

**MINISTER FOR RAILWAYS
GOVERNMENT OF INDIA
NEW DELHI**

No. 2012/F(E)III/1/4-Part

29 MAR 2014

Dear **Shri P. Chidambaram ji**,

Through this letter, I wish to draw your attention to a long standing demand raised by both Staff Federations of Railways on National Pension Scheme (NPS) for employees of Indian Railways. The Federations have been expressing resentment over operation in the Railways of the National Pension Scheme, which is perceived as a lower social security cover for Railway employees. Their contention is that there are enough grounds for Railway employees to be treated differently from other civil employees of the Government, and that Indian Railways should operate the traditional defined benefit pension scheme available to pre-01-01-2004 appointees.

You will recall that a few organizations/categories of Government employees were specifically exempted from the purview of NPS on consideration of special, riskier and more onerous nature of duties. The Federations have been drawing parallel with of nature of duties performed by most categories of Railway employees with those in the Armed Forces. They contend that during British period, Railways was conceived and operated as an auxiliary wing of the Army. It was also realized that by virtue of its complex nature, Railways required a high level of discipline and efficiency to be able to perform its role as the prime transport mode. Railways is an operational organization required to be run round the clock through the year. Railway employees have to work in inhospitable conditions, braving extreme weather, unfriendly law and order scenario, and inherent risks associated with the Railway operations itself. As in the Armed Forces, many have to stay away from their families for long periods while performing duties in areas where adequate facilities are lacking.

I feel that there is considerable merit in the contention of the Staff Federations. Besides the critical and complex nature of duties of Railway employees, the hazards involved are also high. Despite best efforts for enhanced safety measures, a large number of Railway employees lose their lives or meet with serious injuries in the course of performance of their duties each year.

During the period 2007-08 to October 2011, the number of Railway employees killed during the course of their duty has been more than number of passengers/other members of public killed in Rail related accidents including accidents at unmanned level crossings. While the nature of duties of Railway employees is inherently high risk during peace time, they also perform functions of critical importance during war time and times of natural calamities, in moving men and materials across the country to maintain supply of essential commodities and safeguard integrity of the nation.

In my view, there are adequate grounds for the Government to consider exemption for Railway employees from the purview of NPS. The Implications of this would be that Government expenditure would reduce over the next few years through discontinuance of Government Contribution under the NPS, but the long term liabilities would increase, as financial commitments in the defined benefit pension scheme would be higher. Since Railways are required to meet the pensionary outgo

from their internal resources, switchover to defined benefit pension scheme would call for a more systematic provisioning under the Pension Fund through appropriate revenue generating measures. With Rail Tariff Authority on the horizon, I believe that this would be possible.

In the light of the above, I suggest that our request for exemption from operation of the NPS be considered sympathetically and necessary approvals communicated.

A copy of each demands raised by the two Federations is enclosed.

With regards,

**Yours sincerely,
sd/
(Mallikarjun Kharge)**