

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 2690

ANSWERED ON MONDAY, 17 MARCH, 2025/ PHALGUNA 26, 1946 (SAKA)

OBJECTIVES OF UNIFIED PENSION SCHEME

2690. Shri Janardan Singh Sigriwal

Will the Minister of Finance be pleased to state:

- (a) the key features and objectives of the Unified Pension Scheme (UPS) which is set to be implemented from 1 April, 2025 and the manner in which it will be different from existing pension schemes;
- (b) the details of eligibility criteria to participate in the new Unified Pension Scheme;
- (c) whether it will be applied to both public and private sector employees or it will be specific to certain categories and if so, the details thereof;
- (d) the expected advantages of the Unified Pension Scheme both for individual pensioners and for the overall economy; and
- (e) the steps being taken by the Government to ensure smooth transition to the UPS along with the measures being taken to support individuals and organizations during the transition to the Unified Pension Scheme?

ANSWER

MINISTER OF STATE FOR FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) to (e): Unified Pension Scheme (UPS) has been introduced, vide notification dated 24.01.2025, as an option under National Pension System (NPS) with the objective of providing assured monthly payout after retirement to the Central Government employees covered under the NPS. It is different from existing pension schemes as it contains the element of defined contribution with defined benefit in the form of assured payout which safeguards the employees from the uncertainty of market-linked returns and ensures maintenance of fiscal prudence as well as inter-citizen and inter-generational equity. The key features and advantages of UPS are as follows:

- i. Assured payout at rate of 50% of the average basic pay drawn over the last 12 months prior to superannuation for a minimum qualifying service of 25 years. This payout to be proportionate for lesser service period up to a minimum of 10 years of service.
- ii. Assured family payout at the rate of 60% of payout admissible to the employee immediately before his/her demise to surviving spouse.
- iii. Assured minimum payout of Rs.10,000 per month on superannuation after minimum 10 years of qualifying service.
- iv. Inflation indexation on assured payout, on assured family payout, and assured minimum payout. Dearness Relief will be based on All India Consumer Price Index for Industrial Workers (AICPI-IW) as in case of serving employees.

v. Lump sum payment at superannuation in addition of gratuity at rate of 1/10th of monthly emoluments (pay+DA) as on the date of superannuation for every completed six months of service, this payment will not reduce the quantum of assured payout.

The Assured payout under UPS shall be available to such Central Government employees who are covered under NPS and opt for the UPS as follows: -

- In case of an employee superannuating after qualifying service of ten years, from the date of superannuation;
- In case of the Government retiring an employee under the provisions of FR 56 (j) (which is not a penalty under Central Civil Services (Classification, Control and Appeal) Rules, 1965) from the date of such retirement; and
- In case of voluntary retirement after a minimum qualifying service period of 25 years, from the date such employee would have superannuated, if the service period had continued to superannuation.

The UPS has been notified by the Central Government on 24.01.2025. Pension Fund Regulatory and Development Authority (PFRDA) has been entrusted with the responsibility for operationalising UPS.
