

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4509
ANSWERED ON:20.08.2010
NEW PENSION SCHEME
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has decided to restructure the New Pension Scheme (NPS) introduced 15 months before;
- (b) if so, the reasons therefor;
- (c) whether a committee has been constituted for the purpose;
- (d) if so, the details thereof; and
- (e) the corpus fund of the NPS as on date and the steps taken by the Government to invest it in production activities?

Answer

The Minister of State in the Ministry of Finance (Shri Namu Narain Meena)

(a) and (b): The defined contribution based New Pension System (NPS) was introduced by the Government from 01-01-2004 for new entrants to the Central Government service, except the Armed Forces, replacing the then existing defined benefit pension system. It was extended to the general public from 01-05-2009 on a voluntary basis. The Government has not decided to restructure the NPS. However, to encourage people from the un-organised sector to voluntarily save for their retirement and to lower the cost of operations of the NPS for such subscribers, Government has announced a 'Swavalamban' initiative in the Budget 2010-11, whereby, the Government will contribute a sum of Rs. 1,000 per year to each NPS account opened in the year 2010-11. This initiative, 'Swavalamban' will be available for persons who join NPS, with a minimum contribution of Rs. 1,000 and a maximum contribution of Rs. 12,000 per annum during the financial year 2010-11. The scheme will be available for another three years, and would benefit about 10 lakh NPS subscribers of the unorganised sector during the year 2010-11.

(c) and (d): The Interim Pension Fund Regulatory and Development Authority (PFRDA) has constituted a Committee to review the implementation of pension in informal sector, inter-alia, to investigate the underlying causes for the tenuous beginning and suggest the remedial steps required to make NPS a viable Pension System for all stakeholders.

(e): As on 07-08-2010, the corpus fund of NPS stood as under:

- (i) Central Government - Rs. 4710.83 Crore
- (ii) Central Autonomous bodies - Rs. 122.48 Crore
- (iii) State Govts. (including UTs) - Rs. 504 .02 Crore
- (iv) Organised sector (including PSUs) - Rs. 20.06 Crore
- (v) Un-organised sector - Rs. 17.96 Crore

The corpus of pension fund of the subscribers is invested and managed by PFRDA appointed and regulated Pension Fund Managers in accordance with the prescribed investment pattern.