

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 547

TO BE ANSWERED ON 7th FEBRUARY, 2023 (TUESDAY)/ 18 MAGHA, 1944 (SAKA)

IMPLEMENTATION OF THE OLD PENSION SCHEME (OPS)

547. Shri Deepender Singh Hooda

Will the Minister of Finance be pleased to state:

- (a) whether Government has received representations from various Unions/ Associations of Central Government Employees from all across the country to discontinue the New Pension Scheme (NPS) and implement the Old Pension Scheme (OPS);
- (b) if so, the action Government has taken to meet their demands;
- (c) whether Government is considering to revert back to the Old Pension Scheme (OPS);
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a) to (e) The National Pension System (NPS) was introduced by the Government of India to replace the defined benefit pension system by defined contribution pension scheme in order to provide old age income security in a fiscally sustainable manner and to channelize the small savings into productive sectors of the economy through prudential investments. Representations have been received from time to time which include the request for restoration of Old Pension Scheme. There is no proposal under consideration of Government of India for restoration of old pension scheme in respect of Central Government employees recruited on or after 01.01.2004.

Government of India has taken a number of steps for streamlining NPS for Central Government employees and to protect the interest of the subscribers. These include enhancement of Government's contribution from the earlier 10% of Pay + DA to 14% of Pay + DA, freedom of choice for selection of Pension Funds and pattern of investment to subscribers, payment of compensation for non-deposit or delayed deposit of NPS contributions for any period during 2004-2012, tax exemption under Section 80C of the Income Tax Act, 1961 and increase in tax exemption limit for lump sum withdrawal on exit from earlier 40% to 60% of the amount due, making the entire withdrawal exempt from income tax.
