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F.No. 1(7)(2)/2003/TA/19
Government of India
Ministry of Finance
Department of expenditure
Controller General of Accounts
Lok Nayak Bhawan, Khairatpur
New Delhi

Dated 14-01-2004

OFFICE MEMORANDUM

Sub : - Introduction of New Pension Scheme

Government of India have introduced a new Defined Contribution Pension Scheme replacing the existing system of Defined Benefit Pension System vide Government of India, Ministry of Finance, Dept. of Economic Affairs Notification dated 22nd December, 2003 (copy enclosed). The new Pension Scheme comes into operation with effect from 1.1.2004 and is applicable to all new entrants to Central Govt. service, except to Armed Forces, joining Government service on or after 1.1.2004.

The salient features of the New Pension Scheme are as follows:

1. The New Pension Scheme will work on defined contribution basis and will have two tiers - Tier-I and II. Contribution to Tier I is mandatory for all government servants joining government service on or after 1.1.2004, whereas Tier II will be optional and at the discretion of Government servants.
2. In Tier I, Government servants will have to make a contribution of 10% of his basic pay plus DA, which will be deducted from his salary bill every month by the PAO concerned. The Government will make an equal matching contribution.
3. Tier I contributions (and the investment returns) will be kept in a non-withdrawable Pension Tier I Account. Tier II contributions will be kept in

separate account that will be withdrawable at the option of the government servant. Government will not make any contribution to Tier II account.

4. The existing provisions of Defined Benefit Pension and GPF would not be available to new government servants joining Government service on or after 1.1.2004.

5. In order to implement the Scheme, there will be a Central Record Keeping Agency and several Pension Fund Managers to offer ~~three~~ categories of Schemes to Government servants viz. options A, B and C ~~base~~ on the ratio of investment in fixed income instruments and equities. An independent Pension Fund Regulatory and Development Authority (PFRDA) will regulate and develop the pension market.

6. As an interim arrangement, till such time the Statutory PFRDA is set up, an interim PFRDA has been appointed by issuing an executive order by M/o Finance (DEA).

CDA 7. Till the regular Central record Keeping Agency and Pension fund Managers are appointed and the accumulated balances under each individual account are transferred to them, it has been decided that such amounts representing the contributions made by the Government servants and the matching contribution made by the Government will be kept in the Public Account of India. This will be purely a temporary arrangement as announced by the Government.

8. It has also been decided that Tier II will not be made operative during the Interim period.

9. A government servant can exit at or after the age of 60 years from the Tier I of the scheme. At exit, it would be mandatory for him to invest 40 percent of pension wealth to purchase an annuity (from an IRDA regulated Life Insurance Company), which will provide for pension for the lifetime of the employee and his dependent parents/spouse. In the case of government servants who leave the Scheme before attaining the age of 60, the mandatory annuitisation would

10. The following guidelines are issued for the implementation of the New Pension Scheme during the interim arrangement for the guidance of the PAOs/DDOs:

- (a) The new pension scheme becomes operational with effect from 1.1.2004.
- (b) Contributions payable by the Govt. servants towards the Scheme under Tier I, i.e. 10 % of the (basic pay + DA), will be recovered from the salary bills every month.

- (c) The scheme of voluntary contributions under Tier -II will not be made operative during the period of interim arrangement and therefore no recoveries will be made from the salaries of the employees on this account.

- (d) Recoveries towards Tier I contribution will start from the salary of the month following the month in which the Government servant has joined service. Therefore, no recovery will be effected for the month of joining.

For example, for employees joining service in the month of January 2004, deductions towards Tier I contribution will start from the salary bill of February 2004. No deduction will be made for his salary earned in January 2004. Similarly, deductions for those joining service in the month of February 2004 will start from the salary bill of March 2004 and so on.

- (e) No deductions will be made towards GPF contribution from the Government servants joining the service on or after 1.1.2004 as the GPF scheme is not applicable to them.

- (f) It has been decided that pending formation of a regular Central Record Keeping Agency, Central Pension Accounting Office will function as the Central Record Keeping agency for the above scheme.

- (g) Immediately on joining government service, the government servant will be required to provide particulars such as his name, designation, scale of pay, date of birth, nominee(s) for the fund, relationship of the nominee etc. in the prescribed form (Annexure I). The DDO concerned will be responsible for obtaining this information from all government servants covered under the new Pension scheme.

PAO
CGDA

(h) The PAO concerned will allot a unique 15 digit Permanent Pension Account Number (PPAN). The first four digits of this number will indicate the calendar year of joining government service, the next digit indicates whether it is a Civil or a Non-Civil ministry (for all Civil Ministries this digit will be "1", for CGDA it will be "2", for Posts it will be "3", for Telecom it will be "4" and for Railways it will be "5"), the next six digits would represent the PAO code (which is used for the purpose of compiling monthly accounts), the last four digits will be the running serial number of the individual government servant which will be allotted by the PAO concerned. PAO will allot the serial number pertaining to individual Government servant from '0001' running from January to December of a calendar year. The following illustration may be followed :

CGDA

The first Govt. servant joining service under Ministry of Civil Aviation under the accounting control of PAO (Sectt), New Delhi in 2004, shall be allotted the following PPAN:

Calendar Year				Min/Dept.	PAO Code*						Serial Number			
2	0	0	4	1	0	4	0	8	6	6	0	0	0	1

CGDA

*PAO Code will be allotted by the CPAO on receipt list of PAO from each of the Non-Civil Ministries/Departments.

CGDA

(i) For the flow of information from Non Civil Ministries/Departments to the CPAO, each of them will nominate a Nodal office, which will be responsible for forwarding the consolidated information/particulars in respect of their Ministry/Department and for correspondence with CPAO.

CGDA

(j) The particulars of the government servants received from the various DDOs will be consolidated by the Nodal office identified in each Ministry/Department/Office and sent to the CPAO in the format (Annexure

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II) by 15th Instant. The CPAO will feed this information in their computer database.

(k) The accounting heads involved in the operation of the new pension scheme will be intimated in due course.

(l) After the salary bill is passed for payment by the PAO along with the bill for matching contribution of the government, the consolidated information on contributions in electronic form (Annexure III) should be sent by the Nodal office of the Ministry/Department/Office concerned to the Central Pension Accounting Office by 15th of the following month.

CDA
CGDA

(m) CPAO on receipt of this information will update its database and generate exception reports for missing credits, mismatches etc. which will be sent back to the Nodal office concerned for further action.

(n) Whenever any Govt. servant is transferred from one office to another either within the same accounting circle or to another accounting circle, **balances will not be transferred by the PAO to the other Accounts Office.** However, the Drawing and Disbursing Officer should clearly indicate in the LPC of the individual the unique account number, the month upto which government servant's contribution & government's contribution have been transferred to the Pension Fund.

(o) **No withdrawal of any amount will be allowed during the interim arrangement.** Provisions regarding terminal payments in the event of untimely death of an employee or in the event of his leaving the Government service during the interim period shall be notified in due course.

(p) **Detailed Instructions on the interest payable on Tier I balances shall be issued in due course.**

(q) At the end of each financial year the CPAO will prepare annual account statements for each employee showing the opening balance, details of monthly deductions and government's matching contributions, interest

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earned, if any, and the closing balance. CPAO will send these statements to the Nodal Office concerned.

(r) After the close of each financial year CPAO will have to report the details of the balances (PAO-wise) to each Nodal Office, who will forward the information to each PAO for the purpose of reconciliation. The PAO will reconcile the figures of contributions with figures as per the books of CPAO.

(s) After the appointment of CRA & Fund Managers, this office will issue detailed instructions on transfer of balances to CRA.

All Non-Civil Ministries/Departments are hereby requested to issue suitable instructions to their filed offices for implementation of the new pension scheme and are also requested to intimate to this office and the CPAO the detailed name, address, telephone no., fax no., email address of the Nodal Office and the details of the officer in charge.



(Rajesh Kumar)
Asst. Controller General of Accounts

Copy forwarded for information and taking necessary action in their respective organizations :

1. Comptroller and Auditor General of India.
- ✓ 2. Controller General of Defence Accounts, Ministry of Defence, R.K.Puram, new Delhi.
3. Director, Ministry of Railways, Railway Board, Rail Bhawan, New Delhi.
4. Dy. Director General (PAF). Department of Posts, Dak Bhawan, New Delhi.
5. Dy. Director General, Department of Telecommunications, Sanchar Bhawan, New Delhi.

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TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART-I -
SECTION-1)

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
ECB & PR DIVISION

North Block, New Delhi, dated December 22, 2003.

NOTIFICATION

F. No. 5/7/2003-ECB & PR The Government approved on 23rd August 2003 the proposal to implement the budget announcement of 2003-04 relating to introducing a new, restructured defined contribution pension system for new entrants to Central Government service, except to Armed Forces, in the first stage, replacing the existing system of defined benefit pension system.

- (i) The system would be mandatory for all new recruits to the central Government service from 1st of January 2004 (except the armed forces in the first stage). The monthly contribution would be 10 percent of the salary and DA to be paid by the employee and matched by the Central Government. However, there will be no contribution from the Government in respect of individuals who are not Government employees. The contributions and investment returns would be deposited in a non-withdrawable pension tier-I account. The existing provisions of defined benefit pension and GPF would not be available to the new recruits in the central Government service.
- (ii) In addition to the above pension account, each individual may also have a voluntary tier-II withdrawable account at his option. This option is given as GPF will be withdrawn for new recruits in Central Government service. Government will make no contribution into this account. These assets would be managed through exactly the above procedures. However, the employee would be free to withdraw part or all of the 'second tier' of his money anytime. This withdrawable account does not constitute pension investment, and would attract no special tax treatment.
- (iii) Individuals can normally exit at or after age 60 years for tier -I of the pension system. At exit the individual would be mandatorily required to invest 40 percent of pension wealth to purchase an annuity (from an IRDA-regulated life insurance company). In case of Government employees the annuity should provide for pension for the lifetime of the employee and his dependent parents and his spouse at the time of retirement. The individual would receive a lump-sum of the remaining pension wealth, which he would be free to utilise in any manner. Individuals would have the flexibility to leave the pension system prior to age 60. However, in this case the mandatory annuitisation would be 80% of the pension wealth.

Architecture of the New Pension System

(iv) It will have a central record keeping and accounting (CRA) infrastructure, several pension fund managers (PFMs) to offer three categories of schemes viz. option A, B and C.

(v) The participating entities (PFMs and CRA) would give out easily understood information about past performance, so that the individual would be able to make informed choices about which scheme to choose.

2. The effective date for operationalisation of the new pension system shall be from 1st of January, 2004.

(U. K. Sinha)

Joint Secretary to the Government of India

The Manager,
Government of India Press,
Mayapuri,
New Delhi - 110 064

No. 1(9)/E.V/2004
Government of India
Ministry of Finance
Department of Expenditure
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New Delhi, the 30th July, 2007

OFFICE MEMORANDUM

Subject: Grant of option for shift from CPF to GPF-cum-Pension Scheme for employees of Central Universities/Colleges, the Inter-University Centres and Deemed to be Universities, fully funded by the Central Government.
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Ministry of HRD may refer to their proposal regarding the grant of a final option to shift from CPF to GPF-cum-Pension Scheme for the employees of Central Universities/Colleges, the Inter-University Centres and Deemed to be Universities, which are fully funded by the Central Government.

2. The proposal has been considered in the Department of Expenditure and is not supported for the following reasons:-

- (i) The cost of introduction of Pension Scheme is much higher than the CPF Scheme. The cost of the Pension Scheme continuously increases with every increase/revision in the scales of pay/pensionary benefits recommended by the successive Pay Commissions set up by the Government.
- (ii) Acceptance of the proposal under consideration will have wide repercussions, with many other similarly placed autonomous bodies demanding the same, resulting in huge financial implications.
- (iii) It is also noted that the number of employees that would be involved and the likely financial implications have not been worked out.

3. Further, it is suggested that Ministry of HRD may consider shifting from the CPF to the New Pension scheme even for pre-1.1.2004.

entrants, as both schemes are based on Defined Contribution. This will be in line with the Cabinet decision taken on 23rd August, 2003, for introduction of New Pension Scheme.

4. This has the approval of the Finance Minister.

Manish Kumar

(MANISH KUMAR)

DEPUTY SECRETARY TO THE GOVERNMENT OF INDIA

Sh. Ravi Mathur,
Joint Secretary,
Ministry of Human Resource Development,
Deptt. of Higher Education,
Shastri Bhavan,
New Delhi.

SANT LONGOWAL INSTITUTE OF ENGINEERING & TECHNOLOGY

LONGOWAL-148106, Distt. Sangrur, Punjab, India

(Deemed-to-be-University)

ADMINISTRATION SECTION

Ref. No.: Admn./ 8/0

Date: 07/05/08

CIRCULAR

The Institute is going to submit a proposal for the implementation of the Pension Scheme for its employees vide instructions received from the Ministry of Human Resource Development, New Delhi. The pension scheme shall be applicable after 01.01.2004. For this purpose the employees are requested to submit their willingness whether they are interested to opt to new pension scheme. The Pension Scheme containing the details have been given in the notification dated Dec.22,2003 (copy attached). All are requested to submit their willingness within 15 days from the date of issue of this circular to the Admn. Section so that the proposal may be submitted accordingly to Ministry for the approval.

Aswathan
06/5/08
DEAN (ADMN.)

ENDST.NO.

DATE:

Copy to

1. Director's Cell—for information
2. All Deans
3. All HODs/Section Incharge-- to circulate the above amongst the staff working under them.

Aswathan
06/5/08
DEAN (ADMN.)

CW (1256.)

F. No. 19-15/2008-IFD
Government of India
Ministry of Human Resource Development
Department of Higher Education
Integrated Finance Division

234-C Shastri Bhawan,
New Delhi 110 001
July 31 2008

To

The Heads of all Autonomous / Statutory Bodies
under the Ministry of HRD (As per standard mailing list)

Subject: Grant of option for shift from CPF to New Pension Scheme
(NPS) in respect of employees recruited prior to 1.1.2004. -
Clarification regarding.

Sir,

I am directed to say that the Ministry of Finance (Dept. of Expenditure) has suggested that the employees presently under CPF Scheme who were recruited prior to 1.1.2004 may be considered for a shift from CPF to New Pension Scheme from 1.1.2004 as both the schemes are based on defined contribution. A copy of the Office Memorandum No. 1(9)/E.V/2004 dated 30th July 2007 on the subject is enclosed for information and appropriate action.

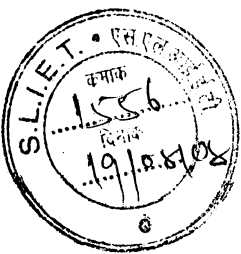
Yours faithfully

[Signature]

(B.K. Ray)

Assistant Financial Adviser
Tele-fax: 2338-8608

Encl: As above



DIR/1396
12/8/08

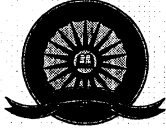
Admin/3700
29/08/08
Dean (Admin.) for circulation
and Consent of the employees, SLIET
for the new pension scheme.

[Signature]
12/8/08

S.K. - to check 12/8

[Signature]
11/9/08

[Signature]
DR (Admin) 14/9/08
for n.p.
J. Sautan
13/8/08



SANT LONGOWAL INSTITUTE OF ENGINEERING & TECHNOLOGY,
(Deemed-to-be-University)
LONGOWAL, DISTT. SANGRUR. (Pb.)

(Admn. Section)

Ref. No. Admn./ 10066 - 10070

Dated : 21/1/11

OFFICE ORDER

The BOM in its 4th meeting held on 29/09/10 vide agenda item no. 4.10 decided that all the employees recruited in the Institute on or after 01/01/04 are compulsorily required to opt for New Pension Scheme introduced by the Ministry of Finance vide O.M. F.No. 1(7)(2) / 2003 / TA / 19 dated 14/01/04 as it is mandatory as per instructions issued by Government of India.

Accordingly all the employees of the Institute recruited on or after 01/01/04 are hereby shifted to New Pension Scheme. Further as decided by the B.O.M., the employees, who are recruited in the Institute before 01/01/04 can also opt for New Pension Scheme introduced by G.O.I.. Options of interested employees recruited before 01/01/04 should reach the Admn. Section within 15 days from the issue of this order.


Director

Endst. No. Admn./ _____

Dated : _____

A copy of the above is forwarded to: -

1. Director Cell :
2. All Deans
3. All HODs / Section : ➤ For circulation amongst faculty/staff members working in their respective departments/sections.
Incharges
4. D.R. (A & A) ➤ To make sure that deduction of all the employees recruited on or after 01/01/04 be made as per New Pension Scheme. A Copy of the G.O.I. O.M. No. F.No. 1(7)(2)/ 2003/TA/19 dated 14/01/04 on New Pension Scheme is enclosed for reference
5. File Copy.


Director