

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3874
ANSWERED ON:31.07.2009
DISCREPANCY IN NPS
Nagorao Shri Dudhgaonkar Ganeshrao

Will the Minister of FINANCE be pleased to state:

- (a) the number of subscribers to the New Pension Scheme (NPS) by the end of June,2009;
- (b) whether there has been discrepancy regarding the tax relief offered to subscribers prior to a certain date;
- (c) if so, the details thereof and the reasons therefor; and
- (d) the steps taken or proposed to be taken by the Government in this regard?

Answer

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

(a): The total number of subscribers in the New Pension System (NPS) as on 30.6.2009 was 5, 40, 244.

(b) to (d): There were two main tax related issues pertaining to NPS contributions. First, the benefit under Section 80 CCD of the Income-tax Act, 1961 was restricted to the employees of the Central Government/State Governments and other employees and was not available to other individuals. Secondly, the accumulated pension wealth was subject to tax at the time of withdrawal. The Finance Bill, 2009 has proposed to extend the benefit of Section 80 CCD of the Income-tax Act, 1961 to all individuals. Further, it is also proposed to exempt from tax all withdrawals if such amount is used for purchasing an annuity in the same year.