

Propose a road map for
implementing New Defined
Contributory Pension
Scheme.

Government Of Gujarat,
Finance Department,
Sachivalaya, Gandhinagar.
Resolution No. NPN-2003-GOI-10-P (Part File)
Dated : 30th, November - 2005.

Read : (1) G.R., F.D. No. NPN-2003-GOI-10-P, Dated 18th, March-2005.
(2) G.R., F.D. No. NPN-2003-GOI-10-P, Dated 6th June-2005.

The State Government Vide Resolution No. NPN-2003-GOI-10-P, Dated 18th March-2005 has introduced the Defined Contributory Pension Scheme with effect from 1st April-2005. The Scheme is obligatory to all such Government employees/officers who are appointed in or after 1st April 2005 either in Government, Boards or Corporation as mentioned in para 2 of the G.R. dated 18th March 2005. Finance Department vide G. R. Dated 6th June 2005 has issued the detailed guidelines regarding New Defined Contributory Pension Scheme as mentioned in para 7 of the G. R. Dated 18th March 2005.

The need to change over to the new pension system has arisen from the fact that the State Governments have been faced with a huge pension liability payable to the existing employees. Under the new scheme the employees would contribute 10% of the salary plus D.A. matched by equal amount by the Government to a Fund. This Fund is to be managed by a Fund Manager.

Earlier this year the Government of India had established the Pension Fund Regulatory and Development Authority (PFRDA). The Central Government had introduced the PFRDA Bill, 2005 during the Budget Session, 2005. This bill is meant to enable suitable legislative for converting the Interim PFRDA Bill into a statutory regulator for the new pension scheme. Once the PRFDA Bill is passed, it will enable the governments to offer this scheme under a well regulated umbrella.

Pending of passing of the PFRDA Bill, framing of detailed rules and regulations, appointment of fund managers etc. by GOI, as the State Government has already introduced the New Defined Contributory Pension Scheme with effect from 1st April 2005, the State Government has now decided to constitute an EXPERT COMMITTEE with the following experts to advise the State Government.

1. Prof. Mukul Asher, Professor, LKY School of Public Policy, National University of Singapor.
2. Mr. R. Krishnamurthy, Former Managing Director & CEO Chairman, SBI Life Insurance Company Ltd.
3. Prof. Sailesh B. Gandhi, Associate Professor, IIM, Ahmedabad.
4. Secretary (Economic Affairs), Finance Department.

The Director of Pension and Provident Fund will be the Member Secretary of the Expert Committee.

The Directorate Pension and Provident Fund would provide Secretariat services to the Expert Committee.

The terms of reference of the Expert Committee will be as under.

1. What should be the rate of interest payable in the transitional period on the amount deducted from the employees and contribution matched by the State Government ?
2. As the State Government has tentatively decided to pay a rate of interest of 8% in the transitional period, how the funds should be invested to earn at least 8% rate of interest.
3. Is the 8% rate of interest a viable rate which can be sustained or does it need to be revised ?

4. What could be the best option available to the State Government for managing the fund ?
5. Should there be a State Level Fund Manager ? If yes, what should be their TOR and modalities of their selection / appointment.
6. The methodology of record keeping, principle of accounting, accounting software, remittance procedure from the field to HQ and mechanism of transfer from State HQ to Central PFRD and Fund Managers.
7. Methodology of determining the earnings and notifying the same.
8. Any other related issue.

The Committee would submit its report within FOUR months from the date of first meeting of the Committee.

The terms and conditions of the members of the committee will be notified separately.

The Headquarter of the Committee will be at Gandhinagar.

By order and in the name of the Governor of Gujarat.

(P. K. Pujari)
Secretary (E.A.)

Copy to :

1. * The Secretary to the Governor.
2. The Principal Secretary to the Chief Minister.
3. The Personal Secretary to all the Minister.
4. The Personal Secretary to Leader of Opposition Party, Gujarat Vidhansabha Sachivalaya, Gandhinagar.
5. *The Registrar, Gujarat High Court, Ahmedabad.
6. *The Secretary, Gujarat Vidhansabha, Sachivalaya, Gandhinagar.
7. *The Secretary, Vigilance Commission, Gandhinagar.
8. *The Secretary, Gujarat Public Service Commission, Ahmedabad.
9. *The Secretary, Gujarat Civil Services Tribunal, Gandhinagar.
10. *The Secretary, Gujarat State Staff Selection Commission, Gandhinagar.

11. Prof. Mukul Asher, Professor, LKY School of Public Policy, National University of Singapor, Block-A, Level 10, 29, Heng Mui Keng Terrace, SINGAPORE-119620.
 12. Mr. R. Krishnamurthy, Appartment No.198, Karma Kshetra, D-11 Wing Sion, Koliwada, MUMBAI-400 037.
 13. Prof. Sailesh B. Gandhi, Associate Professor, T-16, Indian Institute Of Management, Vastrapur, Ahmedabad-380 015.
 14. Secretary (Economic Affairs), Finance Department.
 15. The Accountant General (Audit), Gujarat, Ahmedabad / Rajkot.
 16. The Accountant General (A & E) Gujarat, Ahmedabad / Rajkot.
 17. The Sesident Audit Officer, Ahmedabad / Gandhinagar.
 18. Director, Accounts & Treasuries, Jivraj Mehta Bhavan, Gandhinagar.
 19. Director, Pension & Provident Fund, Jivraj Mehta Bhavan, Gandhinagar.
 20. The Pay & Account Officer, Ahmedabad / Gandhinagar.
 21. All Department of Sachivalaya.
 22. All Officers in Finance Department.
 23. Select File "P" Branch, Finance Department.
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* By Letter.