

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:225

ANSWERED ON:18.02.2009

INDIVIDUAL RETIREMENT ACCOUNT

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Will the Minister of FINANCE be pleased to state:

(a) whether ASSOCHAM has urged the Securities and Exchange Board of India (SEBI) to introduce Individual Retirement Account (IRA) scheme for large households to enable investment in equity market through various mutual funds;

(b) if so, the details thereof; and

(c): the response of the Union Government in this regard ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): SEBI has received a proposal from ASSOCHAM to promote long term inflow into equity by enabling households to invest on a long term basis through mutual fund scheme. The Individual Retirement Account (IRA) Scheme proposed in this context is to be broadly on the lines of such scheme existing in USA and other countries. The investor would have the flexibility to invest in a combination of equity and debt as per his choice and such investment can be subject to a stipulated minimum lock in period.

(c): PFRDA (Pension Fund Regulatory Development Authority) has proposed to allow all citizens of the country to open IRAs under the New Pension System to be launched from April 1, 2009. However PFRDA is at present not considering allowing mutual funds to offer NPS schemes.