

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

UNSTARRED QUESTION NO:3084
ANSWERED ON:29.11.2010
CONTRIBUTION FOR PENSION
Saha Shri Anup Kumar

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

- (a) the total percentage contribution required to provide pension to the retiring employees at the rate of 50 per cent of the last drawn basic wage plus DA as admissible from time to time;
- (b) the present rate of contribution by the Government and the employees to this social security scheme;
- (c) whether there is any proposal to enhance the Government and Employers contribution to match the requisite level to ensure pension at the above rate;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

MINISTER OF STATE FOR LABOUR AND EMPLOYMENT (SHRI HARISH RAWAT)

(a): The Employees` Pension Scheme, 1995 is a defined contribution and defined benefit scheme and the rate of contribution to the Pension Fund is fixed at 8.33 per cent of the wages drawn by the employee. The Pension is calculated according to following formula:

Pensionable salary x Pensionable service 70

(b): In Employees` Pension Scheme, 1995, no contribution is taken from employees. 8.33 per cent out of employees` share of Employees` Provident Fund contribution is diverted to Employees` Pension Fund and 1.16 per cent contribution by the Central Government.

(c) to (h): The Central Government appointed an Expert Committee under the Chairmanship of Additional Secretary (Labour & Employment) to look into the Employees` Pension Scheme, 1995 in June, 2009. The issues relating to revision of rate of contribution, minimum pension, revision of pension benefits, linkage of pension with price index, etc., were placed before the Committee for examination and consideration. The Committee submitted its report on 05.08.2010. The recommendations of the Expert Committee are under examination of the Central Government for taking further steps.