

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1942

ANSWERED ON:17.07.2009

NPS

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Will the Minister of FINANCE be pleased to state:

- (a) whether the New Pension System(NPS) has failed to take off successfully;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the steps taken by the Government in this regard?

Answer

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

(a) & (b): The New Pension System (NPS) introduced on 1st May, 2009 has generated considerable interest in public. The Points of Presence, authorized to open pension accounts, have been reporting opening of new accounts on a regular basis.

(c): The Government has initiated a number of steps to provide the necessary fiscal support to the NPS. In the Finance Bill, 2009, the Government has proposed to exempt the income of the NPS Trust from income tax and any dividend paid to this Trust from Dividend Distribution Tax. Similarly, all purchase and sale of equity shares and derivatives by the NPS Trust are proposed to be exempt from the Securities Transaction Tax. Further, it is also proposed to amend Section 80 CCD of Income Tax Act, 1961 to extend the benefit of this section to all individuals participating in the NPS.