

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5736

ANSWERED ON:30.04.2010

NEW PENSION SCHEME

Mahto Shri Baidyanath Prasad;Nahata Smt. P. Jaya Prada

Will the Minister of FINANCE be pleased to state:

- (a) the details of the role and functions of National Securities Depository Limited (NSDL) in the New Pension Scheme (NPS);
- (b) the details of the amount collected, percentage which it constitutes of the annual GDP, as Contributory Pension Fund (CPF) from Government employees, whose accounts are active as well as whose accounts are not active separately, since its inception in 2004 till date, year-wise;
- (c) the amount and percentage of CPF money invested in the market linked Pension schemes;
- (d) the details of Net Asset Value (NAV) per unit at which CPF of Government employees has been invested in market and the current NAV;
- (e) whether the scheme is made flexible to facilitate easy withdrawal of funds;
- (f) if not the reasons therefor; and
- (g) the steps taken to further expand the reach of the scheme and also ensure that such investments are made safe from the heavy losses?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF (SHRI NAMO NARAIN MEENA)

(a) The main function and responsibilities of the National Securities Depository Limited (NSDL) in the New Pension System (NPS) include:-

- (i) Recordkeeping, administration and customer service functions for all subscribers of the NPS.
- (ii) Issue of unique Permanent Retirement Account Number (PRAN) to each subscriber, maintaining a database of all PRANs issued and recording transactions relating to each subscriber's PRAN.
- (iii) Acting as an operational interface between PFRDA and other NPS intermediaries such as Pension Fund, Annuity Service Providers, Trustee Bank etc.

(b) The amount collected under the defined contribution based New Pension System (NPS) from Central Government employees since its inception in 2004 upto 31.03.2010 is as under:-

Period Amount

Upto 31.03.2008 - Rs. 740.29 crore

Upto 31.03.2009 - Rs. 2032.29 crore

Upto 31.03.2010 - Rs. 3961.52 crore

The above amount was around 0.0163% in 2007-08, 0.0389% in 2008-09 and 0.0707% in 2009-10 of the Gross Domestic Product (GDP) of India at current prices.

(c) The contributions collected from Government employees are transferred to Pension Fund Managers (PFMs) for investment as per the investment pattern given below:

Categories of financial instruments Percentage Investment

- i. Government securities and other specified securities and mutual funds. Upto 55%
- ii. Specified debt securities, Term Deposit Receipts and Rupee Bonds Upto 40%
- iii. Money market instruments including units of money market mutual funds Upto 5%
- iv. Shares of companies on which derivatives are available in Bombay Stock Exchange or National Stock Exchange or equity linked schemes of mutual funds regulated by the Securities and Exchange Board of India. Upto 15%

(d) The CPF of Government employees are invested on the basis of daily NAV declared by Pension Fund Managers (PFMs). The daily NAVs are published on the website of respective fund managers as well as Central Recordkeeping Agency (CRA). The NAV of schemes managed by designated fund managers for Central Government is given below as on 26th April, 2010

SBI Pension Fund Pvt. Ltd. : 12.8286

UTI Retirement Solutions Ltd. : 12.3953

LIC Pension Fund Ltd. : 12.4095

(e)&(f) Individuals can normally exit at or after age 60 years from tier-I of the pension system. At exit, the individual would be mandatorily required to invest 40 per cent of pension wealth to purchase an annuity and would receive a lump-sum of the remaining pension wealth. Individual would have the flexibility to leave the pension system prior to age 60. However, in this case, the mandatory annuitisation would be 80% of the pension wealth.

(g) Government has announced a 'Swavcdamban' initiative in the Budget 2010-11, whereby, the Government will contribute a sum of Rs. 1,000 per year to each NPS account opened in the year 2010-11. This initiative, 'Swavalamban' will be available for persons who join NPS, with a minimum contribution of Rs. 1,000 and a maximum contribution of Rs. 12,000 per annum during the financial year 2010-11. The scheme will be available for another three years. For the purpose, an amount of Rs. 100 crore has been proposed for the year 2010-11, to benefit about 10 lakh NPS subscribers of the unorganised sector. The Interim Pension Fund Regulatory and Development Authority (PFRDA) is also promoting the NPS through media campaigns, advertisements, workshops, seminars and press conferences etc. in all parts of the country. To protect the interests of subscribers, the corpus of pension fund of the subscribers, who are Central Government employees, is invested and managed by PFRDA appointed and regulated Pension Fund Managers (PFMs) in accordance with the investment pattern notified by the Government.