

**GOVERNMENT OF INDIA  
MINISTRY OF LABOUR AND EMPLOYMENT  
LOK SABHA**

**STARRED QUESTION NO. 511  
TO BE ANSWERED ON 30.03.2026**

**PENSION CALCULATED ON THE BASIS OF ACTUAL BASIC SALARY**

**†\*511. SHRI GIRIDHARI YADAV:**

**Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:**

- (a) whether the pension under the Employees' Pension Scheme (EPS-95) is calculated on the basis of basic salary with a maximum limit of Rs.15,000, due to which the employees drawing higher salaries do not receive proportionate pension; and**
- (b) if so, whether the Government proposes to calculate pension on the basis of actual basic salary and if not, the reasons therefor?**

**MINISTER OF LABOUR AND EMPLOYMENT  
(DR. MANSUKH MANDAVIYA)**

**(a) & (b): A statement is laid on the Table of the House.**

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (b) OF LOK SABHA STARRED QUESTION NO. 511 FOR 30.03.2026 BY SHRI GIRIDHARI YADAV REGARDING PENSION CALCULATED ON THE BASIS OF ACTUAL BASIC SALARY.**

**(a) and (b): The EPS 1995 is a “Defined Contribution-Defined Benefit” Social Security Scheme. The corpus of the Employees’ Pension Fund is made up of (i) contribution by the employer @ 8.33 per cent of pay and (ii) contribution from Central Government through budgetary support @ 1.16 per cent of pay up to an amount of Rs.15,000/- per month. As defined in EPS-95 "Pay" means basic wages, with dearness allowance, retaining allowance and cash value of food concessions admissible.**

**All benefits under the scheme are paid out of such accumulations. The amount of monthly pension is calculated in accordance with the following factors:**

$$\text{Monthly Pension} = \frac{\text{Pensionable Service X Pensionable Salary}}{70}$$

**A new para 11(4) was inserted for existing members as on 01.09.2014 who had been contributing in EPS 1995 on wages above wage ceiling having exercised joint option under erstwhile para 11(3) for contributing on wages exceeding Rs.6,500/- (then wage ceiling).**

**Further, w.e.f 01.09.2014, only such members are eligible to become EPS members whose wages at the time of joining the scheme are up to Rs 15000/-.**

**The EPF&MP Act 1952 has been subsumed under Code on Social Security (CoSS) 2020 which has been made effective from 21.11.2025.**

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