

Govt. mulls review of pension scheme ruling

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Ministry of labour, EPFO in discussions with actuary

SURABHI
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THE MINISTRY OF labour and employment is reviewing the ruling of the Supreme Court on the Employees' Pension (Amendment) Scheme, 2014 and could file a special leave petition. "The government is studying the judgment and reviewing all options. It is considering the possibility of filing a special leave petition as there is a view that at least some parts of the ruling may be difficult to implement given the higher liability," said two sources familiar with the development.

A decision would be taken after discussions at the highest level, they added. Implementation of the SC ruling would lead to higher outgo

FALLOUT OF TOP COURT'S DECISION



■ The SC upheld EPS amendment of 2014 in so far as it limited the eligibility of employees to become members to wage ceiling of ₹15,000 a month

■ There is a view in the govt that some parts of the ruling may be difficult to implement given the higher liability

for the retirement fund body in terms of higher PF and pension payout. The ministry and the Employees' Provident Fund Organisation are understood to be in talks with the actuary for the scheme to evaluate the additional liability for the higher pension.

An email questionnaire by FE to the ministry did not elicit a

response. In its ruling in November this year, the EPS amendment of 2014 was upheld by the Supreme Court in so far as it limited the eligibility of employees to become members to wage ceiling of ₹15,000 per month.

The ruling also opened a four-month window for eligible employees who had not opted for the

higher pension coverage before 2014 to jointly do so with their employers. The apex court also struck down the requirement in the 2014 amendments that mandated employee contribution of 1.16% of the salary exceeding ₹15,000 per month. Accordingly, employees who were existing EPS members as on September 1, 2014 can contribute up to 8.33% of their actual salaries -- as against 8.33% of the capped salary -- towards pension. However, this part of the order has been suspended for six months during which time the legislature may bring in amendments to generate additional source of funds to the EPS Scheme.

The government has till now not spoken on the issue though officials have indicated that the judgement by the apex court is under examination. Trade unions have sought a meeting of the Central Board of the EPFO at the earliest to implement the decision.