

Ministry of Finance

Department of Expenditure

RAJYA SABHA

UNSTARRED QUESTION NO.1500

TO BE ANSWERED ON 20TH DECEMBER, 2022/ 29 AGRAHAYANA, 1944 (SAKA)

Decline to increase EPFO pensions

QUESTION

1500: Shri Muzibulla Khan:

Will the Minister of *Finance* be pleased to state:

- (a) why the Ministry of Finance has turned down a recommendation from the Ministry of Labour to increase EPFO's pension;
- (b) if no increase in pensions is expected, how Government plans to support pensioners during these tough times; and
- (c) whether there is any relief expected, if so, the details thereof?

ANSWER

MINISTER OF STATE FOR FINANCE

(SHRI PANKAJ CHOUDHARY)

- (a) Keeping in view the huge financial implications, fiscal constraints aggravated by Covid-19 and burden on Central Exchequer, increase in EPFO pension was not found feasible.
- (b) & (C) The Employees' Pension Scheme (EPS), 1995 is a Defined Contribution- Defined Benefit Social Security Scheme. The corpus of the employees' pension fund is made up of (i) contribution by the employer @ 8.33 percent of wages; and (ii) contribution from Central Government through budgetary support @ 1.16 percent of wages, upto an amount of Rs. 15000/- per month. All benefits under the scheme are paid out of such accumulations. The fund is valued annually as mandated under paragraph 32 of the EPS, 1995. Since the year 2000, the fund ran into actuarial deficit. However, the government, for the first time in the year 2014, provided a minimum pension of Rs.1000/- per month to the pensioners under EPS, 1995 by providing budgetary support which was in addition to the budgetary support of 1.16% of wages provided annually towards EPS to Employees' Provident Fund Organisation (EPFO).
