

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3167
ANSWERED ON:15.03.2013
RETURNS FROM NPS
Kurup Shri N.Peethambara;Singh Shri Yashvir

Will the Minister of FINANCE be pleased to state:

- (a) The break-up of the New Pension Scheme (NPS) funds invested by the authorized fund managers along with the returns yielded there from since the inception of the scheme, year-wise;
- (b) Whether the fund managers have failed to achieve the desired returns and if so, the details thereof and the reasons therefor: and
- (c) The steps taken / proposed to be taken by the Government to make NPS beneficial for the employees of Centre and State Governments?

Answer

The Minister of State in the Ministry of Finance (SHRI NAMO NARAIN MEENA)

a) The break-up of New Pension System (NPS) Fund and returns since inception managed by State Bank of India (SBI), Unit Trust of India (UTI) and Life Insurance Corporation of India (LIC) for Central and State Government Employees as on 28th February, 2013, as informed by Interim Pension Fund Regulatory and Development Authority (PFRDA) is as under:

Pension Fund Manager	NPS Scheme on 28-Feb-2013 (NAV)	AUM(Rs. in Crores) Value Inception (NAV)	Net Asset Inception	Returns Since Inception Value (NAV)	Net Asset Inception Value	Returns Since Inception Value	Net Asset Inception Value	Returns Since Inception Value
	31-03-10	FY2009	31-03	FY 2010	31-03	FY 2011		
SBI Pension Funds Pvt. Ltd.	Central Government	6589.74	12.77	13.04%	13.80	11.35%	14.60	9.94%
UTI Retirement Solutions Ltd.	Central Government	5671.52	12.33	11.07%	13.37	10.19%	14.11	9.00%
LIC Pension Fund Ltd.	Central Government	3244.80	10.59	7.81%	11.79	9.79%	12.50	8.42%
	State Government	4616.52	12.35	11.14%	13.37	10.19%	14.15	9.07%
	State Government	3230.10	10.60	7.93%	11.74	9.53%	12.52	8.49%

b) No, Sir. NPS fund managers have delivered results on expected directions of growth. As on 2nd March, 2013, the total assets managed by all the fund managers was Rs.28,493 crores belonging to 44.93 lakh subscribers.

c) 1. NPS is covered under the Income Tax Act, 1961 for tax benefits. The benefits under Income Tax Act are as under:

(i) NPS (Tier -I) has been accorded "EET" tax treatment.

(ii) A subscriber's contribution to NPS Tier-I upto 10% of the salary (Basic +DA) is tax exempt under Section 80 CCD with a ceiling of Rs.1.00 lac under section 80 CCE. Besides, the employers' contribution upto 10% of the salary (Basic + DA) is also tax exempt in the hands of the employee under Section 80 CCD (2) of Income Tax Act. This exemption is over and above the Rs.1.00 lac limit, thus making NPS the exclusive option for this tax treatment.

(iii) The NPS Trust has been given a complete pass-through status in terms of the provision of the Section 10(44), Section 115-O, Section 197A and Chapter 7 of Finance (No.2) Act, 2004 so that there is no tax incidence at accumulation stage.

(iv) Purchase of annuities on exit from NPS has been made Tax - Exempt, however, lumpsum payment on exit and income from pension is not Tax exempt.

2. A provision has been made in the proposed PFRDA Bill-2011, where the subscriber shall have an option of investing upto 100% of

his funds in Government Securities and also an option to invest his funds in such schemes providing minimum assured returns.