

**GOVERNMENT OF INDIA
MINISTRY OF LABOUR AND EMPLOYMENT
RAJYA SABHA
UNSTARRED QUESTION NO. 2597
TO BE ANSWERED ON 23.03.2023**

ACTION TAKEN ON KOSHYARI COMMITTEE REPORT

2597. # SHRI DIGVIJAYA SINGH:

Will the Minister of Labour and Employment be pleased to state:

(a) whether any recommendations were made by the Koshyari Committee to Government regarding the amendments in the Employee's Pension Scheme, 1995, if so, when and the details thereof; and

(b) the action taken by Government, so far, on the said report and by when this report will be implemented fully?

ANSWER

**MINISTER OF STATE FOR LABOUR AND EMPLOYMENT
(SHRI RAMESWAR TELI)**

(a) & (b): Yes, Sir. The 147th Report of the Committee on Petitions, Rajya Sabha (Bhagat Singh Koshyari Committee Report) was presented to Rajya Sabha on 03.09.2013. The recommendations of the Committee have been considered by the Government and to the extent of administrative and financial feasibility, the same have been implemented and an Action Taken Report has been sent to Rajya Sabha Secretariat on 19.05.2014. The details of main recommendations and the action taken thereof are at Annexure.

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ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF RAJYA SABHA UNSTARRED QUESTION NO. 2597 TO BE ANSWERED ON 23.03.2023 BY SHRI DIGVIJAYA SINGH REGARDING ACTION TAKEN ON KOSHYARI COMMITTEE REPORT.

Main Recommendations of the 147th Report of the Committee on Petitions (Rajya Sabha) and Action Taken thereof.

Recommendation No. (i): The Committee had recommended increasing Government's contribution to Employees' Pension Scheme (EPS), 1995 from 1.16 per cent of member's wages to at least 8.33 per cent to support a minimum pension of Rs. 3,000/- per month.

Given the constraints of financial feasibility the Government has implemented a minimum pension of Rs. 1,000/- per month under EPS, 1995 with effect from 01.09.2014 by providing budgetary support for the initiative.

Recommendation No. (ii): The recommendation for enhancing the wage ceiling for contributions has been implemented and the wage ceiling has been enhanced from Rs. 6,500/- per month to Rs. 15,000/- per month with effect from 01.09.2014.

Recommendation No. (iii): The Committee had recommended review of the Employees' Deposit-Linked Insurance (EDLI) Scheme, 1976 with a view to create incentive for enhanced Provident Fund (PF) accumulation. It had also advised optimizing use of surplus EDLI funds to provide relief/indexation to existing pensioners.

The maximum assurance benefits under EDLI, 1976 in the year 2013 was 1.6 lakh, which has now been enhanced to Rs.7 lakh.

Recommendation No. (iv): As recommended by the Committee, Employees' Provident Fund Organisation (EPFO) has taken up the task of adopting modern accounting methods consistent with the standards prescribed by Comptroller and Auditor General (C&AG) in the organisation with the help of expertise from the Institute of Chartered Accountants of India.

Recommendation No. (v): The Committee had suggested appointment of Fund Managers and investment in equity for better management of the corpus fund.

EPFO has already appointed fund managers since September, 2008 for better and efficient management of funds. The investments are carried out as per Pattern of Investment prescribed by the Ministry of Finance and notified by Ministry of Labour & Employment and the guidelines laid down by Central Board of Trustees (CBT), Employees' Provident Fund (EPF) from time to time within the parameters of the Investment Pattern.

Recommendation No. (vi): The Committee had suggested that the quantity and quality of data in respect of Employees' Pension Scheme (EPS), 1995 members for purposes of valuation of the fund should be improved significantly. The Committee had also recommended that the actuarial valuation of the fund should be conducted after every 3 years instead of every year presently and also that the Government should take responsibility to curb actuarial deficit. It had also suggested replacement of the existing Employees' Pension Scheme, 1995 with a Provident Fund-cum-Pension Annuity Scheme with mandatory annuitization.

As suggested by the Committee, special efforts were made to collect information of members and the valuation for 2011-12, 2012-13 and 2013-14 was carried out with data of almost 60 per cent of active contributing members and 100 per cent of the pensioners data resulting in better quality and reliability of the valuation exercise. The Valuation of Employees' Pension Fund has been completed till Financial Year 2019. Taking into account the recommendations of the actuarial valuation report and the suggestions of the Ministry of Finance while agreeing to the minimum pension proposal, a number of amendments have been carried out in the Employees' Pension Scheme, 1995 to curtail the deficit. These measures, inter-alia, include calculating pensionable salary on the basis of 60 months' average instead of 12 months' average and determination of eligible service on the basis of contributory service instead of simple length of service. The improvement in the quality of data and the amendments have resulted in significant drop in the deficit of the Employees' Pension Fund. As regards the suggestion for conducting valuation every 3 years and replacement of the Scheme with an annuity based scheme, it is stated that these were considered by the Central Board of Trustees, Employees' Provident Fund in its 190th and 202nd meeting where no consensus could emerge on the proposal for an annuity based scheme and it was felt that the annual valuation should continue.

Recommendation No. (vii): The Committee had also recommended for providing price rise neutralization in the pension amount to offset inflation.

The Employees' Pension Scheme (EPS), 1995 being a funded Scheme with features of defined benefits and defined contribution, it is not found feasible to provide for increase in pension by neutralizing effect of inflation.

Recommendation No. (viii): The Committee had suggested that withdrawal from the Pension Fund should be discouraged and the age of superannuation should be increased from 58 years to 60 years.

In this connection, it is stated that the EPFO has introduced the Universal Account Number (UAN) for members and an online transfer claim portal providing ease to members to transfer their accounts instead of seeking withdrawal. Further, provision for optional deferment of pension from 58 to 60 years has been made vide notification No. GSR 440 (E) dated 25.04.2016.

Recommendation No. (ix): The Committee had also suggested a separate grievance redressal mechanism for pensioners and for grant of interest in case of delay in credit in pension.

EPFO for its members and employers has an online grievance handling system called EPFiGMS available at www.epfigms.gov.in.
