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Compensation Survey for National Mission Management Unit

National Rural Livelihoods Mission

Recommendations

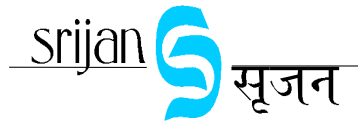
Submitted to

The World Bank

and

Ministry of Rural Development, Government of India

by



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I. Executive Summary

II. Introduction

The basic purpose of National Rural Livelihoods Mission is to put in place **a dedicated and sensitive support structure from the national level to the sub-district level which will focus on the poor, build and sustain their organizations at different levels.** This will provide the poor a platform for collective action based on self help and mutual cooperation and they become a strong demand system, build linkages with mainstream institutions, including banks, and Government departments to address the various dimensions of poverty.

As per the NRLM Guidelines

“It is our earnest endeavour to see that the institutions of the poor are continuously nurtured, strengthened and empowered and they eventually drive all the initiatives to enable their members to come out of poverty and enjoy a decent quality of life. The external sensitive support structure envisioned under the NRLM should gradually shed its functions and responsibilities to the institutions of the poor and truly evolve into a sensitive facilitating structure. The success of NRLM will lie in achieving this objective.”

The major drawback in SGSY was lack of dedicated manpower for the process intensive work envisaged under the programme. All evaluation studies have pointed out this as critical shortcoming. Hence, the **major innovation under NRLM is the setting up of sensitive and dedicated support structures at the National, State, district and sub-district levels**¹.

All these stated core beliefs and values emphasize the need for quality human resources under NRLM to achieve its ambitious mission. Learning from similar successful projects, such as IKP in AP, BRLP in Bihar, too point to quality human resources steering the Project towards its goals.

III. Profile of the National Professional Team

Persons occupying national level positions should not only be experts in the respective subject areas, they should also perform the role of a ‘mentor’ to the states. They should have a national level perspective, should understand the challenges of working at scale and should be sensitive to the ways in which government projects are implemented. Moreover, they should believe in the core principles of NRLM and should be able to carry these to the state NRLM implementing agencies. Thus a high level of knowledge, skills and attitude matching that of NRLM core principles is required for the National NRLM team.

Specifically, the profile of the members of national team (professional staff) in terms of education, experience, and skill set is advised to be as follows². It is for this profile of persons in various agencies, that the compensation survey is conducted.

- a. Education: a national NRLM team member would have a Post Graduate Degree/ Diploma in Management, or a Professional Post Graduate degree (Engineering, Agriculture, etc.)

¹ From NRLM Guidelines

² please see our note on organisational structure.

- b. S/he would have at least 10 years of relevant experience in a given domain and would have handled responsibilities in similar livelihoods or social sector projects, and would have thus acquired skills as required in NRLM at the national level.
- c. A desirable skill set will include the following (to further elaborate on experience):
 - i. A thorough knowledge of and substantial experience in the thematic area,
 - ii. Knowledge of public policies and experience of working with government programs,
 - iii. Experience of managing implementation of a large program, at least at state level,
 - iv. Program design skills,
 - v. Strong communication skills (written and oral),
 - vi. Ability to work in/ with teams, and
 - vii. Ability to build capacities and mentor team members/ state functionaries.

IV. Rationale for Conducting Compensation Survey

The universe from which such persons can be identified is not very large. Some potential candidates work for national level NGOs, some work with donor agencies and some with national level consulting/ research agencies. Attracting them to work for NRLM would be a challenge. To attract the best talent available in the country, apart from offering them challenging roles, terms of engagement including a compensation structure that is among the best being offered, is critical.

Given the wide variation among salaries and perquisites offered across government, NGOs, UN organizations and international donor agencies, it is also important to synthesize the data in order to see comparable salaries for comparable profile of work and responsibility.

Although difficult at the best of times, it is useful to adopt the principle of cost to company (CTC) while consolidating the compensation structure, particularly since NRLM will offer contractual jobs not a permanent position in the government. These jobs would thus come with risks not associated with permanent jobs in the government, thus often requiring additional buffer.

V. Methodology Adopted for the Survey

We collected data from an authentic source within various organisations, while from official websites, at times. Clarifications were sought from senior staff members in one to one meetings, knowledgeable about the salary structure.

VI. Basis for Selecting Comparable Agencies

The rationale for selecting the agencies that could be said to be comparable to NRLM is the following:

- (i) Parity in terms of objectives, etc. The organisations chosen represent the potential universe from which candidates can be recruited for NRLM. The reader can see that there is an organisational parity in terms of broad objectives, nature of work, etc that these organisations have with NRLM.
- (ii) Similarity in scale and size of work, hence skills required. Most of these agencies work at scale, thus staff working in these organisations would have skills and experience that might be required for managing NRLM.
- (iii) Agencies are well known. All the agencies are very well known for their work in the development sector, with clearly defined salary/ benefit structures.

VII. Profile of agencies selected in relation to envisaged profile and role of NRLM

Typology of the agencies and sample names thus included are the following:

- (i) Government of India
- (ii) Externally Aided projects (Bihar Rural Livelihoods Project (BRLP) or Jeevika)
- (iii) National resource centres affiliated to the ministries (National Health Systems Resource Centre (NHSRC) affiliated with Ministry of Health and Family Welfare (MoHFW);
- (iv) National Banks (NABARD);
- (v) Consultancy organizations that operate at the national level (Indian Grameen Services of BASIX),
- (vi) Multilateral organizations (UNDP),
- (vii) International NGOs (CARE, Save the Children), and
- (viii) Civil society organizations (PRADAN, Agha Khan Rural Support Program).

Effort was made to get regional variation across the country. It was confined to national and state positions. "Compensation" components were basic, house rent allowance, medical and insurance coverage, other perquisites and facilities.

VIII. Key findings from the survey

A. Salient features that emerge from the survey are the following:

- (i) In most cases, the compensation structure includes performance pay, fringe benefits, and additional allowances. The structure is not flat which gives an impression that an employer needs to be concerned about welfare of staff such as deferred payments (PF and gratuity), medical benefits, education allowance for children, etc.
- (ii) A lump sum amount was being paid in newer organizations like the NHSRC, as opposed to the older organizations where components of the compensation structure were defined such as PF, and medical and accidental insurance.

- (iii) Salary is often linked with person's experience and profile of work. Salary has a performance component in some of the agencies.
- (iv) All national level positions were being compensated in the range of Rs. 100,000 to 150,000 per month, except in case of Civil Society Organisations.
- (v) Government agencies have additional perks/ benefits which are difficult to quantify (Car, house furnishing, support staff, etc)
- (vi) Duration of work experience is given due weightage, which is also the base for fixing the salary. Most structures have a space to accommodate and reward experience.
- (vii) It is commonplace to provide facilities such as car for picking up a staff member from home and dropping off, especially for senior positions in some agencies.

B. Features of Compensation Structure in Specific Organisations such as Government

- (i) Central Government: As is well known, the sixth pay commission drives the salary scale in the government now. Below we give salary calculations for pay band 3 which is most relevant for NMMU.

Table 1. Government Salaries

Pay Band (PB)	Basic	Grade Pay	Total	DA @40%	HRA @30%	PF	Transport 3200+DA	TOTAL
PB 3 Starting	15,600	5,400	21,000	8,400	6,300	2,520	11,600	49,820
	27,350	6,600	33,950	13,580	10,185	4,074	16,780	78,569
PB 3 End	39,100	7,600	46,700	18,680	14,010	5,604	21,880	106,874

The other key features of the new salary structure are:

- Lowest Salary - Rs. 6,600/
- Education Allowances for employees having two children - Rs. 1,000/ (Earlier, it was Rs. 100/)
- Highest Salary - Rs. 90,000/ (Cabinet Secretary)
- National Holidays – 3
- Gazetted Holidays to be cancelled
- Pay hike will be implemented from January 01, 2006
- Maternity Leave: 6 Months
- Employees living in A-1 Cities - 30% HRA (Unchanged)
- Employees living in A, B, B-1 Cities - 20% HRA
- Incentive Schemes will be announced
- New Medical Insurance Scheme to be launched for government employees
- Market-driven pay for scientists and all other jobs that require professional skill set.
- Total number of salary grades to be reduced from 35 to 20.

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- (ii) **NABARD:** NABARD staff is going to be paid according to RBI scales, *mutatis mutandis*. The pay scales are given below in table 2.

Table 2. NABARD PAY SCALES											
Grade	Starting Scale	DA @40.80% (as for Oct-Dec 10)	PF @ 12% ?	Local Allowance @5%	Family Allowance @4% (max 1100)	Grade Allowance	Special Allowance	Fixed Personal Allowance	Special Compensatory Allowance	Medical Expenses	TOTAL
A	17,100	6,977	2,889	855	684	1,500	2,500	1,180	550	4,000	38,235
B	21,000	8,568	3,548	1,050	840	2,250	2,500	1,180	550	4,000	45,486
C	28,350	11,567	4,790	1,418	1,100	4,500	2,500	1,235	625	4,000	60,084
D	39,850	16,259	6,733	1,993	1,100	6,750	2,500	1,395	625	5,500	82,704
E	42,300	17,258	7,147	2,115	1,100	9,000	5,000	1,600	625	5,500	91,645
F	60,600	24,725	10,239	3,030	1,100	10,000	-	1,600	1,000	5,500	117,794

All staff members are given residential quarters and leave travel allowance (LTC). The E grade officers are also given car and air-conditioners, with electricity consumption up to 200 units a month.

In our view, grades B and C may be relevant to look at for NMMU staff, at the upper ends. The following reveals more about the staff and work profile of B and C grade officers at NABARD.

- Candidates falling in B & C grades are mostly Post Graduates (non technical as well as technical - Agriculture, Management, Engineering etc);
- They have between 10 -15 yrs of work experience. NABARD has not recruited mid-career professionals in a very long time now.
- They have their own recruitment and selection process, through which candidates are selected (like Bank PO exams);
- Job Profile of these staff – (i) If they are placed with the Regional Offices, they have sector specific responsibilities - handling one sector (micro-credit, Financial inclusion, farmer technology, watershed etc) - Geographically they manage the sector for the entire state. (ii) If placed at the Corporate Office - Their role is mainly of aggregation of information across the country, and analysis. At a senior level, some also get involved in sector strategy and policy.
- Another role they play is that of providing consulting services through NABCONS. Roles/ skills are: Liaise with external environment; networking, analysis, presentation, and concise reporting.

- (iii) **Multilateral Organisations.** Studying UN salaries, applicable in India, given in annexure 3, we concluded that people with post graduate degree from a reputed institute and 15 to 20 years of relevant domain experience are likely to be placed in National Officer – B category. They are likely to get 110,000 to 130,000 rupees a month (taxed). Those that are placed in NO-C category and have designations such as Assistant Representatives, get what is called “fixed term” salary, that are tax free, plus medical facilities for family and also pension after having served for five years in the UN.

- (iv) **National level resource Centres and International NGOs.** NHSRC pays in the range of Rs. 100,000 to 125,000 plus car for pick up and drop off for its senior staff that have 15 to 20 years of experience. Salaries at Save the Children Fund for senior staff are in the range of Rs. 100,000 to 150,000 plus provident fund, insurance, medical allowance and car facility.
- (v) **Civil Society Organisations.** Having studied salaries of national organisations like PRADAN and AKRSP, salaries of their state level staff is in the range of Rs. 45,000 to Rs. 60,000. They also give project allowance (AKRSP), medical allowance, insurance, conveyance and professional Development Allowance etc.
- (vi) **State level rural development projects.** Having studied salaries of several state projects, such as in Bihar, Andhra Pradesh, and Tamil Nadu, we found the range to be between Rs. 40,000 to Rs. 60,000, lower in case Tamil Nadu and higher in case of Bihar.

IX. Recommendations

A. Recommended Compensation Structure for full time team.

Drawing upon the abovementioned results (please see the annexures 2 and 3), the recommended compensation structure for contracted staff in NMMU is given below:

1. **Salary range based on experience:**

Creating three different ranges across the NRLM implementing structure would offer a chance to recruit candidates with higher experience and also provide growth avenues for staff, essential for retaining them (please see annexure 1 with comparators).

- i. For persons having a professional degree with more than 15 years of experience: Range of Gross Salary will be Rs. 150,000 – 175,000 (Level 'L1').
 - ii. For persons having a professional degree with 11 to 15 years of experience: Range of Gross Salary will be Rs. 125,000 – 150,000 (Level 'L2').
 - iii. For persons having a professional degree with 8 to 10 years of experience: Range of Gross Salary will be Rs. 100,000 – 125,000 (Level 'L3')
 - iv. Relaxation based on prior domain experience. Those who have worked in similar livelihoods projects at scale either at the state or national level would be given relaxation of three to five years.
 - v. Relaxation based on education: To accommodate exceptional younger candidates, the total years of experience may be relaxed for candidates coming from reputed institutes. Two bands of such institutes may be considered – (i) 3-5 years for candidates from IIM, IIT, IRMA, IIFM; and (ii) 2-3 years for candidates from XISS, XIMB, reputed technical institutes like GB Pant Agriculture University. This is applicable to the first two categories, i.e., L1 and L2.
- a. The salary could be broken into basic, HRA, Medical, and project allowances, but our recommendation that it is given as lump sum and be called consultant fee.

- b. A certain percentage of salary could be linked to performance, clearly defined at the beginning of the contract period.
- c. Additional Benefits or Facilities. Cost of living and commuting and time involved in travel within city and outstation being high for the people in this age group (having children and grand parents living them often), and given the facilities provided by other existing and potential employers, the following additional benefits are recommended: 1. Car facility – for office use, including pick up and drop off from home, and from airport and railway station and bus stop; 2. Communication allowance – up to Rs 2500 per month; 3. Travel Insurance Benefit. 4. Although details of these would be covered under the HR Manual, the TA/DA norms suggested are: Travel – Air fare - economy class, 2nd AC sleeper, Luxury Bus/ Taxi; and DA (per diem) – Up to Rs 5000 per day of outstation travel.
- d. Special Hardship Allowance for LWE districts. Special allowance will be given for people working in hardship areas like left wing extremism affected districts as defined by the Planning Commission. This could be from 5 to 10 per cent of the gross compensation
- e. The profile of candidates would be that of upper-mid management. These persons would have at least fifteen to twenty years of relevant working experience. At a personal level, they would seek some stability in their work (school going children being a primary concern). Hence ideally a **three year contract should be offered**, subject to annual performance review.

B. Recommended Compensation Structure for Part Time Consultants:

Similar to the above, Consultants should be placed in three categories according to their experience/expertise:

- f. 'A' category for those with top level experience (15 to 20 years or more experience, education from best institutions) – Rs. 7500 to Rs. 10000 per day.
- g. 'B' category for those with middle level experience (10 to 15 years experience, education from best/good institutions) – Rs. 5000 to Rs. 7499 per day.
- h. 'C' category for those with moderate experience (5 to 10 years or more experience, education from best/good institutions) – Rs. 3000 to Rs. 4999 per day.
- i. NMMU shouldn't engage people with less than 5 years of experience, or those who don't deserve even Rs. 3000 per day.
- j. Facilities (travel, per diem etc) should be same as NMMU full time employees otherwise it would be inimical

C. Recommended Compensation Structure for Support Staff, Management Trainees and Interns

Support staff in accounts, administration and information technology functions are expected to start at Rs. 35,000 per month (level L4).

Stipend for management trainees would be Rs. 25,000 per month in the first year and Rs. 30,000 in the second year (level L5). This is for a Delhi based position.

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Interns from good institutes such as IIM, IRMA and IIFM must be paid Rs. 5000 to Rs. 7500 per month plus all other expenses paid (travel, boarding and lodging), if they are based in the field, and Rs. 10,000 per month if they are based in Delhi or state capitals.

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Annexure 1: National Level Salaries (comparison)

Position in NMMU	Level	Profile	Experience	Skill Set	Salary recommended (range)	Equivalent salaries in other organisations								
						NABARD		Gol		Funding Agencies	PRADAN	AKRSP	BASIX	UNDP
						Salary	Grade	Salary	Grade	Save The Children				
National Manager/ Resident Representatives	L1	Post Graduate Degree/ Diploma in Management, or a Professional Post Graduate degree (Engineering, Agri, etc.)	At least 15 years of experience in relevant domain such as similar livelihoods project at scale.	A thorough knowledge of and substantial experience in the thematic area, Knowledge of public policies, Experience of managing implementation of a large program, at least at state level, Experience of working with government programs, Program design skills, Strong communication skills (written and oral), Ability to work in/ with teams, and strong ability to build capacities and mentor team members/ state functionaries.	150,000 - 175,000	82,000	C	1,07,000	PB 3	150,000 to 200,000	63,000 to 66,000		100,000 to 125,000	138,000 to 254,000
National Manager/ Resident Representatives	L2		At least 10 years of experience in relevant domain such as similar livelihoods project at scale.		125,000 - 150,000	60,000	B	79,000	PB 3	105,000 to 160,000	56,000 to 59,000	60,000		122,000 to 177,000

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Coordinators	L3		At least 8 years experience in Large scale Project Management, preferably experienced in one of the relevant domains in livelihoods project at scale.	Strong Project Management Skills, strong liaison skills, and strong communications skills	100,000 - 125,000							52,000 - 55,000		
Support Staff	L4	Post Graduate Degree/ Diploma in concerned domain area (Finance/ Accounts/ Computers, etc)	At least 5 years of experience in relevant domain preferably in similar livelihoods project at scale.	Thorough relevant domain expertise	35,000 - 45,000									
Interns	L5	Post Graduate Degree/ Diploma in Management, or a Professional Post Graduate degree (Engineering, Agri, etc.)	Fresh PG	Strong academic background, strong communication (written and oral) skills, high management skills	25,000	38,000						20,000 - 25,000	25,000 to 30,000	

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Annexure 2: National Level Salaries (Professional) in State RD Projects and national level NGOs						
	Name	State Level Positions	National Level Positions	Basic	Other Benefits	Additional Benefits
STATE LEVEL PROJECTS						
6	BRLP	45,000 - 60,000		25,700 - 37,800	30% HRA; 5000 as project allowance, Performance Incentive @15% of annual basic	PF, Medical & Group Accidental Insurance upto Rs 500,000 + Child Education Allowance @ 1500 pm + CUG facility
7	IKP	47,500 - 55,000				PF + Communication Allowance + Vehicle
8	TNVKP	40,000 - 45,000				Travel, Communication allowances, car pick up & drop,
NGOs						
9	ARAVALI	35,000 - 40,000	40,000 - 45,000	50,000 - 55,000		Medicclaim, Insurance, Conveyance additional
10	PRADAN	45,000-55,000				additional - child education allowance, LTA, gratuity etc
11	AKRSP	50,000-60,000			Up to 20% Project Allowance	Medicclaim, Insurance, Professional Development Allowance etc.

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Annexure 3. United Nations - Salaries for National Officers, effective July 2007, revised December 2009

Level		Steps										
		I	II	III	IV	V	VI	VII	VIII	IX	X	XI b/
NO-A	(Gross)	1,347,910	1,417,630	1,487,340	1,557,060	1,626,770	1,696,490	1,766,200	1,838,550	1,911,090	1,983,640	2,056,180
	(Gross Pens.)	1,174,030	1,232,750	1,291,450	1,350,160	1,408,880	1,467,600	1,526,320	1,585,010	1,643,730	1,702,460	1,761,170
	(Total Net)	1,073,310	1,126,990	1,180,670	1,234,350	1,288,030	1,341,710	1,395,390	1,449,070	1,502,750	1,556,430	1,610,110
	(Net Pens.)	950,953	998,513	1,046,074	1,093,634	1,141,195	1,188,755	1,236,316	1,283,876	1,331,437	1,378,997	1,426,557
	(NPC)	122,357	128,477	134,596	140,716	146,835	152,955	159,074	165,194	171,314	177,433	183,553
NO-B	(Gross)	1,896,450	1,997,220	2,097,990	2,198,760	2,299,530	2,400,300	2,501,070	2,601,840	2,705,970	2,814,040	2,922,120
	(Gross Pens.)	1,631,930	1,713,490	1,795,040	1,878,390	1,964,180	2,049,970	2,135,780	2,221,570	2,307,380	2,393,150	2,478,940
	(Total Net)	1,491,910	1,566,480	1,641,050	1,715,620	1,790,190	1,864,760	1,939,330	2,013,900	2,088,470	2,163,040	2,237,610
	(Net Pens.)	1,321,832	1,387,901	1,453,970	1,520,039	1,586,108	1,652,177	1,718,246	1,784,315	1,850,384	1,916,453	1,982,522
	(NPC)	170,078	178,579	187,080	195,581	204,082	212,583	221,084	229,585	238,086	246,587	255,088
NO-C	(Gross)	2,696,320	2,846,880	2,997,450	3,148,010	3,298,580	3,449,140	3,599,710	3,750,280	3,900,840	4,051,410	4,201,970
	(Gross Pens.)	2,299,700	2,419,260	2,538,800	2,658,340	2,777,890	2,897,430	3,016,970	3,136,520	3,256,060	3,375,590	3,495,160
	(Total Net)	2,081,810	2,185,700	2,289,590	2,393,480	2,497,370	2,601,260	2,705,150	2,809,040	2,912,930	3,016,820	3,120,710
	(Net Pens.)	1,844,484	1,936,530	2,028,577	2,120,623	2,212,670	2,304,716	2,396,763	2,488,809	2,580,856	2,672,903	2,764,949
	(NPC)	237,326	249,170	261,013	272,857	284,700	296,544	308,387	320,231	332,074	343,917	355,761
NO-D	(Gross)	3,885,170	4,095,800	4,306,420	4,517,040	4,727,670	4,938,290	5,148,910	5,359,540	5,570,160	5,780,780	5,991,410
	(Gross Pens.)	3,243,640	3,410,850	3,578,090	3,747,750	3,921,740	4,095,730	4,269,750	4,443,720	4,617,730	4,791,720	4,965,720

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(Total Net)	2,902,120	3,047,450	3,192,780	3,338,110	3,483,440	3,628,770	3,774,100	3,919,430	4,064,760	4,210,090	4,355,420
(Net Pens.)	2,571,278	2,700,041	2,828,803	2,957,565	3,086,328	3,215,090	3,343,853	3,472,615	3,601,377	3,730,140	3,858,902
(NPC)	330,842	347,409	363,977	380,545	397,112	413,680	430,247	446,815	463,383	479,950	496,518