

National Pension System 2004/2014

K Srinivasa Rao
Audit Officer
State Audit Department

1999 - UN International Year of Old Age Persons

Ministry of Social Justice & Empowerment, Govt of India

Project OASIS (Old Age Social & Income Security)

Project OASIS Expert Committee (8 members) to examine policy questions connected with old age income securities in India

Popularly called as Dave Committee

Dave Committee submitted its Project OASIS Report on 11th January 2000

Year	Elder Persons % in Population
1961	5.6%
2011	8.6%
2026	12.4%
2050	20%

Pension Coverage in India - 5 Pillar Framework

Pillar	Name	Schemes	Coverage	Expenditure
I	Universal Social Security	Asara Pensions	3.69 Crores	9,134 Crores
II	Pay as you go (PAYG)	OPS	2.0 Crores	2 lakh Crores
III	Occupational Pension	EPF/NPS/CPS	4.66 Crores	11 lakh Crores
IV	Personal Pension	NPS/LIC/PPF	2.5 Crores	3.5 lakh Crore
V	Informal Support			

Source: CRISIL Report

Union Budget
2001-02

NDA Govt - Yashwanth Sinha

New Pension Scheme based
on Defined Contribution

From 01.10.2001

BK Bhattacharya, IAS (Retd) High Power Committee

Pension Reforms including Contributory Pension Scheme

Long-Term Fiscal Interest of the State, CPS should be introduced

Central Cabinet approved Contributory Pension Scheme for Central Government Employees on 23.08.2003 with effect from 01.01.2004

F.No. 5/7/2003 ECB & DR, Department of Economic Affairs, Ministry of Finance dated 22.12.2003

11th Conference of State Finance Secretaries held in RBI in January 2003

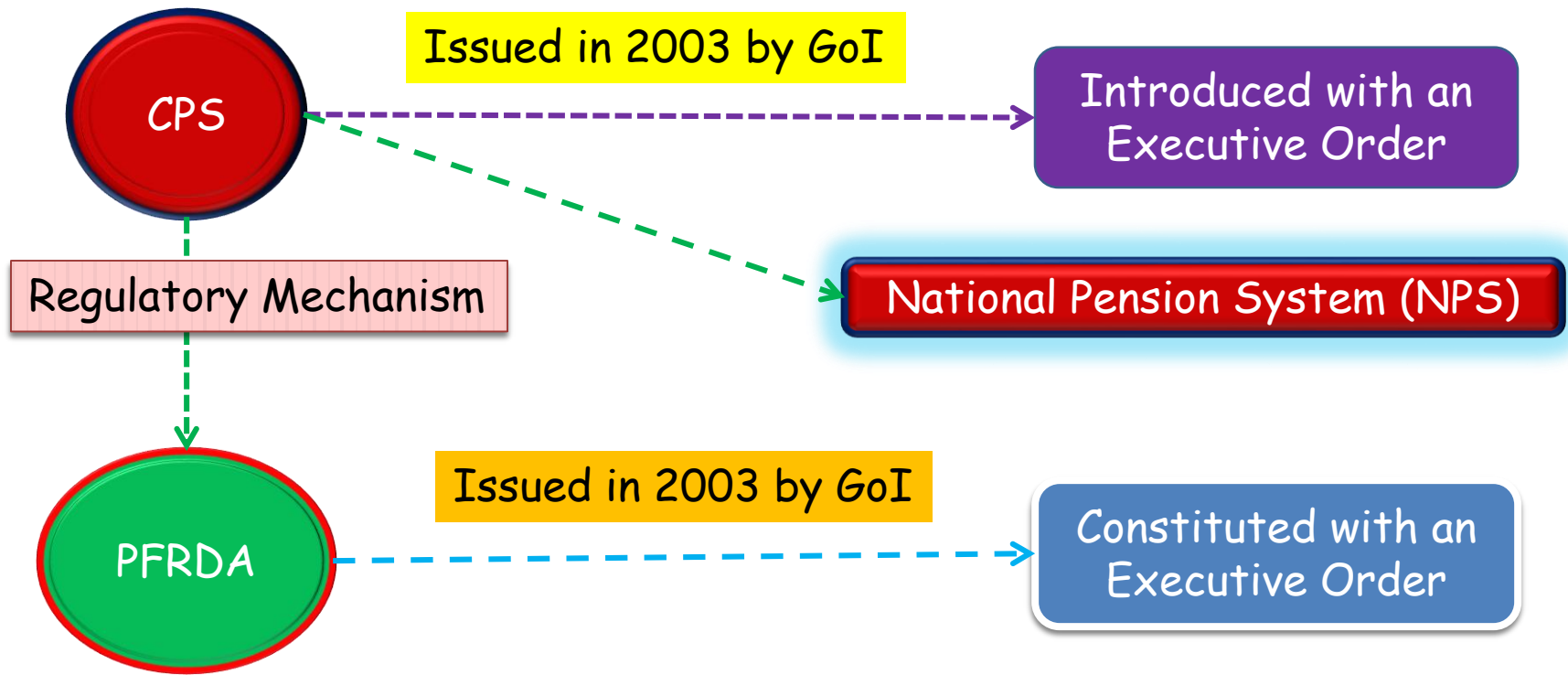
A Group was constituted by RBI in 2003 February under the chairmanship of Sri B K Bhattacharya, IAS (Retd) with State Finance Secretaries as members

To study the Pension Liabilities of the State Governments and make suitable recommendations

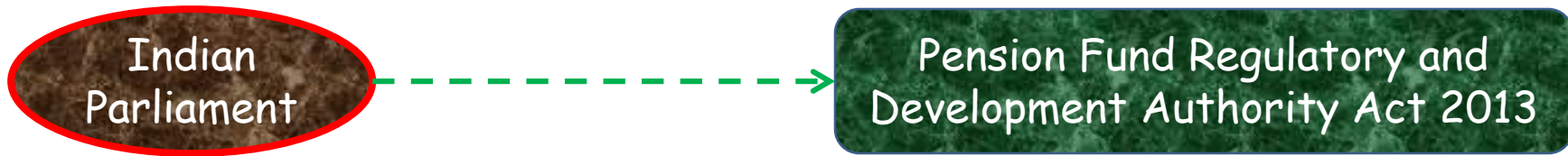
Report of the Group to Study the Pension Liabilities of the State Governments was submitted in October 2003

Based on the GoI Model, Government of Andhra Pradesh/Telangana introduced CPS for its Employees who are recruited on or after 01.09.2004

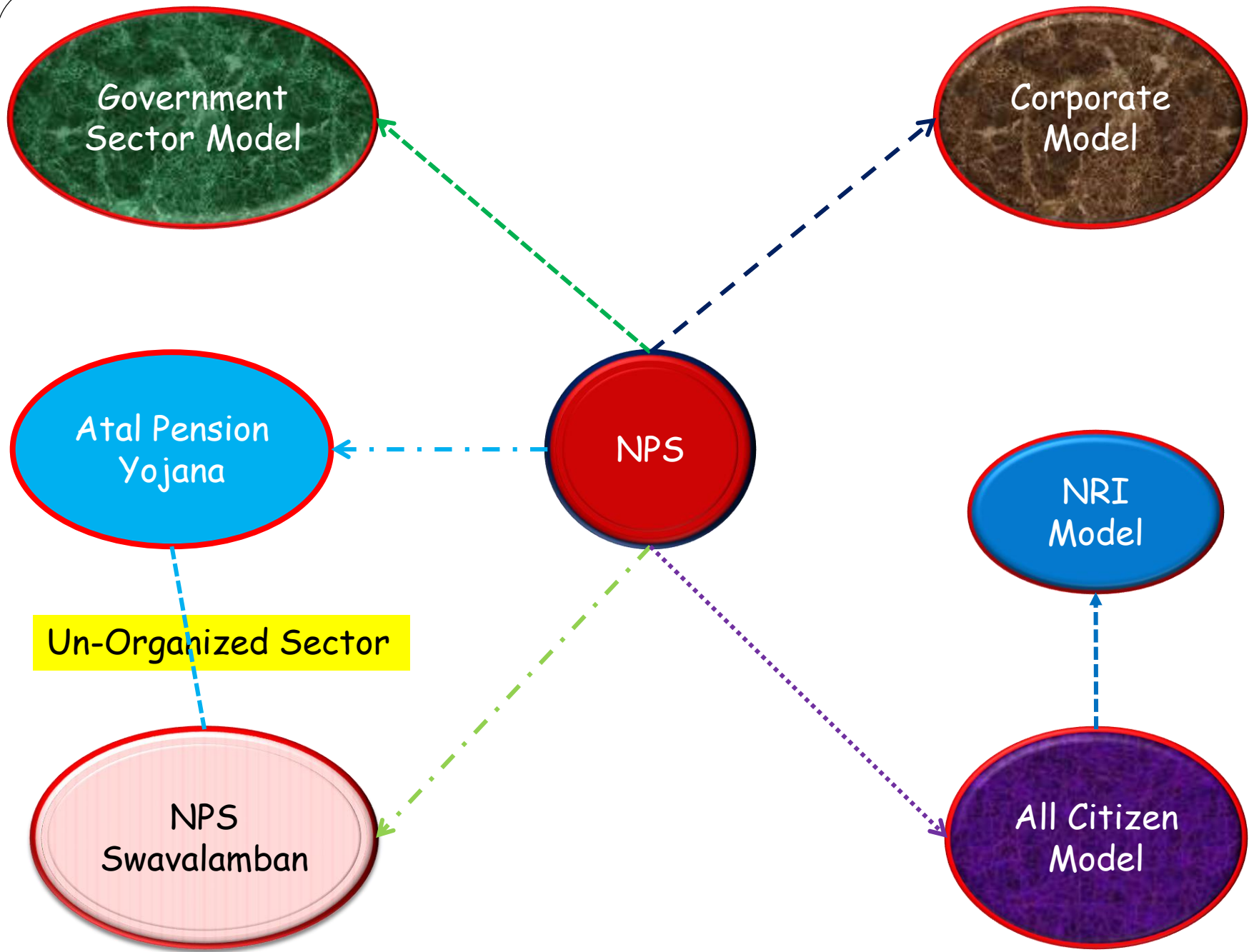
GO Ms No 653, 654, 655 Finance (Pen.I) Department dated 22.09.2004



After 10 years of Intensive Debate and Discussion over the Pension Reforms



Came into force from 01.02.2014
except Sec 20 which came into force from 01.01.2004



Government Sector Model

Corporate Model

NPS

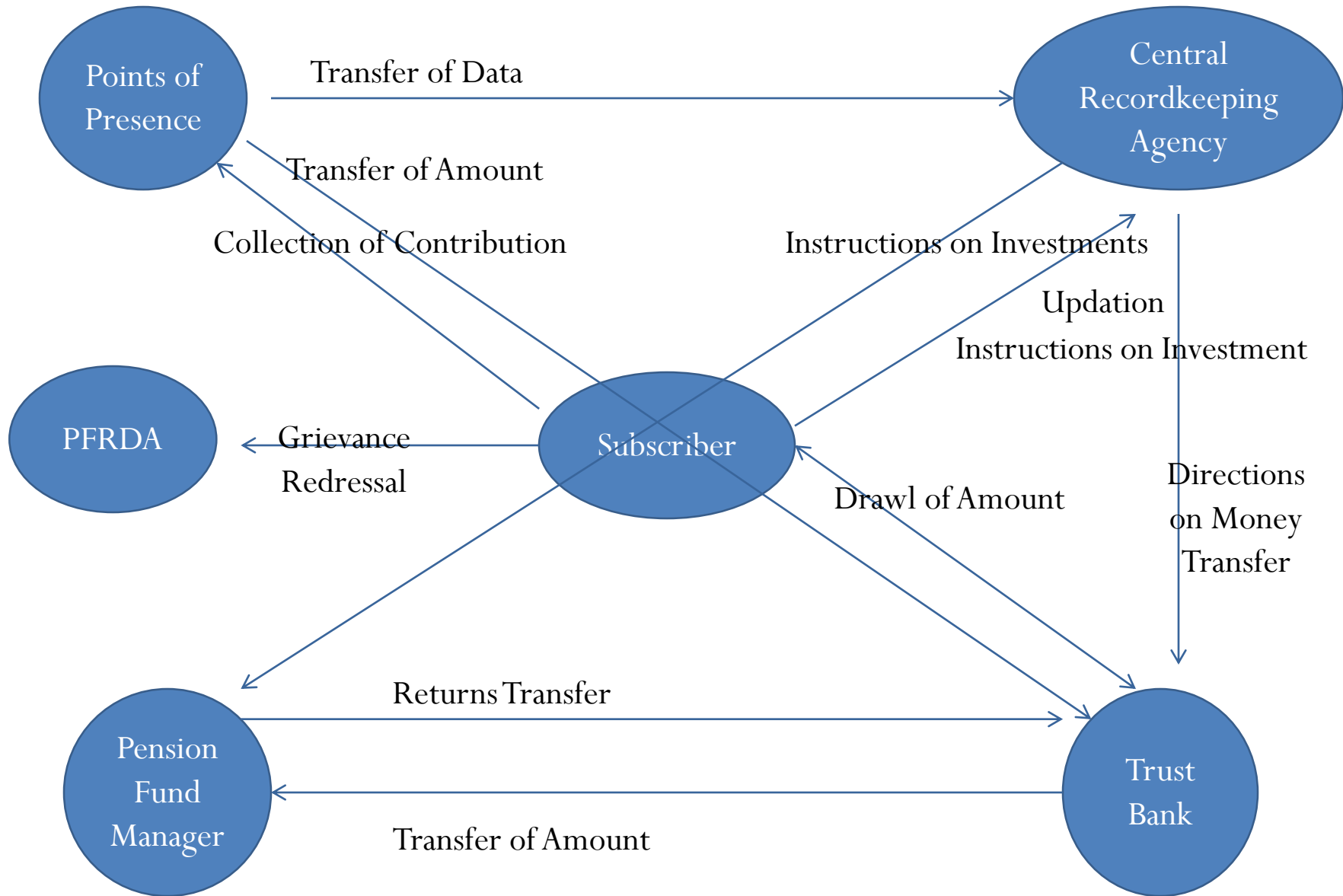
Atal Pension Yojana

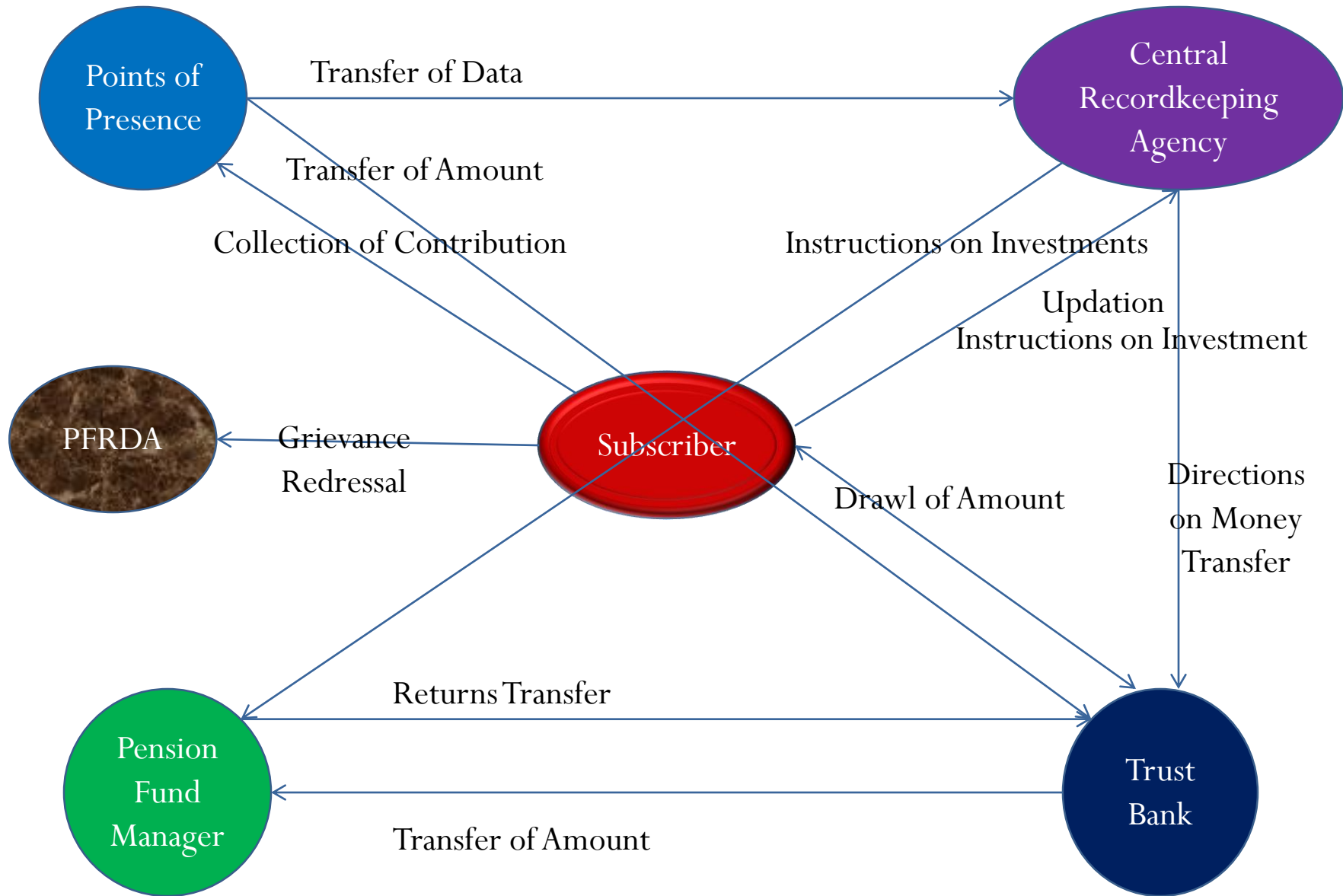
Un-Organized Sector

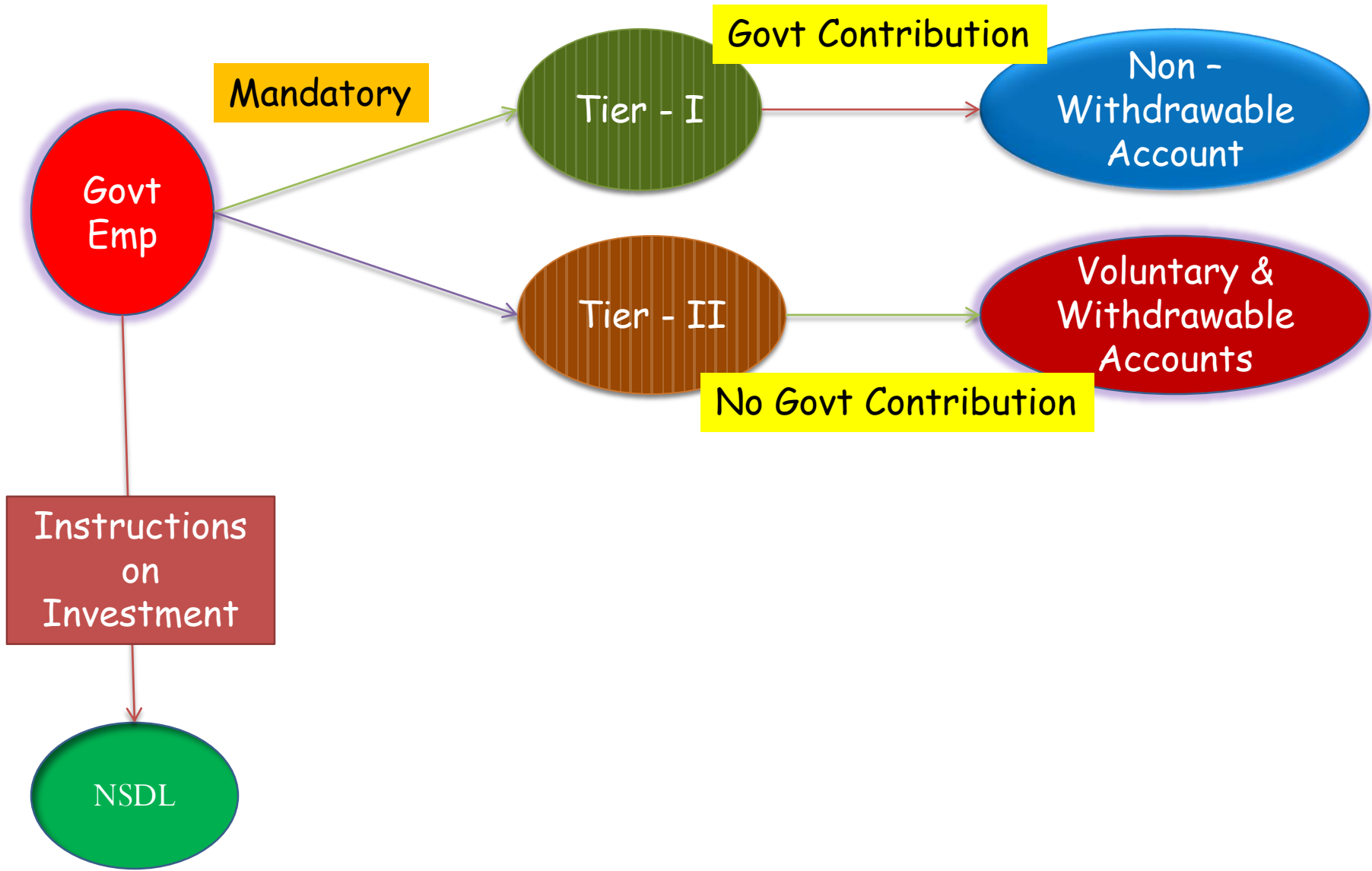
NRI Model

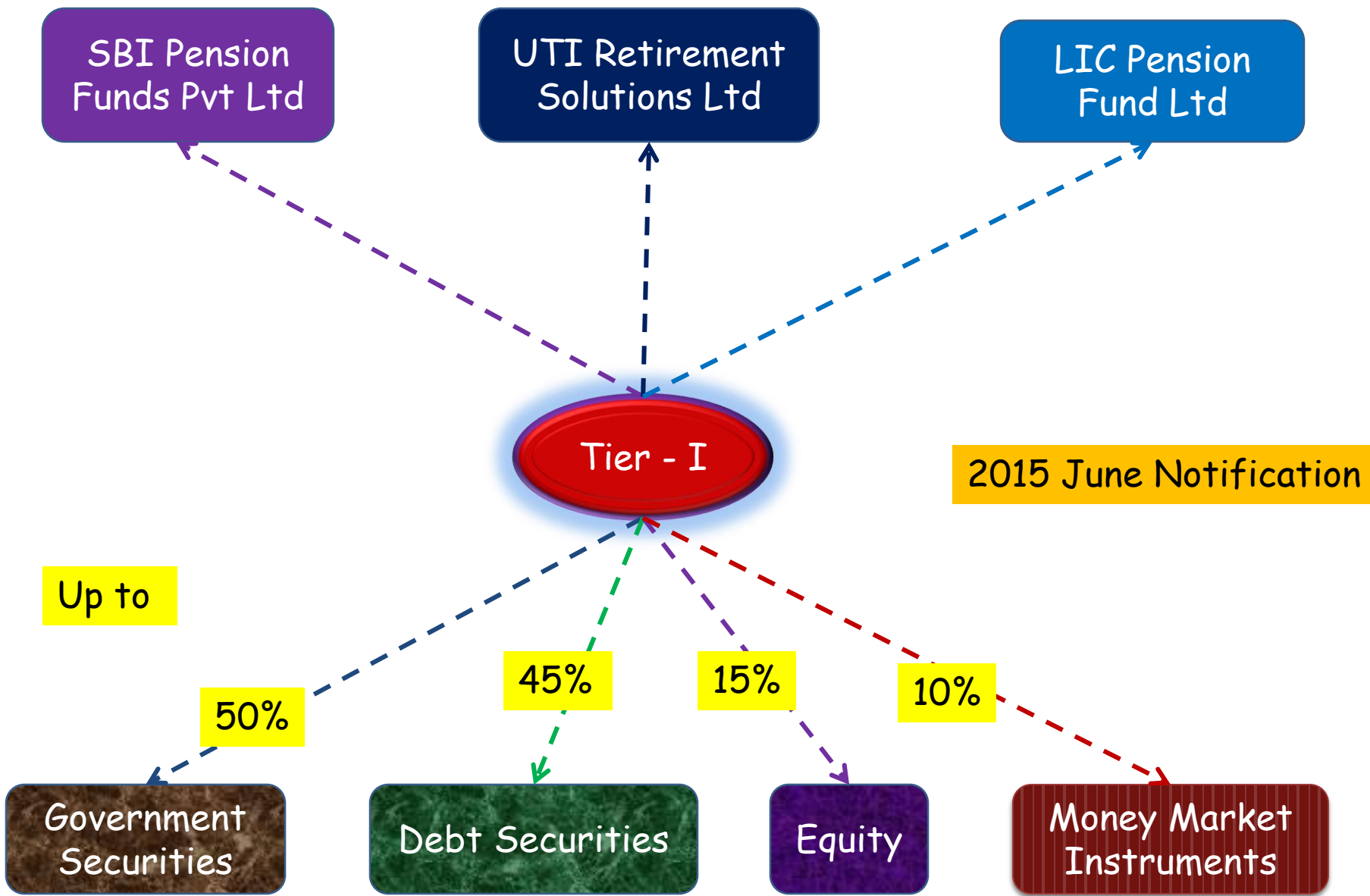
NPS Swavalamban

All Citizen Model









SBI Pension Funds Pvt Ltd

UTI Retirement Solutions Ltd

LIC Pension Fund Ltd

Tier - I

2015 June Notification

Up to

50%

45%

15%

10%

Government Securities

Debt Securities

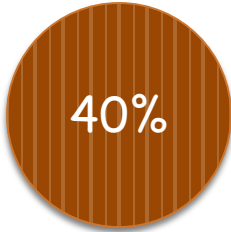
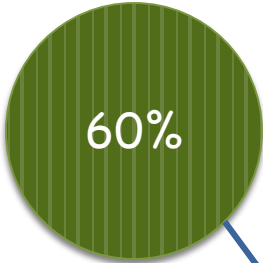
Equity

Money Market Instruments

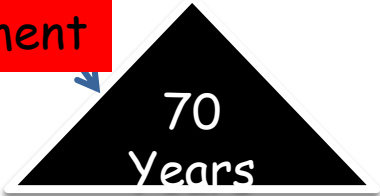
Death while
in Service



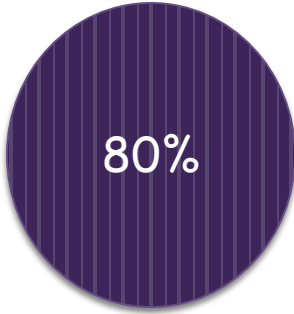
Exit on
Superannuation



Deferred Payment



Pre-Mature
Exit



NPS - Death of Employee while in service

Before 01.02.2014	As per PFRDA Act 2014
Family Pension was given as temporary measure	Since it is optional under NPS, the employee has to opt for Family Pension Otherwise, it is not allowed

As per PFRDA Act 2013, which came into force from 01.02.2014, the Family Pension under old Pension Rules has been stopped

As per Compassionate Appointment Scheme 1977, employment is being provided to the family of the deceased employee as a Social Security Measure

As per GO Ms No 58 Finance (HRM.V) Department dated 11.06.2021 issued by Government of Telangana Family Pension under OPS will be given to the family of the deceased if they surrender NPS amount to Government

Annuity Service Provider (ASP)

After Exit, every subscribed has to purchase Annuity from the following ASPs to get monthly Pension

1. LIC
2. SBI Life Insurance
3. ICICI Prudential Life Insurance
4. HDFC Standard Life Insurance
5. Bajaj Allianz Life Insurance
6. Reliance Life Insurance
7. Star Union Dai-chi Life Insurance

Types of Annuities

Annuity for Life

Annuity for life with return of purchase price on death

Annuity for life with a provision of 100% of the annuity to the spouse of the annuitant for life on death of the annuitant

Annuity for life with a provision for 100% of the annuity payable to the spouse of the annuitant for life on death of the annuitant, with return of purchase price on the death of last survivor

Comparison - Old Pension Scheme and National Pension System

Terminal Benefit	OPS	NPS
Pension	Government	Government + Employee
Gratuity	Allowed	Allowed
Commutation	Allowed	Not allowed
Encashment of Leave	Allowed	Allowed
GPF	Allowed	Tier - II Accounts
GIS	Allowed	Allowed
Family Pension	Allowed	Allowed (Optional)
Weightage (5 years)	Allowed	Not allowed
IT Exemptions	Allowed	Allowed + Rs 50,000/- additional
IT on withdrawals	Exempted	Partially Exempted