

**GOVERNMENT OF INDIA
PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS
LOK SABHA**

UNSTARRED QUESTION NO:1696
ANSWERED ON:22.08.2012
WELFARE OF RETIRED EMPLOYEES
Raghavan Shri M. K.

Will the Minister of PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS be pleased to state:

- (a) whether the Government proposes to have welfare schemes ensuring minimum sustenance for retired employees;
- (b) if so, the details thereof; and
- (c) if not, the action Government proposes to take on the impasse created on the `surrender clauses` and the `annuity` especially in a liquidity crunch over pension products, in details?

Answer

Minister of State in the Ministry of Personnel, Public Grievances and Pensions and Minister of State in the Prime Minister's Office.
(SHRI V. NARAYANASAMY)

(a) to (c): The Central Government employees appointed before 1.1.2004 and governed by the Defined Benefit Pension Scheme, on their retirement, are granted a monthly pension equal to 50% of their last pay drawn. However, the minimum pension granted to retired employees is Rs.3,500/- per month. Old Pensioners of the age of 80 years and above are granted additional pension ranging from 20% to 100% of their basic pension.

The pensioners are also granted dearness relief from time to time based on the All India Consumer Price Index. The present rate of Dearness Relief is 65% of the pension. The pensioners are also provided medical facilities/fixed medical allowance to take care of their health.

The Government employees appointed on or after 1.1.2004 and governed by the New Pension System can withdraw 60% of their savings as a lumpsum when they retire. The balance 40% of their wealth is used to purchase an annuity scheme from a life insurance company of their choice, which will pay him/her a monthly pension for the rest of his/her life. In case the employees leave the New Pension Scheme prior to age of 60, the mandatory annuitization would be 80% of the pension wealth.