

Ministry of Finance
Department of Expenditure
RAJYA SABHA
UNSTARRED QUESTION NO.1021
TO BE ANSWERED ON 12th DECEMBER, 2023/ 21 AGRAHAYANA, 1945 (SAKA)
RESTORATION OF OLD PENSION SCHEME

QUESTION

1021 SHRI VAIKO:

SHRI M. SHANMUGAM:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government Employees Associations have been demanding restoration of Old Pension Scheme (OPS) based on last drawn basic salary instead of contributory pension scheme;
- (b) if so, the response of Government;
- (c) whether it is fact that some State Governments have also restored OPS for their State Government employees, if so, the details thereof; and
- (d) why Government is not in favour of restoring OPS to its Government servants, details thereof ?

ANSWER

MINISTER OF STATE FOR FINANCE

(SHRI PANKAJ CHAUDHARY)

(a), (b) & (d) Representations have been received from time to time which include the request for restoration of Old Pension Scheme. The National Pension System (NPS) was introduced by the Government of India vide notification dated 22.12.2003. Since then Government of India has taken a number of steps for streamlining NPS for Central Government employees and to protect the interest of the subscribers. These include enhancement of Government's contribution from the earlier 10% of Pay + DA to 14% of Pay + DA, freedom of choice for selection of Pension Funds and pattern of investment to subscribers, payment of compensation for non-deposit or delayed deposit of NPS contributions for any period during 2004-2012, tax exemption under section 80C of the Income Tax Act, 1961 and increase in tax exemption limit for lump sum withdrawal on exit from earlier 40% to 60% of the amount due, making the entire withdrawal exempt from income tax. There is no proposal under consideration of Government of India for restoration of Old Pension scheme in respect of Central Government employees recruited

on or after 01.01.2004. A Committee has been set up under the chairmanship of Finance Secretary to look into the issue of Pensions under National Pension System in respect of Government employees and to, inter alia, examine whether in the light of the existing framework and structure of the National Pension system, as applicable to Government employees, any changes therein are warranted.

(c) The State Governments of Rajasthan, Chhattisgarh, Jharkhand, Punjab and Himachal Pradesh have informed the Central Government/PFRDA about their decision to revert to Old Pension Scheme (OPS) for their State Government employees. However, the Government of Punjab has also informed the Government of India that it continues to pay staff and Government contributions to the NPS.
