

L/R/No. 1450/PFRDA/23/09

**No. 1(2)/EV/2008
Government of India
Ministry of Finance
Department of Expenditure**

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New Delhi, the 19th January, 2009

OFFICE MEMORANDUM

The undersigned is directed to refer to the meeting held on 17-12-2008 to discuss the various issues requiring clarifications on NPS as sought by various Accounting Organizations. These issues have been examined in the Department of Expenditure in consultation with PFRDA, D/o Pension & Pensioners Welfare and D/o Financial Services.

2. The clarifications to these issues are now enclosed for necessary action.

Encl: As above.

M. Sahay
(**Manoj Sahay**)
Director

To

1. Mr. V.N. Kaila, CGA
2. Ms Bulbul Ghosh, CGDA
3. Ms Sudha Choube, Financial Commissioner, Railways,
4. Ms. Soma Roy Burman, CC(Pensions)
5. Mr. B.B. Singh, Dy. Director General(PAF)
- ✓ 6. PFRDA

J.N. (R)

	Query	Clarification
1	Payment on resignation /removal	Notification dated 22-12-2003 has stipulated that Individuals can normally exit at or after 60 years. At exit, the individual would be mandatorily required to invest 40% of pension wealth to purchase an annuity. The individual would receive a lump-sum of the remaining pension wealth. Individuals would have the flexibility to leave the Pension system prior to age 60. However, in this case, the mandatory annuitization would be 80% of the pension wealth. Hence, the present provisions will continue. No change has been made.
2	Suspension Cases	<ul style="list-style-type: none"> • Every subscriber shall subscribe monthly to the NPS when on duty or Foreign Service but not during a period of suspension. • On exoneration or otherwise, the amount of subscription shall be the emoluments to which he was entitled on the first day after his return to duty. • If a subscriber elect to pay arrears of subscriptions in respect of a period of suspension, the emoluments or portion of emoluments which may be allowed for that period on reinstatement, shall deemed to be emoluments drawn on duty.
3	HPL Cases	The subscription of the employer and government would be restricted to that proportionate to leave salary.
4	EOL Cases(Including on medical grounds)	Since no salary is drawn during this period, no contribution either from government employee or government would be payable.