.4 %
Number of passenger trains run daily	13,098	13,940	6.4 %
Passenger Train KM (in Million)	759.3	835	10.0 %
Number of Goods trains run daily	9202	11631	26.4 %
Goods Train KM (in Million)	401.9	520	29.4 %

Annexure-3

Employee receiving functional promotion from level-7 to level-8 and non-functional promotion from level-8 to level-9 with pay fixation benefit

	Level-7	Level-8 Functional		Level-9 Non functional	
		With PCO allowance	With out PCO allowance	With PCO allowance	With out PCO allowance
Basic pay	58,600	60,400	60,400	62200	62200
DA @ 60%	35160	36400	36400	37320	37320
PCO allowance @ 6%	3516	3,624	0	3732	0
Total	**97,276**	**1,00,424**	**96,800**	**1,03,252**	**99,520**

Proportionate increase of Dearness Allowance (DA) and Transport Allowance (TPTA) during promotion or MACPS to higher pay level, cannot be considered as compensation for denial of PCO allowance.

Proportionate increase in DA and TPTA during promotion or MACPS is available for all employees. These increases should not be related with denying any other allowances.

Employee in functional level-7, already reached level-8 through MACPS, upgraded to level-8 functional without pay fixation benefit

	Level-8 MACPS	After upgradation to level-8 Functional
Basic pay	62200	62200
DA @ 60%	37320	37320
PCO allowance @ 6%	3732	0
Total	**1,03,252**	**99,520**

Employee in functional level-7, already reached pay level-8 & 9 through MACPS are put still more in disadvantageous position, since their basic pay do not change.