

### **NEW PENSION SCHEME**

A new restructured defined contribution pension system was introduced from 01-01-2004 for all new entrants, known as New Pension Scheme. The existing Railway Services (Pension) Rules, Commutation of Pension Rules, Extraordinary Pension Rules and State Railway Provident Fund Rules are not applicable to the new entrants joining railway service from 01-01-2004. For the new recruits in the offer of appointment itself it should be mentioned that they are governed under New Pension Scheme.

#### **SALIENT FEATURES OF NPS:**

This system is mandatory for all new recruits from 01-01-2004. The monthly contribution is 10% of { (Pay + DP) + DA }. The same amount will be matched by the Railways. Both the amount will be deposited in a non-withdrawable tier-I account. No amount towards PF should be deducted. In addition to the above pension account, railway servant may also have a tier-II account at his option. The railway will not make any contribution to tier-II account. The employee can withdraw a part or whole of the amount in tier-II account at any time.

At the time of exit, after attaining 60 years of age, 40% of the amount in tier-I account should be invested into an insurance company and the balance of 60% will be given to the employee. The insurance company concerned will provide monthly pension for the life time of the employee.

At the time of exit, before attaining 60 years of age, 80% amount in tier-I account should be invested into the insurance company and the balance of 20% will be given to the employee. At present, the voluntary contribution under tier-II account is not in operation. Therefore, no recoveries should be made towards tier-II account.

Recoveries towards the contribution to tier-I account will commence from the first of the month following the month in which the employee has joined the service. At the time of appointment, every railway servant has to furnish, in the prescribed format, the details of name, designation, scale of pay, pay, date of birth, nominee for the fund, etc. Each Bill Drawing Officer has to consolidate the above details in respect of all the railway servants who have joined during the previous month and send it to the associate bill-passing Accounts Officer by 7<sup>th</sup> of each month.

On receipt of the above information, the Accounts Officer will allot a unique 16 digit Permanent Pension Account Number as under:

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|---|--|
| 1 <sup>st</sup> to 4 <sup>th</sup> digits | - calendar year in which the account is opened |
| 5 <sup>th</sup> digit                     | - Ministry code (Railways-5)                   |
| 6 <sup>th</sup> to 8 <sup>th</sup> digits | - Zone / Production Unit code                  |

- 9<sup>th</sup> to 11<sup>th</sup> digits - Accounts Unit code
- 12<sup>th</sup> to 16<sup>th</sup> digits - Employee number (running from January to December)

Once PPAN allotted will not be changed. The Accounts Officer will maintain an index register with all details and enter the PPAN allotted to the new entrants. The PPAN allotted will be intimated to the employee. The Accounts Officer will consolidate the details of new entrants in the prescribed format and send it to FA&CAO by 12<sup>th</sup> of each month. Interest @ 8% on the amount in tier-I account will be credited.

When the railway servant is transferred from one accounting unit to another, the balance in the tier-I account will not be transferred. However, in the LPC the PPAN, the month upto which the Employee's contribution and Railway's contribution has been transferred to Pension Fund will be indicated. If the employee is transferred during the month, the recovery under this scheme will be made by the office which draws salary. If the employee dies while in service the accumulation under tier-I account will be given to the spouse / dependent.

At the end of each financial year, an annual statement showing the details of deduction and contribution made by the railways along with the interest allowed. The encashment of leave salary is admissible on account of retirement / death. Under this scheme, the Charge Allowance will be included in the pay. In case of running staff, 30% of pay will be included in the pay.

**Clarification is awaited for the following:**

- (a) Retirement gratuity
- (b) Benefits in the event of death in service
- (c) Payment in the event of removal/dismissal/resignation

However considering the hardships being faced by the employees appointed on or after 01.01.2004 who are discharged on invalidation/disablement and the families in case of death the benefits like invalid pension/gratuity, Family pension/DCRG (under normal and extra ordinary pension rules as the case may be) are extended to Railway servants covered by New Pension Scheme on **Provisional Basis** till further orders and also to be adjusted against the future payments to be made in accordance with the rules. (N0.2008/AC-II/21/19, RBE 31/2009 dt 29.05.2009).

