

Government of Uttarakhand
Finance (General Rules – Pay Commission) Section- 7
No : 21/XXVII(7)C.P.S/2005
Dated : Dehradun, October 25, 2005

Notification

The State Government, in consideration of its long-term fiscal interest and following broadly the pattern adopted by the Central Government, has approved the following proposal of introducing a new "defined contribution pension system" in place of the existing "defined benefit pension scheme", for new entrants to the service of the State Government and all state-controlled autonomous institutions and State-aided private educational institutions where the existing pension scheme is patterned on the scheme for Government employees and is funded by the consolidated fund of the State Government -

- (i) From 1st of October, 2005, the new defined contribution pension system would mandatorily apply to all new recruits to the service of the State Government and of all State-controlled autonomous/State aided private educational institutions referred to above. However, employees covered by the existing pension scheme whose service would be of less than ten years on 1st October, 2005 may also voluntarily opt for the new pension system in place of the existing pension scheme.
- (ii) Under the new defined contribution pension system, the employee would make a monthly contribution equal to 10 percent of the salary, dearness pay and dearness allowance. A matching employer's contribution would be made by the State Government or by the concerned autonomous institution/private educational institution. However, the State Government would provide grant to the concerned autonomous institution/private educational institution for making employer's contribution until the institution is in a position to make the contribution itself. The contribution and investment returns would be deposited in an account to be known as pension tier I account. No withdrawal would be allowed from this account during the service period. The existing provisions of defined benefit pension and GPF would not be available to the new recruits covered by the new defined contribution pension system.
- (iii) Since new recruits would not be able to subscribe to GPF, they may also have a voluntary tier-II account, in addition to the pension tier-I account. However, employer would make no contribution to tier-II account. The assets in tier-II account would be invested and

managed through exactly the same procedure as a post-paid bank account. However, the employee would be free to withdraw part or all of the "Tier- 2" of his money anytime.

- (iv) Employee can normally exit tier-1 of the pension system at the time of retirement. At exit the employee would be mandatorily required to invest 40 percent of pension wealth to purchase an annuity from a recognized insurance company so as to provide for pension for the lifetime of the employee and his dependent parents and his spouse at the time of retirement. The remaining pension wealth would, however, be received by the employee as a lump sum which he would be free to utilise in any manner. In case of employee exiting the pension tier-1 before retirement, the mandatory annuitisation would be 80 percent of the pension wealth.
- (v) There would be several pension fund managers who would offer mainly three categories of investment options. The pension fund managers and the record-keeper would jointly give out easily understood information about past performance so that the employee is able to make informed choices of the investment options.

2- Uttar Pradesh Retirement Benefits Rules - 1961 & Uttar Pradesh General Provident Fund Rules- 1985 have been amended as per aforesaid provisions.

- 3- An employee recruited/appointed on or after 1st October- 2005, will fill up the Form -1 (Annexure) in Hindi & English and submit to Head of Office/Drawing and Disbursing Officer (D.D.O). Inturn Head of Office/DDO will send the information of the such employees in Form-2(Annexure) to the concerned treasury and Director, Accounts & Entitlement (A&E). Director, A&E will prepare a data base based on Form- 1 and Form- 2 and submit the details to Central Record Keeping Agency (CRA) and Pension Fund Managers appointed by Govt. of India.
- 4- The Treasury/DDO will annex the details of pension contribution with pay bill on Form- 3 (Annexure) and latest by 5th day of each month, the Treasury will send the DDO wise/Head of the Office wise information on Form - 3 to Director, A&E. Till the Govt. of India appoints Pension Fund Managers, the maintainance will be done by the Directorate, until the accounts are taken over by Pension Fund Managers, the balances of the Fund will earn interest on the same rate as applicable on General Provident Fund and will be paid by the State Government.

- 5- The employer's contribution in contributory pension scheme will be charged against object of expenditure 11- Pay, till separate object of expenditure is notified. The employer's 10% contribution will include the Basic Pay- Dearness Pay- Dearness Allowance. The amount of contribution will be booked under object 01- Pay in Input - 1 of the Integrated Pay and Account System as "Pay for Integrated Pension".
- 6- 10% Pension contribution of the employer's and employees towards Pension Fund will be accounted under head 8011 - Insurances & Pension Funds, 106 - Other Insurance & Pension Funds 05- Contributions to Pension Fund and unit of appropriation will be 33- Pension by the concerned treasury. Director, A&E shall be the competent authority for the drawing and disbursing of the deposited amounts in the fund. After the appointment of Pension Fund Manager by the Govt. of India, the Director, A&E will remit the pension fund to the Fund Manager in accordance with established rules and procedures and will furnish the required information/details to Pension Fund Regulation and Development Authority (P.F.R.D.A), Central Record Keeping Agency (C.R.A.), State Government and other concerned.
- 7- The New Pension Scheme will come into force from 1st October, 2005.

Annexure : Prescribed form 1 to 3

**Indu Kumar Pande
Principal Secretary**

No- 21 (1)/XXVII, T.C.P.S 2005 dated above

Copy: For information and necessary action to following:-

- 1- All Principal Secretaries/Secretaries, Uttaranchal Govt.
- 2- All Head of Departments/Head of the Offices, Uttaranchal.
- 3- Accountant General, Uttaranchal, Dehradun.
- 4- Registrar General, Hon'able High Court of Uttaranchal, Nainital.
- 5- Resident Commissioner, Uttaranchal, New Delhi.
- 6- Secretary, Vidhansabha, Uttaranchal.
- 7- Secretary, To Governor Uttaranchal.
- 8- All Sections, Uttaranchal Secretariat, Dehradun..
- 9- All Treasury Officers, Uttaranchal.
- 10- Director, Administrative Training Institute, Nainital.
- 11- Deputy Director, Government Press, Roorkee for publication in State Gazette.
- 12- Senior Technical Director, N.I.C Uttaranchal Unit, Dehradun.

By Order,

(T.N.Singh)

Additional Secretary