

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

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**LOK SABHA**  
**UNSTARRED QUESTION NO. 4147**

**TO BE ANSWERED ON 27<sup>th</sup> MARCH, 2023 (MONDAY)/ CHAITRA 6, 1945 (SAKA)**

**RESTORATION OF OLD PENSION SCHEME**

4147. Shri Prajwal Revanna:

Will the Minister of Finance be pleased to state:

- (a) whether under NPS some of the retired employees are getting around only 100 Rs. to 600 Rs. as pension compared to OPS where retiring employees are guaranteed pension of 50 per cent of the last drawn salary and if so, the details thereof including the number of such employees getting pension less than Rs. 500 even after serving minimum 10 to 15 years; and
- (b) the details of the minimum pension guaranteed under NPS?

**ANSWER**

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

(a) and (b) 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. As per Section 20 (2) (g) of the Pension Fund Regulatory and Development Authority (PFRDA) Act, 2013, returns on the contributions are market linked. To protect the interests of subscribers under NPS the pension contribution is invested prudentially by Pension Fund Managers, which are regulated by PFRDA, as per the investment guidelines of PFRDA and the accumulated corpus grows with a compounding effect.

The accumulated corpus at exit on superannuation is tax free. 60% of the accumulated pension wealth is given as lump sum and the remaining 40% pension wealth is annuitized. The subscriber is free to choose a higher percentage of corpus (up to maximum 100%) to be utilized for purchase of annuity to get a higher pension amount.

The accumulated corpus with which a subscriber buys annuity for a periodic pension is determined by many factors which, inter alia, include: -

- Size of monthly contributions;
- Period for which contribution is made;
- Period for which money remains invested.
- Investment pattern chosen.
- Partial withdrawals, if any, made during the service.

In the year 2019, Government allowed Central Government employees to choose the pension fund and investment pattern for enabling higher returns on investment leading to expected higher pension pay-outs.

PFRDA regulated Retirement Advisers (RAs) and PFRDA empanelled Annuity Service Providers (ASPs) facilitate the subscribers in choosing the annuity plan which would provide them with best annuity.

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