

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1695

ANSWERED ON:16.08.2013

NEW PENSION SYSTEM

Dubey Shri Nishikant ;Majhi Shri Pradeep Kumar;Owaisi Shri Asaduddin;Patel Shri Kishanbhai Vestabhai

Will the Minister of FINANCE be pleased to state:

- (a) the number of subscribers and amount accumulated under each head of the New Pension System (NPS) and the guidelines on investment of the fund as on date;
- (b) the detailed guidelines for registration of Pension Fund Managers and changes made or envisaged along with reasons therefor;
- (c) the details of legislative backing for the pension fund;
- (d) whether there is any recommendation for investment of pension fund in the infrastructure sector and if so, the details thereof and action taken thereon; and
- (e) the measures taken to generate maximum returns from the NPS?

Answer

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

(a) As per information furnished by the Interim Pension Fund Regulatory and Development Authority (PFRDA), as on 7th August, 2013, the total number of subscribers and amount accumulated under each head of the New Pension System (NPS) are as under:

S.No.	Sector	No. of Subscribers	Corpus under NPS (Rs. In Crore)
1	Central Government	11,98,189	19,333
2	State Government	17,67,820	13,419
3	Private Sector	2,57,774	1,743
4	NPS-Lite/ Swavalamban Scheme	20,34,145	648
	Total	52,57,928	35,143

Investment of pension funds of employees of the Government covered under NPS and subscribers under Swavalamban Scheme is made in accordance with the investment pattern notified by the Government vide Notification No. F. No. 5(88)/2006-PR dated 14th August, 2008. For Private Sector NPS, the guidelines on investment are detailed under Schedule-II of the Investment Management Agreement executed between the NPS Trust and Pension Fund Managers.

(b) The PFRDA has issued the "PFRDA (Registration of Pension Funds for Private Sector) Guidelines-2012" on 12th July, 2012. The guidelines provide for registration of Pension Fund Managers (PFMs) based on "fit and proper" criteria and subject to the maximum investment management fee prescribed by PFRDA. Key changes made were:

- i. The revised guidelines stipulate the process for obtaining a "Certificate of Registration" from PFRDA to act as a PFM.

ii. There are no restrictions on the number of PFMs that can be appointed. Any entity fulfilling the laid down eligibility criteria can get itself registered as a PFM.

iii. The registration of the PFM with PFRDA has to be renewed every year instead of the appointment being valid for a fixed period of three years.

(c) The Government introduced the defined contribution based NPS from the 1st January, 2004 through a Notification dated the 22nd December, 2003 for new entrants to the Central Government service, except the Armed forces. Further, an amendment was made to the Central Civil Services (Pension) Rules, 1972 to exclude the new employees of the Central Government with effect from 1st January, 2004 from the defined benefit pension system as provided in the Rules. The Government has notified constitution of the PFRDA vide the Resolution No. F. No. 1(6)/2007-PR dated 14th November, 2008, to regulate and develop the pension market.

(d) Yes, Sir. Such recommendations have been made for investment of pension fund in the infrastructure sector. The investment guidelines formulated by PFRDA permits the fund managers to invest the pension funds in infrastructure bonds / Infrastructure Debt Funds under Asset Class "C" (credit risk bearing fixed income instruments).

(e) A number of measures, to maximize returns while addressing risk related issues under NPS for the subscribers, are in place. These include stipulation of prudential investment norms and close monitoring of the investment returns of the PFMs.