

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:336
ANSWERED ON:20.11.2009
MANAGEMENT OF PENSION FUNDS
Gawali Patil Smt. Bhavana Pundlikrao

Will the Minister of FINANCE be pleased to state:

(a) Whether the pension regulator, Pension Fund regulatory and Development Authority (PFRDA) has been asked to release guidelines to the companies for the management of pension funds at the earliest; and

(b) if so, the details thereof and response of PFRDA thereto?

Answer

Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a)&(b):- Yes, Sir. The management of pension funds of Government employees, who are covered under the New Pension System (NPS) on mandatory basis, is being done by Interim Pension Fund Regulatory and Development Authority (PFRDA) regulated 'Pension Fund Managers' in accordance with investment guidelines issued for Non-Government Provident Funds. Superannuation Funds and Gratuity Funds, as amended from time to time. The investment guidelines, inter-alia, provide the flexible investment pattern to be followed by the companies as under:

Investment Pattern	Percentage
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(i) Government Securities and other securities guaranteed by Central/State Governments and mutual funds investing in government securities. Provided that the exposure to a mutual fund shall not be more than 5% of the total portfolio at any point of time. Upto 55%

(ii) Specific Debt Securities, Term Deposit Receipts, Rupee Bonds as prescribed, Upto 40%

(iii) Money market instruments including units of money market mutual funds. Upto 5%

(iv) Shares of companies meeting standards prescribed. Upto 15%

NPS was extended, on voluntary basis, to all citizens including unorganized sector workers, w.e.f. 1st May, 2009. Investment guidelines for NPS for all citizens have been laid down by Interim PFRDA, based on the recommendations of an Expert Committee. These, inter-alia, provide an NPS subscriber the option of investing in any, or a combination of, 3 asset classes namely, 'E' (Equity), '4C' (Corporate Bonds) and 'G' (Government Securities). The exposure to asset class 'E' is, however, capped at 50%.