

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:5854
ANSWERED ON:02.05.2003
PRIVATE SECTOR IN THE FIELD OF PENSION
ASHOK KUMAR PATEL

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Government propose to allow participation of the private companies in the field of pension;
- (b) if so, the details thereof; and
- (c) the time by which a final decision is likely to be taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) to (c): : Government has decided to introduce a defined contribution pension scheme for new entrants to Government service, except to the armed forces in the first stage, which will also be available on a voluntarily basis, to others. Contribution will be shared in the case of Government employees between the Government and the employees. However, there will be no contribution from the Government in respect of individuals who are not Government employees. The new pension scheme will be portable, allowing transfer of the benefits in case of change of employment and will go into `individual pension accounts` with Pension Funds. Pension Funds will be regulated through a new and independent Pension Fund Regulatory and Development Authority. The pension assets would be managed by pension fund managers (PFMs) each of whom would offer a variety of schemes. At least one of the PFMs would be in the public sector. In addition, private pension fund managers, with sound experience in fund management and risk management, would be chosen through an open and transparent procedure.