

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3840

ANSWERED ON:16.12.2011

APPOINTMENT OF CRA IN NPS

Nahata Smt. P. Jaya Prada;Shekhar Shri Neeraj;Singh Shri Yashvir

**Will the Minister of FINANCE be pleased to state:**

- (a) whether a Central Record-keeping Agency (CRA) for National Pension System (NPS) has been appointed;
- (b) if so, the details thereof and criteria followed in such appointment;
- (c) whether the agency has been found free of involvement in scam like IPO scam of 2006; and
- (d) if so, the details thereof?

**Answer**

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

(a): Yes, Sir. National Securities Depository Limited (NSDL) has been appointed as CRA for NPS.

(b): Public sector entities with at least 5 years in central recordkeeping and administration functions, minimum positive net worth of Rs. 50 crore (Rupees Fifty crore) and experience in managing over five lakh individual accounts per year over the last three years were eligible to submit expression of interest. NSDL was selected after evaluation of the proposals received.

(c)&(d): In the matter of IPO irregularities, Securities Exchange Board of India (SEBI) initiated various proceedings against NSDL. The current status of proceedings against NSDL is as under:

(i) SEBI passed an ex-parte interim Order on April 27, 2006 against NSDL, inter alia, alleging certain lapses / failure on the part of depositories and further directed them to take all appropriate action including revamping of management. The said order was challenged by NSDL before Securities Appellate Tribunal (SAT) and SAT granted interim stay to the limited extent of directions to revamp the management. Subsequently the said appeal was disposed of by an order dated November 22, 2007 with a view that the observations made in the said ex-parte order were prima facie & final orders shall be passed on consideration of materials collected during investigation.

(ii) SEBI passed Disgorgement order on November 21, 2006 directing NSDL, Central Depository Services Limited (CDSL) and eight Depository Participants (DPs) to disgorge jointly and severally Rs. 115.82 crore. NSDL filed appeal before SAT and on November 22, 2007 SAT set aside the said disgorgement order.

(iii) SEBI passed Adjudication Order on April 27, 2007 imposing monetary penalty of Rs. Five crore on NSDL which was challenged before SAT. SAT on January 14, 2009 set aside the said Adjudication order.

(iv) SEBI appointed Committee comprising of Dr. Mohan Gopal and Shri V. Leeladhar on February 18, 2008 to take over and dispose of the ongoing quasi-judicial proceedings against NSDL. The Committee passed its final order on December 04, 2008. Thereafter SEBI Board on November 09, 2009 concluded that order dated December 04, 2008 relating to IPO became non-est and decided to hear these matters afresh by the full SEBI Board. Subsequently SEBI on February 02, 2010 passed fresh final order disposing the proceedings against NSDL. Thereafter based on directions of Hon`ble Supreme Court dated January 19, 2011, SEBI on July 28, 2011 released the order of the Committee dated December 04, 2008 which was earlier concluded as non-est. Thereafter NSDL filed appeal before SAT against the said order dated December 04, 2008 & the matter is under appeal before SAT.