

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

UNSTARRED QUESTION NO:5500

ANSWERED ON:27.04.2015

NEW PENSION SCHEME

Adsul Shri Anandrao ;Charitra Shri Ram;Panda Shri Baijayant "Jay";Patil Shri Shivaji Adhalrao;Raajhaa Shri Anwhar;Senthilnathan Shri PR.;Shrirang Shri Chandu Barne;Singh Shri Lallu;Sundaram Shri P.R.;Yadav Shri Dharmendra

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

(a)the details of the New Pension Scheme (NPS) announced by the Government recently;

(b)whether the Government proposes to make changes in the Employees Provident Fund Act to offer employees the choice of investing in the NPS or in Employees' Provident Fund (EPF);

(c)if so, the details thereof and the reasons therefor;

(d)whether various trade unions have vehemently opposed the proposed changes and if so, the remedial measures taken by the Government for redressal of the issues amicably; and

(e)whether the Government is also considering to extend EPF coverage to companies that engaged fewer than 20 people and making EPF contribution optional below a certain income threshold and if so, the details thereof?

Answer

MINISTER OF STATE (IC) FOR LABOUR AND EMPLOYMENT (SHRI BANDARU DATTATREYA)

(a): The New Pension System, now rechristened as the National Pension System (NPS), was introduced by the Government through notification No. 5/7/2003-ECB & PR dated 22nd December, 2003.

The System has been made mandatory for all new recruits to Central Government service from 1st January, 2004 (except Armed Forces in the first stage). The monthly contribution @ 10 per cent of the salary and Dearness Allowance (DA) is to be paid by the employee and matched contribution by the Central Government. However, there will be no contribution from the Government in respect of individuals who are not Government employees.

(b) & (c): As per Budget announcement for the year 2015-16, a proposal for providing option to employees between Employees' Pension Scheme (EPS), 1995 and National Pension System (NPS) has been included in the proposed amendment to Employees' Provident Funds & Miscellaneous Provisions (EPF & MP) Act, 1952.

(d): Various Trade Unions have raised concerns about the proposal to provide option to employees between EPS and NPS during the Tripartite Consultation on the proposed amendments to the EPF & MP Act, 1952 held on 31.03.2015. The concerns raised during the meeting were clarified.

(e): Proposals to reduce threshold limit from 20 to 10 for coverage under EPF & MP Act, 1952 and exempting certain class of employees for making EPF contribution have also been included in the proposal for comprehensive amendment to the EPF & MP Act, 1952.