

**GOVERNMENT OF INDIA
LABOUR AND EMPLOYMENT
LOK SABHA**

UNSTARRED QUESTION NO:2700

ANSWERED ON:21.03.2005

LOSSES TO EMPLOYEES PENSION SCHEME

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Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether the losses incurred on account of liabilities and assets under the employees pension scheme was Rs. 19,291 crores during the year 2002-2003;
- (b) if so, the reasons therefor;
- (c) whether the said liability has increased further during the year 2003-2004;
- (b) if so, the details thereof;
- (c) the reasons for continuous increase in the burden of the said liability; and
- (d) the corrective measures that are proposed to be taken by the EPFO in respect of retiring employees?

Answer

MINISTER OF LABOUR AND EMPLOYMENT(SHRI K. CHANDRASEKHAR RAO)

(a) & (b): No, Sir. No such losses have incurred. However, the 7th Annual Valuation report has disclosed a valuation deficit of Rs.19,291 crore as on 31.03.2003 which is different from cash loss.

(c) & (d): The 8th Annual; Valuation (as on 31.3.2004) exercise is presently being done by the Valuer Actuary.

(e): Pension liability is a consequence of various factors e.g. number of members, pensionable service, pensionable salary, number of pensioners, life expectancy and mortality etc. Since the membership, number of pensioners and pensionable service are increasing every year, the liability is also increasing.

(f): The major corrective measures recommended by Valuer and consultant Actuary are:

- (i) to increase the age for grant of superannuation pension from 58 to 60 years.
- (ii) to revise Table `B` and `D` under Employees Pension Scheme, 1995.
- (iii) to increase discount rate in early pension cases from 3% to 5%
- (iv) to link corresponding service period to the corresponding wage/wage ceiling for calculation of member pension.