

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

STARRED QUESTION NO:11

ANSWERED ON:01.08.2011

DEFICIT ON PENSION SCHEME

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Yaskhi Shri Madhu Goud

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

- (a) whether the existing pension scheme under the Employees Provident Fund is non-sustainable and has incurred a huge deficit of Rs. 54,000 crore at the last count;
- (b) if so, the details thereof;
- (c) whether the Government has sought the assistance/expertise of the World Bank to make the scheme sustainable;
- (d) if so, the details thereof; and
- (e) the corrective steps taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF LABOUR AND EMPLOYMENT (SHRI MALLIKARJUN KHARGE)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 11 FOR 01.08.2011 REGARDING DEFICIT ON PENSION SCHEME BY SHRI B.B. PATIL AND SHRI MADHU GAUD YASKHI.

(a) to (e): The Central Government appoints Valuer under paragraph 32 of the Employees' Pension Scheme, 1995 for annual valuation of the Employees' Pension Fund. The last 9th and 10th (combined) valuation conducted by the Valuer appointed by the Central Government for the year ending 31st March, 2005 and 31st March, 2006 respectively has revealed an actuarial deficit of Rs. 22, 659 crores.

The 'Pension Reform Options Simulation Toolkit' (PROST) Model prepared by the World Bank has also been used for special valuation of the Employees' Pension Fund. The Employees' Provident Fund Organisation was directed by the Central Government to study the long- term financial sustainability of the Employees' Pension Scheme, 1995 with help of the 'PROST Model' of the World Bank by a Valuer appointed by the Central Government.

Central Government has taken the following corrective steps to reduce the deficit in the pension fund:

- (i) The reduction factor for early pension has been increased.
- (ii) Withdrawing option for commutation and return of capital.

The Central Government had also constituted an Expert Committee for reviewing the Employees' Pension Scheme, 1995. The Expert Committee submitted its report to the Central Government on 5th August, 2010, which is under consideration of the Central Board of Trustees.