

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 1609

ANSWERED ON MONDAY, 9 FEBRUARY, 2026/ MAGHA 20, 1947 (SAKA)

Long-term Fiscal Implications of State Reversion from NPS to OPS

1609. SHRI ANURAG SINGH THAKUR

Will the Minister of Finance be pleased to state:

- (a) the details of the regulatory framework governing State decisions to revert from the National Pension Scheme (NPS) to the Old Pension Scheme (OPS) and whether such shifts require approval of the Central Government or fall exclusively under State policy discretion, if so, the details thereof;
- (b) whether the Government is aware that certain States in the country, including Himachal Pradesh, have attempted a return to OPS despite accumulated NPS funds being non withdrawable under the PFRDA Act, 2013, and the statutory provisions that safeguard contributors' retirement corpus, if so, the details of accumulated funds, State-wise;
- (c) whether the Government has taken note of the recent CAG reports highlighting that OPS reversion is tightening State budgets, increasing committed liabilities and if so, the details thereof;
- (d) the projected fiscal impact of OPS reversion on such States and the mechanisms available to ensure adherence to Fiscal Responsibility and Budget Management (FRBM) targets; and
- (e) the steps taken by the Government to highlight concerns that OPS reversion may constrain capital expenditure and create long-term inter-generational fiscal liabilities?

ANSWER

MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) Section 12(4) of the Pension Fund Regulatory and Development Authority (PFRDA) Act, 2013, stipulates that any State Government or administrator of a Union territory may, by notification, extend the National Pension System to its employees. Such shifts fall exclusively under State policy discretion.

(b) The State Governments of Rajasthan, Chhattisgarh, Jharkhand, Punjab, and Himachal Pradesh, have informed the Government/PFRDA about reversion from National Pension System (NPS) to Old Pension Scheme (OPS). The details of accumulated NPS corpus of the subscribers under these States, as on 31.12.2025, are as below:

Name of State	No. of Subscribers	Total contribution amount (Rs. in cr)	Total Asset Under Management (Rs. in cr)
Chhattisgarh	2,87,859	12,359.95	22,762.93
Himachal Pradesh	1,10,425	8,104.96	11,128.10
Jharkhand	1,17,352	8,142.32	14,428.28
Punjab	2,09,514	23,828.31	33,905.12
Rajasthan	5,19,800	28,364.67	51,434.26

(c) Comptroller and Auditor General (CAG), in its recent State Finance Audit Reports, has highlighted the fiscal implications of reversion to OPS by certain States. The reports indicate that OPS, being an unfunded defined benefit pension scheme, is likely to lead to an increase in committed fiscal liabilities over the medium to long term that threaten to undermine State-level Fiscal Responsibility and Budget Management (FRBM) targets.

As per Reserve Bank of India (RBI) Report titled “State Finance: A Study of Budgets of 2022-23”, the annual saving in fiscal resources that reversion to the OPS entails is short-lived. By postponing the current expenses to the future, States risk the accumulation of unfunded pension liabilities in the coming years.

(d) As per assessment in RBI Bulletin (September, 2023), while reversion to OPS may result in a reduction in pension outgo in the short run, it would lead to a significant build-up of unfunded pension liabilities in the long run. The pension burden on reversion to OPS is projected to outpace NPS contributions by 2030s, thereby posing risks to fiscal sustainability. Further, all States have enacted their Fiscal Responsibility and Budget Management (FRBM) Acts and compliance with the FRBM Acts is monitored by the respective State Legislature.

(e) Government/PFRDA has addressed the States highlighting that the unfunded OPS is likely to exert severe pressure on their finances especially with increasing longevity, which may constrain capital expenditure to be incurred by such States and create long-term inter-generational fiscal liabilities.
