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

RAJYA SABHA
UNSTARRED QUESTION NO. 2518
(TO BE ANSWERED ON 24.03.2022)

RESTORATION OF OLD PENSION SCHEME

2518 SHRI MD. NADIMUL HAQUE:
SHRI DEEPENDER SINGH HOODA:

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

(a) whether Government propose to reintroduce the Old Pension Scheme (OPS) following the demands for same that has risen from various quarters;
(b) if so, the details thereof and if not, the reasons therefor;
(c) whether Government is aware that experts have pointed out that under the National Pension System(NPS), economic downturns can affect pensions as it is market-linked;
(d) whether Government is aware that under NPS, there is no proper safety net for retired employees as under the OPS;
(e) whether Government propose to adopt any measure to address these issues; and
(f) if so, the details including timeline regarding the same?

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) & (b): The National Pension System (NPS) was introduced for Central Government employees w.e.f. 01.01.2004 vide Ministry of Finance (Department of Economic Affairs) Notification No. 5/7/2003-ECB & PR dated 22.12.2003 for all new recruits joining the Central Government service (except armed forces) from 01.01.2004.

On introduction of the National Pension System, the Central Civil Services (Pension) Rules, 1972 were amended. Accordingly, the benefits of old pension scheme under the Central Civil Services (Pension) Rules, 1972 are not admissible to the Central Government civil servants appointed on or after 01.01.2004, under the amended rules.

There is no proposal to reintroduce old pension scheme to Central Government civil employees joined on or after 01.01.2004 under consideration of Government of India.

(c) to (f): NPS is now regulated under PFRDA Act, 2013 and regulations framed there under by PFRDA and Department of Financial Services. As per information furnished by Department of Financial Services:

Contd.P.-2/-

The returns being market linked is a basic design feature of the National Pension System (NPS), however, pension being a long term product also enables the investments to grow with decent returns, despite short term volatility. Further, the prudential guidelines stipulated by the Pension Fund Regulatory and Development Authority (PFRDA), the skills of the professional Fund Managers chosen through a rigorous process, and choice of asset allocation across various asset classes (Equity, Corporate Bond, Government Securities) enable the subscriber's accumulations to grow over the long term, riding over the short term volatility.

To safeguard the interest of the subscribers against any possible erosion of the pension wealth in times of an economic downturn, the exposure of equity/ equity linked instruments have been limited to only 15 % in the default scheme, which is made available to the Government subscribers in a default mode. Equity exposure exceeding this limit of 15% is only available for the subscribers who choose to exercise individual investment choice while moving out of the default scheme. Further, risk averse subscribers can also choose to invest their entire contribution (100%) in Government bonds.

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