

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 671

TO BE ANSWERED ON 6th FEBRUARY, 2023 (MONDAY)/ 17 MAGHA, 1944 (SAKA)

OLD PENSION SCHEME

671. Shri Bhartruhari Mahtab

Will the Minister of Finance be pleased to state:

- (a) whether Old Pension Scheme (OPS) is being implemented in certain States of the country;
- (b) if so, the details thereof and the reaction of the Government thereto;
- (c) whether the impact of OPS is likely to have on the State Government's exchequer;
- (d) whether the additional financial burden due to OPS is likely to push the State Governments into the debt and if so, the details thereof and the reaction of the Government thereto; and
- (e) the steps taken by Pension Fund Regulatory and Development Authority in this regard?

ANSWER

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

(a) to (e) The State Governments of Rajasthan, Chhattisgarh, Jharkhand, Punjab, and Himachal Pradesh have informed the Central Government/Pension Fund Regulatory and Development Authority (PFRDA) about their decision to restart Old Pension Scheme (OPS) for their State Government employees.

There is no provision under Pension Fund Regulatory and Development Authority Act, 2013 read along with PFRDA (Exits and Withdrawals under the National Pension System) Regulations, 2015, and other relevant Regulations, vide which the accumulated corpus of the subscribers viz Government contribution, Employees' contribution towards NPS along with accruals, can be refunded and deposited back to the State Government.

As per Reserve Bank of India's report titled 'State Finances: A Study of Budget of 2022-23', the annual saving in fiscal resources that reversion to the old pension scheme entails, is short-lived. By postponing the current expenses to the future, States risk the accumulation of unfunded pension liabilities in the coming years.
