

No.F.8(1)-FIN(G)/2004(P-I)
Finance Department
Pension Cell
Agartala: Tripura

Dated, Agartala, the 13th July 2018

NOTIFICATION

Subject: Implementation of New Pension Scheme in Tripura.

Pension liabilities had been growing over years. This situation has aggravated as there is no build up asset to back this liability. The issue of growing pension liabilities came up for discussion during the Conference of State Finance Secretaries held in the Reserve Bank of India in January 2003. A comprehensive examination of all the issues relating to State pension liabilities was considered crucial. The Reserve Bank of India in February 2003 constituted a Group to study pension liabilities of the State Government. The Government of India introduced the New Defined Contributory Pension Scheme replacing the existing system of Defined Benefit Pension System in December 2003. The new system has been made applicable to all Central Government new entrants joining the Government service on or after 01.01.2004. Many States like Assam, Andhra Pradesh, Karnataka, Himachal Pradesh and Kerala have also introduced the New Defined Contributory Pension Scheme for their employees.

2. Pension liabilities of the Government of Tripura have increased from Rs. 267.35 Crores in 2006-07 to Rs. 1605.01 crores in 2017-18, which is about 6 times jump in the pension expenditure. The State Government announced its decision to adopt wide ranging reforms in pension funding to reduce burden of governance cost on citizens. The Budget Speech 2018-19 also stressed the need to shift to a Defined Contribution Scheme for new recruits to ensure that the liability towards pension of an employee rendering his service is not shifted to the future generations. The State Government has approved the New Defined Contributory Pension Scheme to all new entrants to State Government service joining on or after 1st July 2018.

3. In order to implement the new scheme, it is proposed to have a Central Recordkeeping Agency (CRA) & several Pension Fund Managers (PFMs) for smooth implementation of the scheme.

4. In view of the above, the Governor of Tripura is pleased to order the following:

- (i) Employees joining the service of the State Government on or after **1st July, 2018** shall **not** be governed by the existing Central Civil Services (Pension) Rules, 1972 (as adopted in the State of Tripura) and orders issued thereunder from time to time. Their pension and other retirement benefits will be governed by a new set of Pension Rules being formulated in line with the Contributory Pension Scheme of the Government of India (hereinafter NPS). They shall also not be entitled to General Provident Fund.



- (ii) The NPS is mandatory for all appointments made to a regular pay scale post in State Government on or after **1st July, 2018**.
- (iii) The NPS shall also be mandatory for fixed pay employees under the State Govt. who are being appointed to a fixed pay post created by keeping regular pay scale post in abeyance on or after **1st July, 2018**.
- (iv) The NPS will work on a defined contribution basis and will have two tiers viz., Tier I and Tier II. Tier- I will be mandatory for the employees whereas Tier-II will be optional and at the discretion of the Government servants.
- (v) In Tier I, the Government servant shall make a contribution of 10% of his /her Basic which will be deducted from his /her salary every month by the Treasury Officer/ Drawing and Disbursing Officer concerned. Government will also make a matching contribution. The amount so deducted from the salary of the Government servant and the amount of matching contribution will be transferred to a pension account in order to invest the same as per the provisions of Government of India/ Pension Fund Regulatory and Development Authority, a statutory body constituted by the Government of India, whichever applicable. The entire amount under Tier I (Government servant contribution + matching Government contribution + investment returns) will be kept in a non-withdrawable pension under Tier I account.
- (vi) However, there will be no contribution from the Government in respect of individuals who are not Government employees viz., contractual workers/ wage workers etc.
- (vii) Tier II contribution will be kept in a separate account that will be made available at the option of the Government servant. The State Government will not make any contribution to Tier-II account. This option is given as GPF will be withdrawn for new recruits in the State Government Service. The State Government will make no contribution into this account. The employee would be free to withdraw part or all of the 'Tier-II' of his money anytime. This withdrawable account does not constitute pension investment, and would attract no special tax treatment.
- (viii) 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 % 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 utilize 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.
- (ix) The pension funds will be managed by Pension Fund Managers (PFM) nominated by PFRDA and the records will be maintained by the NSDL that functions as CRA of the scheme.
- (x) Separate orders shall be issued appointing the CRA and PFMs. Till such time, the accumulated balances under each individual account are transferred to them, contributions made by the employees to whom the NPS is applicable and the matching contributions made by the State Government shall be kept in Public Account of the State on which appropriate interest shall be given. But, this shall be purely temporary arrangement.
- (xi) The optional Tier-II scheme shall not be made operative during the interim period.

- (xii) The NPS shall also be mandatory for all appointments made to a regular pay scale post including fixed pay employees appointed in Grant-in-aid Institutions, Autonomous Bodies, Boards, PSUs and other organisations on or after **1st July, 2018**.
- (xiii) However, in case of employees under Grant-in-aid Institutions, Autonomous Bodies, Boards, PSUs and other organisations, the employers' contribution shall be met by the respective institutions and not by the State Government.
- (xiv) The following shall be incorporated in all advertisements for filling-up vacant posts under the State Government as well as appointment letters of the selected candidates:-

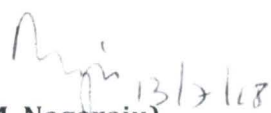
"Government Servants joining the service of the State Government on or after 1st July 2018 shall not be governed by the existing Central Civil Services (Pension) Rules, 1972 (as adopted in the State of Tripura) and orders issued thereunder from time to time. So far as their pension and other retirement benefits are concerned, they will be governed by a new set of Pension Rules, which are being formulated in line with the Contributory Pension Scheme announced by Government of India."

- (xv) The fresh recruits joining the service of the State Government on or after 1st July, 2018 shall furnish an undertaking alongwith joining report as prescribed below:-

"I understand and accept that Government servants joining the service of the State Government on or after 1st July 2018 shall not be governed by the existing Central Civil Services (Pension) Rules, 1972 (as adopted in the State of Tripura) and orders issued thereunder from time to time and that their pension and other retirement benefits will be governed by a set of new Pension Rules, which are being formulated in line with the Contributory Pension Scheme announced by Government of India and going to be notified in due course."

Without the above undertaking no fresh joining report should be accepted.

5. All concerned Controlling Authorities are requested to take immediate steps for compliance to the guidelines indicated above for smooth implementation of New Pension Scheme.


(M. Nagaraju) 13/7/18
Principal Secretary to the
Government of Tripura.

To,
All concerned.

Copy to:-

1. The Secretary to the Governor, Tripura, Agartala.
2. The Principal Secretary to the Chief Minister, Tripura, Agartala.
3. The PS to Dy. Chief Minister, Finance Department, Tripura, Agartala.
4. The PS/PA to all Ministers, Tripura.
5. The PPS to the Chief Secretary, Tripura
6. The PS/ PA to the Principal Secretary/ Secretary/ Special Secretary,
..... Department, Government of Tripura.
7. The Accountant General, AG (A &E) , Tripura, Agartala.
8. All Officers of Finance Department.
9. The Treasury/ Sub-Treasury Officers,.....
10. The Web Administrator in the Finance Department for uploading the same in Finance Department's Website.