

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

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**LOK SABHA**  
**UNSTARRED QUESTION NO. 2998**

**TO BE ANSWERED ON 20<sup>th</sup> MARCH, 2023 (MONDAY)/ PHALGUNA 29, 1944 (SAKA)**

**REVIVAL OF OLD PENSION SCHEME**

2998. Shrimati Sarmistha Sethi

Will the Minister of Finance be pleased to state:

- (a) whether there is any proposal for revival of old pension scheme for Central Government employees;
- (b) if so, the details thereof;
- (c) whether there is any proposal to modify the New Pension Scheme (NPS); and
- (d) if so, the details thereof?

**ANSWER**

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

(a) to (d) The National Pension System (NPS) was introduced by the Government of India vide notification dated 22.12.2003 to replace the defined benefit pension system by defined contribution pension scheme in order to provide old age income security in a fiscally sustainable manner and to channelize small savings into productive sectors of the economy through prudential investments. It was made mandatory for all new recruits to the Government service (except armed forces) with effect from 01.01.2004, and has also been rolled out for all citizens with effect from 01.05.2009, on voluntary basis. The 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, 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.

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