

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 2310

TO BE ANSWERED ON 21st MARCH, 2023 (TUESDAY)/ 30 PHALGUNA, 1944 (SAKA)

PENSION EXPENDITURE INCURRED BY THE STATES

2310. Shri Sushil Kumar Modi

Will the Minister of Finance be pleased to state:

- (a) the amount deposited in Pension Fund Regulatory and Development Authority (PFRDA) by States in the last 5 years, year-wise and State-wise;
- (b) the details of States that have reverted to the Old Pension Scheme (OPS);
- (c) the amounts claimed for refund by States that have reverted to OPS, State-wise and the status thereof;
- (d) whether the States have received a refund of their contributions to the NPS;
- (e) whether the States have been denied additional borrowing under the pension funding adjustment (PFA) mechanism, if so, the rationale for doing so; and
- (f) whether the accumulated contributions of the States will be used for financing additional borrowing of NPS States?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a) The details of total contributions under National Pension System (NPS) in the last five years from 2019 to 2023, year-wise and State/UT-wise are enclosed at Annexure A.

(b) to (d) The State Governments of Rajasthan, Chhattisgarh, Jharkhand, Punjab, and Himachal Pradesh have informed the Central Government/Pension Fund Regulatory and Development Authority (PFRDA) about their decision to restart Old Pension Scheme (OPS) for their State Government employees and have requested refund of corpus accumulated under NPS. There is no provision under Pension Fund Regulatory and Development Authority Act, 2013, read along with PFRDA (Exits and Withdrawals under the National Pension System) Regulations, 2015, and other relevant Regulations, vide which the accumulated corpus of the subscribers towards NPS can be refunded and deposited back to the State Government.

(e) and (f) There is an increasing divergence of practices between different State Governments in the method of handling pension obligations for the Government staff recruited after 2004. Some of the States have followed or have indicated a decision to follow a system of pay-as-you-go with defined benefits. Some have issued orders adopting NPS but have not made due contributions. Majority of

States are making the due contributions under the NPS. In the case of States that have been on pay-as-you-go system or have now indicated a shift to such system and those who have not made the contributions, the fiscal deficit of the States does not reflect the contributions made by State towards future liabilities for payment of pension. Whereas, States which have made necessary contributions towards future pension obligation may give the impression of a higher fiscal deficit.

With a view to ensure a proper common and complete yardstick for all the States, it was decided in March, 2022, that the net borrowing ceiling of each State for 2022-23 will be augmented by the amount of pension contributions actually paid to NPS by the State Government and its employees. This amount represents an approximate proxy for the unfunded liabilities being carried by other States without reflection in the fiscal deficit, though the true unfunded liabilities of those States are likely to be higher in view of the residual liability of the State for payment of pension under the old system. Accordingly, States have been allowed extra borrowing ceiling equivalent to the employer's and employee's share of contribution of its employees pertaining to financial year 2022-23 actually deposited with the designated authority i.e. 'National Securities Depository limited (NSDL)/Trustee Bank as per the guidelines of NPS, over and above, the normal net borrowing ceiling of 3.5% of Gross State Domestic Product (GSDP) for the year 2022-23.

Annexure A

Rajya Sabha Unstarred Question No. 2310 regarding “Pension expenditure incurred by the States” for 21.03.2023.

The total contributions under NPS in the last five years from 2019 to 2023, year wise and State/UT wise, as on 28.02.2023

(Rs. In Cr.)

S.No	Name of State/UT	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23 (Up to 28.02.2023)
1	Andhra Pradesh	728.35	1,808.89	2,000.12	2,057.27	777.77
2	Arunachal Pradesh	157.29	124.23	245.62	234.94	259.10
3	Assam	909.97	1,531.19	1,853.02	2,474.52	2,321.31
4	Bihar	1,171.14	1,368.95	2,174.96	2,499.88	2,622.18
5	Chandigarh	119.42	130.19	155.92	199.82	213.18
6	Goa	309.22	243.22	442.57	339.70	442.21
7	Gujarat	1,592.89	2,130.16	2,203.57	2,511.10	2,800.04
8	Haryana	1,335.43	1,684.49	1,943.56	2,227.07	2,591.33
9	Himachal Pradesh	661.79	892.03	1,035.91	1,261.77	1,831.09
10	Jammu & Kashmir	800.28	1,065.18	1,103.11	1,599.38	1,642.02
11	Karnataka	1,708.77	2,225.49	2,783.81	3,474.78	3,620.17
12	Kerala	715.53	956.63	1,089.22	1,926.25	1,832.15
13	Madhya Pradesh	3,372.17	3,622.10	4,656.41	5,184.63	6,603.30
14	Maharashtra	2,044.39	4,181.54	3,702.36	5,446.42	11,345.70
15	Manipur	177.19	298.25	449.08	235.68	208.02
16	Meghalaya	89.16	110.90	137.09	157.40	180.86
17	Mizoram	59.44	65.73	83.01	85.83	99.95
18	Nagaland	124.98	80.50	226.37	261.48	294.98
19	Odisha	1,121.64	1,188.50	1,557.73	2,724.35	2,914.25
20	Puducherry	116.07	139.40	176.30	182.00	193.88
21	Punjab	1,359.61	1,530.90	2,499.54	2,607.57	3,089.73
22	Rajasthan	4,197.38	4,556.32	5,078.75	4,979.12	75.57
23	Sikkim	94.48	114.52	159.61	213.69	196.13
24	Tamil Nadu	13.03	6.77	6.16	7.06	9.08
25	Tripura	0.57	3.96	12.76	19.22	29.03
26	Uttar Pradesh	3,535.65	5,317.87	7,418.54	9,861.84	9,883.49
27	West Bengal	5.81	7.79	8.75	10.65	11.71
28	Chhattisgarh	1,857.54	2,211.64	2,358.41	2,672.05	375.32
29	Uttarakhand	834.70	995.13	1,272.88	1,336.39	1,430.25
30	Jharkhand	896.11	1,070.63	1,174.99	1,398.70	774.46
31	Telangana	1,243.34	1,296.02	1,474.34	1,980.49	1,464.99
32	Ladakh	28.81	40.08	36.09	67.69	75.71
	Total	31,382.14	40,999.21	49,520.60	60,238.72	60,208.96

Source: PFRDA

Note:

1. The above data includes contributions made by State Autonomous Bodies as well