

GOVERNMENT OF INDIA
MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS
(DEPARTMENT OF PENSION AND PENSIONERS' WELFARE)

LOK SABHA
UNSTARRED QUESTION NO. 5486
(TO BE ANSWERED ON 28.03.2018)

SCRAPPING OF NEW PENSION SCHEME

†5486. **DR. RAGHU SHARMA:**
SHRI KUNDARIYA MOHAN BHAI KALYANJI BHAI:
SHRI SUKHBIR SINGH JAUNAPURIA:
SHRI BHAIRON PRASAD MISHRA:

Will the **PRIME MINISTER** be pleased to state:

- (a) whether the Government has received requests for scrapping the New Pension Scheme;
- (b) if so, the details thereof and the response of the Government thereto;
- (c) whether the Government proposes to re-introduce old pension scheme in place of New Pension Scheme (NPS);
- (d) if so, the details thereof and whether the Government has received request for the same, if so, the details thereof; and
- (e) whether the NPS is more beneficial to the employees than the old pension scheme and if so, the details thereof?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE PRIME MINISTER'S OFFICE
(DR. JITENDRA SINGH)**

(a) to (d): Representations have been received regarding the implementation of National Pension System (NPS) which, inter alia, include demand that NPS may be scrapped and the Government may re-introduce old defined benefit pension system.

Government has made a conscious move to shift from the defined benefit pay-as-you-go pension scheme to defined contribution pension scheme, now called as National Pension System (NPS), after considering the rising and unsustainable pension bill. The transition also has the added benefit of freeing the limited resources of the Government for more productive and socio-economic sectoral development.

There is no proposal to replace the NPS with old pension scheme in respect of Central Government employees recruited on or after 01.01.2004.

(e): National Pension System (NPS) had been designed giving utmost importance to the welfare of the subscribers. There are a number of benefits available to the employees under NPS. Some of the benefits are enlisted below:

- NPS is a well designed pension system managed through an unbundled architecture involving intermediaries appointed by the Pension Fund Regulatory and Development Authority (PFRDA) viz. pension funds, custodian, central record keeping and accounting agency, National Pension System Trust, trustee bank, points of presence and Annuity service providers. It is prudently regulated by PFRDA which is a statutory regulatory body established to promote old age income security and to protect the interest of subscribers of NPS.
- Dual benefits of Low Cost and Power of Compounding- The pension wealth which accumulates over a period of time till retirement grows with a compounding effect. The all-in-costs of the institutional architecture of NPS are among the lowest in the world.
- Tax Benefits- Contribution made to the NPS Tier-I account is eligible for tax deduction under the Income Tax Act, 1961. An additional tax rebate of Rs.50000 is also allowed for contributions made to NPS Tier-I under Section 80CCD (IB) of the Income Tax Act, 1961.
- Transparency and Portability is ensured through online access of the pension account by the NPS subscribers, across all geographical locations and portability of employments.
- Partial withdrawal- Subscribers can withdraw up to 25% of their own contributions before attaining age of superannuation, subject to certain conditions.

The amount of monthly annuity payable to a Government servant on exit from NPS depends upon various factors such as accumulated pension wealth of the Government servant, portion of accumulated pension wealth utilized for the purchase of annuity and the type of annuity purchased.

Under the defined benefit pension system applicable to Government servants appointed before 01.01.2004, pension is calculated based on qualifying service and the last pay drawn by the Government servant.
