



## **The Andhra Pradesh Guaranteed Pension System Act, 2023**

Act No. 31 of 2023

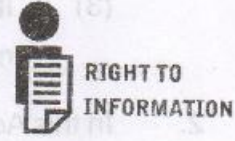
### **Keywords:**

Accumulated Pension Corpus, Annuity Component, Health Care Scheme, Medical Invalidation, Top up Component

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**THE ANDHRA PRADESH GAZETTE**

**PART IV-B EXTRAORDINARY**

**PUBLISHED BY AUTHORITY**

No. 31] AMARAVATI, FRIDAY, 20<sup>th</sup> OCTOBER 2023.

**ANDHRA PRADESH ACTS, ORDINANCES AND  
REGULATIONS Etc.,**

The following Act of the Andhra Pradesh Legislature received the assent of the Governor on the 18<sup>th</sup> October, 2023 and the said assent is hereby first published on the 20<sup>th</sup> October, 2023 in the Andhra Pradesh Gazette for general information :

**ACT No. 31 of 2023.**

**AN ACT TO ENSURE FINANCIAL SECURITY AND WELFARE OF THE GOVERNMENT EMPLOYEES SUBSCRIBED TO THE NATIONAL PENSION SYSTEM BY IMPLEMENTING A GUARANTEED PENSION SYSTEM, WHILE ALSO ENSURING FISCAL SUSTAINABILITY AND INTER- GENERATIONAL EQUITY AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.**

Be it enacted by the Legislature of the State of Andhra Pradesh in the Seventy-fourth year of the Republic of India as follows:-

**CHAPTER- I**  
**PRELIMINARY**

1. (1) This Act may be called the Andhra Pradesh Guaranteed Pension System Act, 2023.
- (2) It shall extend to all the employees, who are recruited on or after 1-9-2004 and whose pay and allowances are drawn from the Consolidated Fund of the State, including all the tiers of all

Short title, extent and commencement.

the Rural and Urban Local Bodies, Universities etc., and have opted to subscribe to the Andhra Pradesh Guaranteed Pension System.

- (3) It shall come into force on such date as the State Government may, by notification, appoint.

Definitions.

2. In this Act, unless the context otherwise requires.,

- (1) "Andhra Pradesh Guaranteed Pension System (APGPS)" means the pension system that offers the benefits referred to in Chapter-II of this Act;
- (2) "Accumulated Pension Corpus" means the monetary value of the pension investments accumulated in the individual pension account of a subscriber under the National Pension System;
- (3) "Annuity Service Provider (ASP)" means an IRDA registered insurance company empanelled by PFRDA for providing annuity services to NPS subscribers upon their exit from the system;
- (4) "Annuity Component" means the amount of monthly annuity payable under NPS by the Annuity Service Provider, to the APGPS subscriber upon retirement;
- (5) "Annuity Plan" means the annuity product purchased by the APGPS subscriber upon retirement as specified in the rules framed under this Act;
- (6) "APGPS Subscriber" means the employee, who registers to avail the benefits defined under the Andhra Pradesh Guaranteed Pension System;
- (7) "Health Care Scheme" means the scheme implemented by the Government of Andhra Pradesh as defined in the relevant orders for retired APGPS subscribers;
- (8) "Government" means the Government of Andhra Pradesh;
- (9) "Guaranteed Pension" means the amount of total monthly pension receivable by the APGPS subscriber upon retirement and which comprises of the Annuity Component and the Top-up Component as specified under this Act;

- (10) "Individual Pension Account" means the account of an NPS subscriber, executed by a contract setting out the terms and conditions under the National Pension System;
- (11) "Last Pay Drawn" means the monthly basic pay drawn by the employee at the time of retirement from service;
- (12) "Medical Invalidation" means the physical or mental infirmity due to which a Government employee is declared by a competent authority as permanently incapacitated for continuing in public service, as defined in the relevant orders;
- (13) "Minimum Pension" means the minimum monthly pension amount specified under this Act;
- (14) "National Pension System (NPS)" means the contributory pension system referred to in section 20 of the Pension Fund Regulatory and Development Authority Act, 2013, whereby contributions from a subscriber are collected and accumulated in an individual pension account using a system of points of presence, a Central Recordkeeping Agency and pension funds as may be specified by regulations by Pension Fund Regulatory and Development Authority;
- (15) "NPS Subscriber" means the employee who joins service with the Government on or after 1-9-2004 and who subscribes to a scheme of a Pension fund under National Pension System;
- (16) "Pension Fund Regulatory and Development Authority (PFRDA)" means the Pension Fund Regulatory and Development Authority established under the Pension Fund Regulatory and Development Authority Act, 2013;
- (17) "Prescribed" means prescribed by the rules made by the Government under this Act;
- (18) "Qualifying Service" means the service rendered by an employee, which commences from the date he/she takes charge of the post to which he/she is first appointed substantively and which concludes upon his/her retirement, subject to conditions prescribed in this Act and the rules to be framed from time to time;

- (19) "Spouse" means the husband or wife of the APGPS subscriber mentioned in the service register, surviving as on the date of retirement and mentioned as spouse in the annuity plan purchased by the APGPS subscriber;
- (20) "Spouse Pension" means the Guaranteed Pension receivable by the Spouse of the retired APGPS subscriber upon his/her demise, as per the rules notified under this Act;
- (21) "Superannuation" means the retirement on attaining the age of superannuation as notified by the Government from time to time;
- (22) "Top-up Component" means the amount receivable by the APGPS subscriber under the Guaranteed Pension System, so that the APGPS subscriber receives Guaranteed Pension as specified under this Act;
- (23) "Withdrawal" means the permissible withdrawal from accumulated pension corpus as per the applicable provisions of relevant Rules.

## CHAPTER- II

### THE ANDHRA PRADESH GUARANTEED PENSION SYSTEM (APGPS)

Benefits of  
APGPS.

- 3.** The APGPS subscriber shall be guaranteed the following benefits under this Act, subject to the provisions of sub-section (4) of section 6.
- (1) Top-up amount to ensure a monthly Guaranteed Pension at the rate of fifty percent (50%) of the last drawn basic pay, in case of a shortfall in the annuity received by the retired APGPS subscriber.
- (2) Top-up amount to ensure a monthly spouse pension at the rate of sixty percent (60%) of the Guaranteed Pension, in case of a shortfall in the annuity received by the spouse of the deceased APGPS subscriber.
- (3) Cost of Living Adjustment on the last drawn basic pay as per inflation adjusted dearness relief, as per the rules notified under this Act.

- (4) Top-up amount to ensure a monthly minimum Guaranteed Pension of Rs. 10,000/- (Rupees ten thousand only) in case of short fall in the annuity received by the APGPS subscriber.
- (5) Providing a health care scheme for the retired APGPS subscribers.
4. (1) The APGPS subscriber shall become eligible to receive the benefits under the Guaranteed Pension System subject to sub-section (3) of section 6 and the following conditions:
- (a) Rendering of a minimum of ten (10) years of qualifying service, if retiring on superannuation;
- (b) Rendering of a minimum of twenty (20) years of qualifying service, if retiring from service on voluntary retirement;
- (c) Rendering of a minimum of thirty three (33) years of qualifying service, if retired by the Government in the public interest;
- (d) Rendering of a minimum of ten (10) years of qualifying service, if retiring from service on Medical Invalidation.
- (2) The APGPS subscriber shall not be entitled to the benefits of APGPS in the following situations.
- (a) Retired from service due to resignation;
- (b) Dismissal from service, removal from service and compulsory retirement arising from Disciplinary action.
- (3) If there are any Disciplinary or Judicial proceedings pending against the APGPS subscriber at the time of retirement, the benefits specified under section 3 shall become payable only after conclusion of the Disciplinary / Judicial proceedings, as per the rules notified under this Act.
- (4) In case the APGPS subscriber dies while in service, the conferment of benefits shall be as prescribed under the rules.
5. (1) The existing NPS subscribers shall exercise the option to subscribe to APGPS within the period as prescribed under the rules.

Conditions of Eligibility for Availing Benefits under APGPS.

Registration into APGPS.

Amount of  
Guaranteed  
Pension.

- (2) Employees, who join service after notification of this Act shall exercise the option to subscribe to the APGPS at the time of joining the service.
  - (3) The detailed process and procedure for APGPS Registration shall be detailed in the Rules notified under this Act.
  - (4) Subscribing to APGPS shall not affect in any way, the monthly contributions made to the NPS by the employees and the employer as per the relevant Rules and executive instructions in force.
- 6.**
- (1) Upon retirement of the employee, the purchase of the annuity plan from an Annuity Service Provider shall be made in accordance with the rules notified under this Act, duly utilizing the accumulated pension corpus in the individual pension account.
  - (2) The Guaranteed Pension shall consist of the Annuity Component and the Top-up Component as specified below:
    - (a) The Annuity Component is the annuity receivable by the APGPS subscriber based on the annuity plan selected as per sub-section (1) of section 6 above.
    - (b) Top-up Component is the amount receivable by the APGPS subscriber, if any, so that the Subscriber receives Guaranteed Pension as specified under this Act.
  - (3) Calculation of Guaranteed Pension and the Top- up Component shall be as prescribed in the rules notified under this Act.
  - (4) The part withdrawals and the final withdrawal made by the APGPS subscriber shall result in a proportional reduction in the Guaranteed Pension as prescribed in the rules notified under this Act.
  - (5) It shall be competent for the Government to withhold or withdraw the Top Up component or a part therefrom, in accordance with the prescribed rules.

7. (1) In the case of death of the retired APGPS subscriber, the spouse shall receive Spouse Pension at the rate of sixty percent (60%) of the Guaranteed Pension, consisting of the Annuity Component and the Top-up Component as specified below:
- Spouse Pension upon death of the retired APGPS subscriber.
- (a) The Annuity Component is the annuity receivable by the spouse based on the annuity plan selected by the APGPS subscriber as per sub-section (1) of section 6 above.
- (b) Top-up Component is the amount receivable by the spouse, so that he/she receives the Spouse Pension as specified under this Act.
- (2) The process, procedure and conditions for determination, processing, sanction, authorization and disbursal of the Spouse Pension shall be governed by the prescribed rules.
8. (1) The authorities concerned with registration, processing, sanction, authorizing and disbursement of the benefits to the APGPS subscribers under this Act shall be prescribed under the rules.
- Amount of Guaranteed Pension.
- (2) The Government shall designate an office to perform the functions of recordkeeping, accounting, administration and grievance redress for APGPS subscribers. The detailed processes and procedures in this regard shall be prescribed in the Rules.
- CHAPTER - III**  
**MISCELLANEOUS**
9. (1) Subject to the provisions of this Act, the Government may, by notification in the official Gazette, make Rules detailing the operationalization of APGPS and to achieve the purpose of this Act.
- Power to make Rules.
- (2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of and not limited to the following matters, with reference to APGPS, namely,-



- (a) Conditions pertaining to reckoning of qualifying service;
- (b) Conditions governing various retirement situations, including death, and the entitlements thereof;
- (c) Conditions governing the purchase of annuity plan;
- (d) Cessation of the Top-up Component;
- (e) Employment after retirement;
- (f) Top-up Component subject to future good conduct;
- (g) Withholding or withdrawing Top-up Component;
- (h) Grievance redress mechanism for APGPS subscribers.

Power to remove difficulties.

**10.** (1) If any difficulty arises in giving effect to the provisions of this Act, the Government of Andhra Pradesh may, by order published in the official Gazette, make such provisions, not inconsistent with the provisions of this Act, as appear to it to be necessary or expedient for removing the difficulty:

Provided that no order shall be made under this section after the expiry of three (3) years from the commencement of this Act.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before the State Legislature.

**G. SATYA PRABHAKARA RAO,**

Secretary to Government,

Legal and Legislative Affairs & Justice,

Law Department.

CHAPTER - III

MISCELLANEOUS