

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4558
ANSWERED ON:23.12.2005
PENSION FUNDS FOR THE AGED
Maharia Shri Subhash

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has decided to promote old age income security by establishing, regulating and developing pension funds under any new pension system both in urban and rural areas of the country;
- (b) if so, the details thereof;
- (c) whether the Government has also introduced any scheme which offers a risk free avenue of investment with attractive returns to senior citizens; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

- (a) and (b): The Pension Fund Regulatory and Development Authority (PFRDA) Bill, 2005 which was introduced in the Lok Sabha on 21-03-2005, aims to promote old age income security by establishing, regulating and developing pension funds, to protect the interests of subscribers to schemes of pension funds and for related matters. The Authority proposed under the Bill will regulate the New Pension System (NPS) and any other pension scheme not regulated by any other enactment. The NPS is mandatorily applicable to new entrants to Central Government service, except to the Armed Forces, in the first stage with effect from 01-01-2004. It will also be available, on a voluntary basis, to all persons including self employed professionals and others in the unorganised sector.
- (c) & (d): Government has introduced a Senior Citizens Savings Scheme, 2004, with effect from 2nd August, 2004, with a view to providing a secure and regular income to senior citizens and pensioners. The Scheme provides for interest at the rate of nine per cent per annum payable quarterly which is higher than the interest available on any comparable savings instrument in the market.