

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:233

ANSWERED ON:11.03.2011

NEW PENSION SCHEME

Guddu Shri Premchandra;Singh Shri Pashupati Nath

Will the Minister of FINANCE be pleased to state:

- (a) the salient features of the New Pension Scheme (NPS);
- (b) the number of persons who have exercised option to join the New Pension Scheme, State-wise;
- (c) whether the Government has taken note of reluctance on the part of employees in joining NPS;
- (d) if so, the reaction of the Government thereto; and
- (e) the steps taken for popularization of NPS?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PRANABH MUKHERJEE)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO. 233 FOR 11.03.2011 REGARDING NEW PENSION SCHEME

(a): The defined contribution based New Pension System (NPS) was introduced by the Government with effect from January 1, 2004 for new entrants to the Central Government service, except the Armed Forces, replacing the then existing defined benefit pension system. The design features of NPS include its reliability, self- sustainability, un-bundled architecture and cost-effectiveness. The NPS has been extended to all the citizens from 1st May, 2009, on a voluntary basis.

(b): As on 28.02.2011, a total of 13,65,748 subscribers are registered under the NPS including 7,18,861 of the Central Government, 5,18,403 of the State / Union Territory (UT) Governments, 21,293 of the Central Government Autonomous bodies and 1,03,039 from unorganised sector and under NPS-Lite. The State / UT - wise number of employees registered under NPS, as on 28.02.2011, is as under:

Sl.No. States / UTs Number of Subscribers

1. Andhra Pradesh 76,456

2. Assam 28,545

3. Chandigarh 2,221

4. Himachal Pradesh 39,634

5. Karnataka 75,991
6. Manipur 9,414
7. Orissa 22,425
8. Bihar 23,550
9. Haryana 35,024
10. Jammu and Kashmir 8,282
11. Madhya Pradesh 49,306
12. Pudu cherry 6,823
13. Punjab 12,914
14. Chhattisgarh 53,989
15. Uttaranchal 29,232
16. Jharkhand 44,597

(c) and (d): NPS is mandatory for the employees of the Central Government entering service on or after 1st January, 2004 (except the armed forces) and for the employees of the State / UT Governments that have notified NPS for their employees.

(e); Government and the Interim Pension Fund Regulatory and Development Authority (PFRDA) have taken various steps to increase the coverage under the NPS, which, inter-alia, include appointment of a wide range of financial institutions and the Department of Posts as Points of Presence (PoPs) to widen the distribution network, providing direct monetary incentive to the PoPs for promoting the NPS, and wide publicity to the NPS through media coverage and other means of publicity. In addition, PFRDA has also put in place a multi-pronged strategy for promotion of the NPS which includes development of easy to understand publicity material and a calibrated media campaign to increase awareness about NPS. Further, to address the longevity risk of poorer sections of the country and to encourage the workers from the unorganized sectors to voluntarily save for their retirement, the Government of India had announced Swavalamban Scheme in the Union Budget 2010-11, wherein the Government of India shall contribute Rs 1,000 per NPS account each year for a period of three years. The benefit will be available to people who join the NPS with a minimum contribution of ? 1,000 and maximum contribution of ? 12,000 per annum in accordance with the provisions of the Operational Guidelines for

Swavalamban Scheme. In the Union Budget 2011-12, the Government has announced to extend the co-contribution by Government of India under the Swavalamban Scheme from 3 to 5 years for the subscribers joining the Scheme during the years 2010-11 and 2011-12, besides relaxing the exit norms for the subscribers.