

# वार्षिक रिपोर्ट Annual Report 2015-16



पेंशन निधि विनियामक और विकास प्राधिकरण  
**PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY**

बी-14/ए, दूसरी मंजिल, छत्रपति शिवाजी भवन, कुतुब संसथागत क्षेत्र,  
B-14/A, IIInd Floor, Chhatrapati Shivaji Bhawan, Qutab Institutional Area,

कटवारिया सराय, नई दिल्ली- 110016

Katwaria Sarai, New Delhi-110016

फोन /Tel : 011.26517501,26517503,26517097

[www.pfrda.org.in](http://www.pfrda.org.in)



हेमंत जी. कांट्रेक्टर  
अध्यक्ष  
**Hemant G. Contractor**  
CHAIRMAN



पेंशन निधि विनियामक और  
विकास प्राधिकरण  
बी-14/ए, दूसरी मंजिल,  
छत्रपति शिवाजी भवन,  
कुतुब संस्थागत क्षेत्र,  
कटवारिया सराय,  
नई दिल्ली- 110016  
फोन : 011.26517501, 26517503, 26517097

**PENSION FUND REGULATORY  
AND DEVELOPMENT AUTHORITY**  
B-14/A, IInd Floor,  
Chhatrapati Shivaji Bhawan  
Qutab Institutional Area,  
Katwaria Sarai, New Delhi-110016  
Phone : 011-26517501, 26517503, 26517097

Letter of Transmittal

Ref: F.No. PFRDA/11/87/4

Nov 15, 2016

The Secretary (FS)  
Department of Financial Services  
Ministry of Finance  
Government of India  
New Delhi - 110 001

Madam,

In accordance with the provision of Section 46 (2) of the Pension Fund Regulatory and Development Authority Act, 2013, I have pleasure in transmitting copies of the Annual Report of the Pension Fund Regulatory and Development Authority on the working of the Authority during the year ended March 31, 2016.

Yours faithfully

(Hemant G Contractor)



Contents	
Abbreviations	vi
Vision	ix
Mission	ix
Chairman's Message	x
Part-I	1
1. Policies and Programmes	1
1.1 Review of General Economic Environment	1
1.2 Review of policies and programmes	8
1.2.1 Performance of Pension Sector in India and other countries	8
1.2.2 NPS and Intermediaries associated with NPS	11
1.2.3 Policies and programmes having a bearing on the working of the National Pension System and other pension schemes	18
Part-II	20
2. Investment of Funds under NPS	20
2.1 Pension Funds (PFs)	20
2.2 Type of Account	20
2.3 Schemes	20
2.4 Regulations Notification	21
2.5 Exposure of National Pension System portfolios to different categories of investments	22
2.6 Detail of Pension Fund wise vis-a-vis scheme-wise Asset under Management	24
Part- III	25
3. Statutory functions of the Authority	25



3.1 Registration, suspension, cancellation of intermediaries associated with the National Pension System	25
3.2 Approval of schemes	26
3.3 Exit of subscribers from the National Pension System	27
3.4 Activities undertaken for protection of interests of subscribers	29
3.5 Mechanism for redressal of grievances of subscribers	30
3.6 Professional organisations connected with the pension system	32
3.7 Collection of data by the Authority and the intermediaries	32
3.8 Steps undertaken for educating subscribers and the general public	33
3.9 Performance of pension funds and performance benchmarks	36
3.10 Regulated Assets	41
3.11 Fees and other charges levied or collected	41
3.12 Inspections, inquiries and investigations conducted	43
3.13 Others	43
3.13.1 Subscribers (category wise) covered under the National Pension System	43
3.13.2 Points of presence	49
3.13.3 Central Recordkeeping Agency	49
3.13.4 Pension funds	52
3.13.5 Trustee Bank	52
3.13.6 Custodian under the National Pension System	53
3.13.7 National Pension System Trust	53
3.13.8 Other intermediaries .	55
3.13.9 Other functions carried out by the Authority in the area of pensions.	55

## Contents

---

PART IV	58
4.1 Pension Advisory Committee	58
4.2 Performance of various committees	58
4.3 Regulations made or amended	60
PART V	61
5. Organizational matters.	61
5.1 Constitution of PFRDA Board	61
5.2 Meetings of the Authority	61
5.3 Staff Strength in PFRDA	61
5.4 Setting up of SC/ST Cell and OBC Cell in PFRDA	61
5.5 Committee for Prevention of Sexual Harassment at Workplace	61
5.6 Staff Welfare Committee	62
5.7 Training of employees in PFRDA	62
5.8 Information Technology	62
5.9 Promotion of Official Language	62
5.10 Right to Information Act	62
5.11 Accounts of PFRDA	63
PART- VI	64
6. Any critical area adversely affecting the interest of subscribers	53
PART VII	65
7 Measures taken by the Authority to protect the interest of subscribers	65

## List of Tables

Table 1.1: World Output

Table 1.2: Estimates of GVA at Basic Price by Economic Activity (At 2011-12 prices)

Table 1.3: No. of subscribers, contribution and AUM under NPS/ APY

Table 2.1: Details of Asset under Management

Table 2.2: Maximum exposure to various investment instruments

Table 2.3: Exposure of NPS to various instruments

Table 2.4: The funds invested by various Pension Funds in different schemes

Table 3.1: Investment limits for NPS Schemes (CG, SG, Corporate CG, NPS Lite schemes of NPS and Atal Pension Yojana) in different instruments

Table 3.2: No. of exit/ withdrawals from subscribers under different sector

Table 3.3: Training Programme & workshops conducted by CRA during 2015-16

Table 3.4: Status of grievances received & disposed-off during 2015-16

Table 3.5: Amount spent on publicity and advertisement during 2015-16

Table 3.6: NPS on Social Media

Table 3.7: No. of Banks and Post Office officials trained during FY 2015-16

Table 3.8: Asset Under Management (AUM) Break up in NPS - Growth Scheme Wise Position as on March 31, 2016

Table 3.9: Asset Under Management (AUM) Break up in NPS - Growth - Subscriber Class Wise Position on March 31, 2016

Table 3.10: Position of the AUM with the Pension Fund Managers

Table 3.11: Notional Returns (%) of Schemes of different Pension Funds as on March 31, 2016

Table 3.12 a: Fees and charges to the subscribers at various stages

Table 3.12b: Service Charge structure applicable to POPs for NPS accounts of NRIs sourced and serviced abroad

Table 3.13: No. of subscribers – Sector wise

Table 3.14: No. of APY subscribers opting for various monthly pension

Table 3.15: Per cent of subscribers in different age groups

Table 3.16: Per cent of subscribers contributing to different contribution range

Table 3.17: Core activities of the Trustee Bank

Table 3.18: The constitution of the NPS Trust Board as on March 31, 2016

Table 3.19: Contribution structure for NPS Accounts when serviced abroad

## List of Charts

Chart 1.1: Inflation

Chart 1.2: Repo Rate and G-Sec Rate (10 years)

Chart 1.3: 10 year G-Sec yield

Chart 1.4: Movement of indices

Chart 1.5: Movement of Rs. /US\$

Chart 1.6a: : Total investment of pension fund in selected OECD countries

Chart 1.6b: Total investment of pension fund in selected ON OECD countries

Chart 1.7a: Pension funds real net investment rate of return in selected OECD countries

Chart 1.7b: Pension funds real net investment rate of return in selected ON-OECD countries

Chart 1.8: NPS Hierarchy for Government Sector

Chart 1.9: NPS Architecture

Chart 2.1: Scheme wise Assets under Management (log scale)

Chart 2.2a: % exposure of NPS in various instruments on March 31, 2015

Chart 2.2b: % exposure of NPS in various instruments on March 31, 2016

Chart 3.1: Year wise number of subscribers under NPS & APY

Chart 3.2: Month wise number of APY subscribers

Chart 3.3: Number of subscriber – State wise

## List of Annexures

Annexure I : List of PoPs

Annexure II: Pension Advisory Committee

Annexure III: Annual Balance Sheet as on 31.03.2016

## Abbreviations

AA	Appellate Authority
AIF	Alternative Investment Fund
AML	Anti-Money Laundering
APY	Atal Pension Yojana
ASP	Annuity Service Provider
AUM	Assets Under Management
BOJ	Bank of Japan
BSE	Bombay Stock Exchange
CAB	Central Autonomous Bodies
CAGR	Compounded Annual Growth Rate
CBLO	Collateralised Borrowing and Lending Operation
CBS	Core Banking Solution
CD	Certificates of Deposit
CFT	Cross File Transfer
CG	Central Government
CGMS	Central Grievance Monitoring System
CP	Commercial Paper
CPI	Consumer Price Index
CPIO	Central Public Information Officer
CRA	Central Recordkeeping Agency
CRA- FC	Central Recordkeeping Agency- Facilitation Centre
CSO	Central Statistical Organisation
DA	Dearness Allowance
DB	Defined Benefit
DC	Defined Contribution
DDO	Drawing and Disbursing Officer
DCCB	District Central Co-operative Bank
DFS	Dept. of Financial Services
DTA	Domestic Tariff Area
DTO	District Treasury Office
ECB	European Central Bank
EEE	Exempt Exempt, Exempt
EET	Exempt, Exempt and Tax
EMDE	Emerging market and developing economies
EME	Emerging Market Economies
EPF	Employee Provident Fund
ETF	Exchange Traded Fund
FCNR	Foreign Currency Non-Residential
FD	Fixed Deposit
FOMC	Federal Open Market Committee
FII	Financial Institutional Investor
FRC	Fund Receipt Confirmation File

FTSE	Financial Times Stock Exchange
FY	Financial Year
GDP	Gross Domestic Product
GPF	General Provident Fund
GRC	Grievance Redressal Cell
GVA	Gross Value Added
IBA	Indian Banks Association
ICT	Information and Communications Technology
IDR	Indian Depository Receipts
IMF	International Monetary Fund
INR	Indian Rupee
IPIN	Internet Personal Identification Number
TPIN	Trading partner identification number
IRDAI	Insurance Regulatory and Development Authority of India
ITES	Information Technology Enabled Services
IVRS	Interactive Voice Response System
KYC	Know Your Customer
MSF	Marginal Standing Facility
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MFI	Micro Finance Institution
MIS	Management Information System
NABARD	National Bank for Agriculture and Rural Development
NAV	Net Asset Value
NBFC	Non-Bank Financial Companies
NISM	National Institute of Securities Market
NLTA	Non Lending Technical Assistance
NPS	National Pension System
NPSCAN	NPS Contribution Accounting Network
NPST	National Pension System Trust
NRE	Non Resident Rupee
NRI	Non-Resident of India
NRO	Non Resident Ordinary Rupee
NSDL	National Securities Depository Limited
NSE	National Stock Exchange
OECD	Organization for Economic Cooperation and Development
OMO	Open Market Operations
OTP	One Time Password
RBI	Reserve Bank of India
REIT	Real Estate Investment Trust
RRB	Regional Rural Bank
RTI	Right to Information
PAN	Permanent Account Number
PAO	Pay and Accounts Office

PrAO	Principal Accounting offices
PGSP	Payment Gateway Service Provider
PF	Pension Fund
PFI	Private Finance Initiative
PFM	Pension Fund Manager
PoP	Point of Presence
PoP-SP	Point of Presence Service Provider
PPF	Public Provident Fund
PRAN	Permanent Retirement Account Number
PSU	Public Sector Undertaking
SATCOM	Satellite Communication
SCF	Subscribers Contribution File
SDL	State Development Loan
SEBI	Securities and Exchange Board of India
SG	State Government
SHCIL	Stock Holding Corporation of India Ltd
SLBC	State Level Bankers Committee
SOT	Statement of Transactions
TB	Trustee Bank
UDAY	Ujwal DISCOM Assurance Yojana
UNFPA	United Nations Population Fund
WPI	Wholesale Price Index
WTM	Whole Time Member
YTM	Yield to Maturity



### Vision

“To be a model Regulator for promotion and development of an organized pension system to serve the old age income needs of people on a sustainable basis.”

### Mission

“To establish and promote pension system for all citizens through guided development and prudent regulation of the pension industry, with focus on institution-building, capacity development and enabling framework for innovations in products, schemes and programmes across all stakeholders and market participants, in the best interest of the subscribers and the pension system.”





## Chairman's Message

The current global demographic shift to ageing population, largely reflecting rising life expectancy and declining fertility, has led many countries across the world to revisit their pension systems. The United Nations Population Fund (UNFPA) report has pointed that in India, persons above 60 would increase from existing 8.9 per cent of the population to 19.4 per cent of the population and persons above 80 would increase from the existing 0.9 per cent to 2.8 per cent by 2050.

Traditionally, Pension schemes largely hinge on financing through employer and employee participation and thus have restricted the coverage to the organized sector workers - denying the vast majority of the workforce in the unorganized sector access to formal channels of old age economic support. The limited pension coverage of the huge unorganised sector is a matter of concern for all of us. However, given that a majority of the Indian population is still young, timely and suitable policy interventions can help avert an impending pension crisis.

As an important path-breaking programme in this direction, the National Pension System (NPS) was conceived as the country's flagship programme in the pension sector. The system encourages a person to take responsibility of his/her own retirement by sufficient pension contributions during the person's earning lifespan to finance a reasonable standard of living even after retirement.

To encourage people from unorganised sector to participate in self-contributory pension system Government has announced the Atal Pension Yojana (APY) for serving the unserved segment of the market at the 'Bottom of Pyramid' and to support individuals in the unorganized sector with much needed old age income security. The PFRDA and its entire set of intermediaries, particularly the banking industry is extending whole hearted support in promoting and expanding the scope and coverage of this programme. The programme has received a good response and I am confident that it will be able to attract many more individuals from the unorganised sector in the coming days.

Both NPS and APY are comparatively new schemes and awareness of these schemes need to be spread for their acceptance across the various segments of the society. Government supports to these schemes in the form of attractive tax benefits and guarantee for APY increases the appeal of these schemes but they still have to be pushed to the people. There is strong need to have trained advisors for consultative selling, given the low level of awareness about pension and retirement planning and PFRDA is appointing retirement advisors who will help the prospects/subscribers in deciding retirement plans and guide them toward a financially secure retirement.

Further, to ensure dissemination of NPS awareness, PFRDA has aggressively embarked upon promotional and developmental activity by appointing a dedicated agency for imparting training and capacity building for officials of banks, post offices, POPs, Nodal Offices etc. and more than 90,000 officials of banks and post office have been trained.

To enable our citizens living outside India to have access to pension, Non Resident Indians have been allowed to subscribe to the NPS account on both repatriable and on non-repatriable basis. Besides, NRIs can also open an NPS account online through NRI eNPS.

PFRDA continued to leverage technology across the value chain to drive efficiencies and improve ease of access to NPS for the subscribers and providers alike. e-NPS, a convenient online based subscriber registration and contribution facility for NPS has been introduced for the existing and potential

## Chairman's Message

---

subscribers. eNPS facilitates opening of Individual Pension Account under NPS and making initial and subsequent contribution to the Tier I as well as Tier II account online. This feature also enables the subscribers to change their Pension Fund Managers, Asset Class, Allocation Ratio, and Scheme Options after authentication. NPS subscribers can initiate withdrawal request from Tier II account by using their login credentials and OTP authentication on registered mobile number.

With a view to provide easy access to NPS account, Mobile App has been launched where the subscribers can view their current holdings, raise the request for Transaction Statement, change contact details, change password and get notifications related to NPS. I am sure that these newly added technology based features will provide greater convenience to subscribers.

Besides the expansion in coverage, the provision of old age income security also entails working towards adequacy of income post working life, which can be done by optimizing returns through appropriate investment guidelines. Toward this, new alternative investment assets which consist of commercial mortgage based securities or residential mortgage based securities, units issued by Real Estate Investment Trusts, asset backed securities, units of Infrastructure Investment Trusts and Alternative Investment Funds regulated by SEBI have been added as investment options under NPS.

Taking the next step, PFRDA has planned to introduce two additional life cycle funds to NPS Private Sector subscribers in addition to the existing life cycle fund (available under default mode). These Life Cycle Funds may be referred to as “Aggressive Life Cycle Fund” with equity allocation of 75% at the age of 35 years and “Conservative Life Cycle Fund” with equity allocation of 25% at the age of 35 years. It is also proposed that LC-50 (Moderate Life Cycle Fund) and LC-25 (Conservative Life Cycle Fund) will also be made available to the Government employee along with the other options in consultation with the Government.

Looking forward, India will witness paradigm shift in the entire concept of pension as a social security measure from a welfare-oriented to needs-oriented one, with much greater accessibility and sustainability. National Pension System is a great framework that can enable long term savings for retirement and provide a decent hedge against post-retirement income uncertainties for the unorganized sector, besides being a valuable income supplement for the organized sector. NPS is equipped to take on the opportunities and challenges of creating an inclusive, affordable and fair pension system in India and I am certain that with the momentum gained in extending pension and retirement benefits to our citizens, this goal will be achieved.

Hemant G Contractor

## Part- I

### Policies and Programmes

#### 1.1 Review of General Economic Environment and the performance of financial market

As per World Economic Outlook, April 2016, major macroeconomic realignments are affecting prospects differentially across countries and regions. These include the slowdown and rebalancing in China; a further decline in commodity prices, especially for oil, with sizable redistributive consequences across sectors and countries; a related slowdown in investment and trade; and declining capital flows to emerging market and developing economies. These realignments— together with a host of non-economic factors, including geopolitical tensions and political

discord—are generating substantial uncertainty. Global growth during the year 2015 was at 3.1 percent against the growth of 3.4 percent during 2014. Global growth during the second half of 2015 , remained subdued at 2.8 percent. The weakness in late 2015 reflected to an important extent softer activity in advanced economies—especially in the United States, as also in Japan and other advanced Asian economies. The picture for emerging markets is quite diverse, with high growth rates in China and most of emerging Asia, but severe macroeconomic conditions in Brazil, Russia, and a number of other commodity exporters. Table 1.1 gives the rates of growth in output in different countries during 2014 and 2015.

**Table 1.1: World Output**

	(% change)	
	2014	2015
<b>World Output</b>	<b>3.4</b>	<b>3.1</b>
<b>Advanced Economies</b>	<b>1.8</b>	<b>1.9</b>
United States	2.4	2.4
Euro Area	0.9	1.6
Germany	1.6	1.5
France	0.2	1.1
Italy	-0.3	0.8
Spain	1.4	3.2
Japan	0	0.5
United Kingdom	2.9	2.2
Canada	2.5	1.2
Other Advanced Economies	2.8	2.0
Emerging Market and Developing Economies	<b>4.6</b>	<b>4.0</b>
Commonwealth of Independent States	1.1	-2.8
Russia	0.7	-3.7

Table 1.1: World Output

	2014	2015
Russia	0.7	-3.7
Excluding Russia	1.9	-0.6
Emerging and Developing Asia	6.8	6.6
China	7.3	6.9
India	7.2	7.3
ASEAN-5	4.6	4.7
Emerging and Developing Europe	2.8	3.5
Latin America and the Caribbean	1.3	-0.1
Brazil	0.1	-3.8
Mexico	2.3	2.5
Middle East, North Africa, Afghanistan, and Pakistan	2.8	2.5
Saudi Arabia	3.6	3.4
Sub-Saharan Africa	5.1	3.4
Nigeria	6.3	2.7
SouthAfrica	1.5	1.3

**Source: WEO**

**Low Inflation** - Headline inflation in advanced economies in 2015, at 0.3 percent on average, was the lowest since the global financial crisis, mostly reflecting the sharp decline in commodity prices, with a pickup in the late part of 2015. In many emerging markets, lower prices for oil and other commodities (including food, which has a larger weight in the

consumer price indices of emerging market and developing economies) have tended to reduce inflation, but in a number of countries, such as Brazil, Colombia, and Russia, sizable currency depreciations have offset to a large extent the effect of lower commodity prices, and inflation has risen.

Global financial markets have also been volatile, amid rising global risk aversion, substantial declines in global equity markets, widening of credit spreads, and

historically low yields for safe-haven government bonds. These developments were triggered by concerns about lack of policy space in advanced economies to respond to a potential worsening in the outlook, worries about the effects of very low oil prices, and questions about the speed at which China's economy is slowing as well as its authorities' policy intentions. The current slowdown in China's growth has been driven mainly by investment and exports. The weakening in investment reflects a correction after an extended period of very rapid growth. Given China's size, openness, and high investment rate and the high import content of its investment and exports, the slowdown has entailed sizable global spillovers through trade channels. These trade effects are both direct (reduced demand for trading partners' products) and indirect (impact on world prices for

specific goods that China imports--for example, commodities), affecting other countries' exchange rates and asset markets.

The policy stance remained very accommodative but with asymmetric shifts. In December 2015, while the US Federal Reserve raised policy rates above the zero lower bound for the first time since 2009 and communicated that any further policy actions will remain data dependent, the European Central Bank (ECB) moved further in following an unconventional monetary policy. The Bank of Japan (BoJ) introduced a negative interest rate on marginal excess reserves in January 2016. Many of the commodity exporting EMDEs raised policy rates in 2015 to rein in currency depreciation and associated changes in inflation and inflation expectations.

## The Indian Economy

### GDP Growth

Real GDP (value added after adjusting for taxes and subsidies) or GDP at constant (2011-12) prices for the year 2015-16 is estimated at Rs.113.50 lakh crore, showing a growth rate of 7.6 percent over the GDP for

the year 2014-15 of Rs. 105.52 lakh crore.

Real GVA (value of output less the value of intermediate consumption), i.e, GVA at basic constant (2011-12) prices for the year 2015-16 is estimated at Rs. 104.27 lakh crore, showing a growth rate of 7.2 percent over GVA for the year 2014-15 of Rs.97.27 lakh crore.

The sectors which registered growth rate of over 7.0 percent are 'financial, real estate and professional services' (10.3 percent), manufacturing (9.3 percent), 'trade, hotels, transport, communication and services related to broadcasting' (9.0 percent), and 'mining and quarrying' (7.4 percent). The growth in the 'agriculture, forestry and fishing', is estimated at 1.2 per cent, 'construction' 3.9 per cent, 'electricity, gas, water supply & other utility services' 6.6 per cent and 'public administration, defence and other services' is estimated to be 6.6 per cent.

The 'financial, real estate and professional services' sector has shown a growth rate of 10.3 per cent during 2015-16 as against 10.6 per cent during the last year. Economic activity wise rates of growth in the gross value added during 2015-16 is given in Table 1.2

**Table 1.2: Estimates of Gross Value Added (GVA) at basic price by Economic Activity (At 2011-12 prices)**

	Q1	Q2	Q3	Q4	Total	% Growth
Agriculture, Forestry and Fishing	367,623	299,531	513,349	423,542	1,604,045	1.2
Mining & Quarrying	86,444	63,854	76,736	91,343	318,377	7.4
Manufacturing	449,280	452,062	429,751	490,833	1,821,926	9.3
Electricity, Gas, Water supply & other utility	57,037	58,942	57,387	57,861	231,227	6.6
Construction	225,637	211,298	222,494	228,527	887,956	3.9
Trade, Hotels, transport, communication and services related to Broadcasting	483,238	469,191	489,067	556,796	1,998,292	9.0

(Fig. in Rs. crore, Growth in %)

	Q1	Q2	Q3	Q4	Total	% Growth
Financial, Real Estate and professional services	581,471	653,971	499,002	514,401	2,248,845	10.3
Public Administration, Defence and other services	300,705	343,247	347,571	324,999	1,316,522	6.6
Total Gross Value added at Basic Price	2,551,435	2,552,096	2,635,357	2,688,302	10,427,190	7.2

Source: CSO

## Per Capita Income

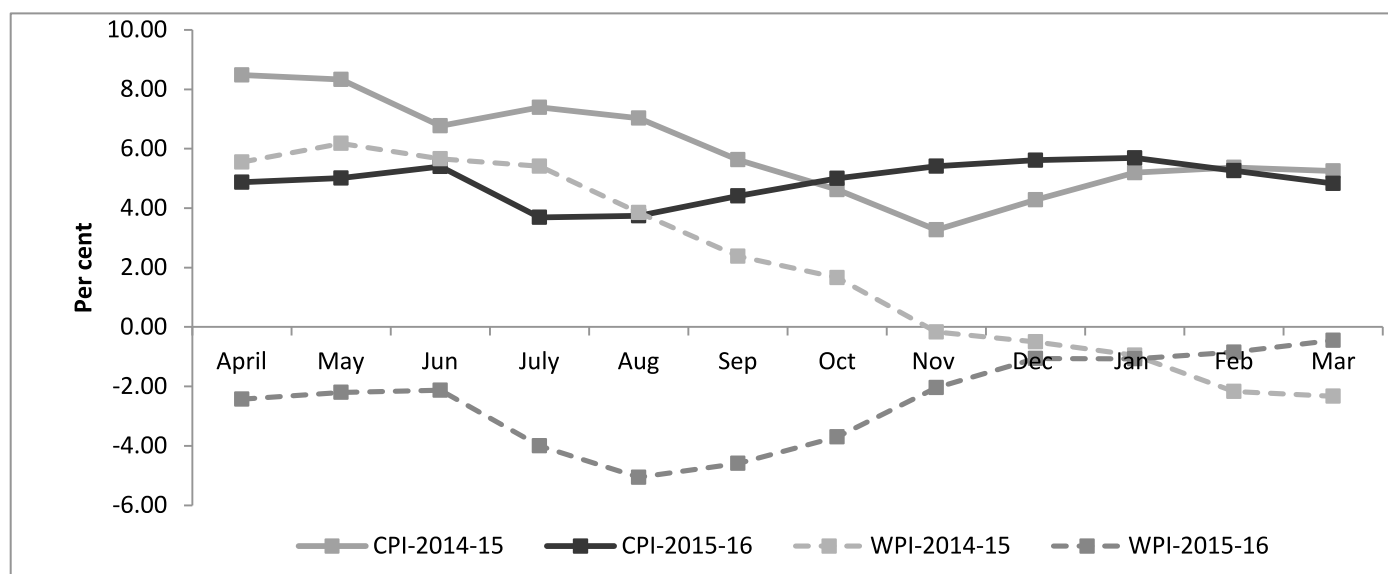
The per capita income in real terms (at 2011-12 prices) during 2015-16 is likely to attain a level of Rs. 77,435 as compared to Rs. 72,889 for the year 2014-15. The growth rate in per capita income is estimated at 6.2 percent during 2015-16, as against 5.8 percent in the previous year.

## Inflation

The wholesale price index (WPI), in respect of the

groups - food articles, manufactured products, electricity and all commodities, has risen by 3.3 per cent, (-) 1.1 per cent, 4.0 per cent and (-)2.5 percent, respectively during April-March, 2015-16. The rate of inflation based on WPI remained in the negative zone throughout the FY 2015-16 backed by negative inflation in Fuel and Power and Manufacturing products.

**Chart 1.1: Inflation**



Source: CSO

In the early month of the year food price pressures stemming from unseasonal rains and subsequently from a delayed and skewed onset of the South- West monsoon were muted by strong favorable base effects. By July-August 2015, CPI inflation ebbed to an intra-year low of 3.7 per cent. From September the base effects dissipated and inflation rose unrelentingly month after month to 5.7 per cent in January 2016. In February - March 2016, vegetable and pulses prices declined and downward adjustments in fuel prices pulled down headline inflation to 4.8 per cent in March 2016. The CPI inflation for April-March, 2015-16 was 4.9 per cent.

## Domestic Financial Market

### Money Market

Money market rates trended below the policy rate with a sustained downside bias, except during mid-April to May. Notably, besides the resumption of public expenditure from June, a structural mismatch between deposit mobilization and credit off-take during this period engendered surplus liquidity in the money market. Interest rates on commercial papers (CPs), certificates of deposits (CDs) and 91-day treasury bills also traded on an easing note and priced in 50 bps reductions in the policy rate announced at end-September. Turnover in all segments of the overnight market generally picked up in the first half of the year starting from May 2015.

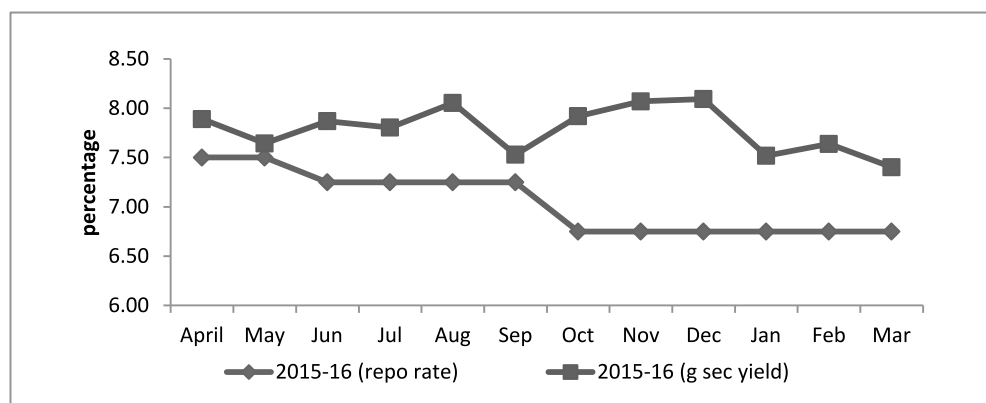
From the second half of October 2015, money market rates, which had dropped by 68 bps in response to the end-September policy rate reduction, began to firm up reflecting the tightening of liquidity on account of slowdown in government expenditure in the run-up to the end-year fiscal targets and increase in currency demand.

Through the second half of the year, turnover in money market segments increased, mainly reflecting the call money and market repo segments, even as the CBLO segment showed a decline.

### G-Secs Market

In the government securities (g-secs) market, yields hardened in the beginning of 2015-16 on prevailing bearish sentiments in the market and also tracking a weak rupee. By mid-May, the drying up of liquidity and emergence of stress in the German bond market triggered sell-offs and hardening of yields globally, including in India. Expectations of another sub-normal monsoon also kept yields elevated through June 2015. After trading tightly range-bound, yields started to ease from the last week of August as expectations of monetary policy accommodation domestically gained ground, aided by the US Federal Open Market Committee (FOMC) keeping the first half of the year, yield moved in a range of 7.53 per cent to 8.09 per cent. Average daily turnover picked up in the secondary g-secs market, up by over 7 per cent from a year ago.

**Chart 1.2: Repo Rate and G-Sec Rate (10 years)**

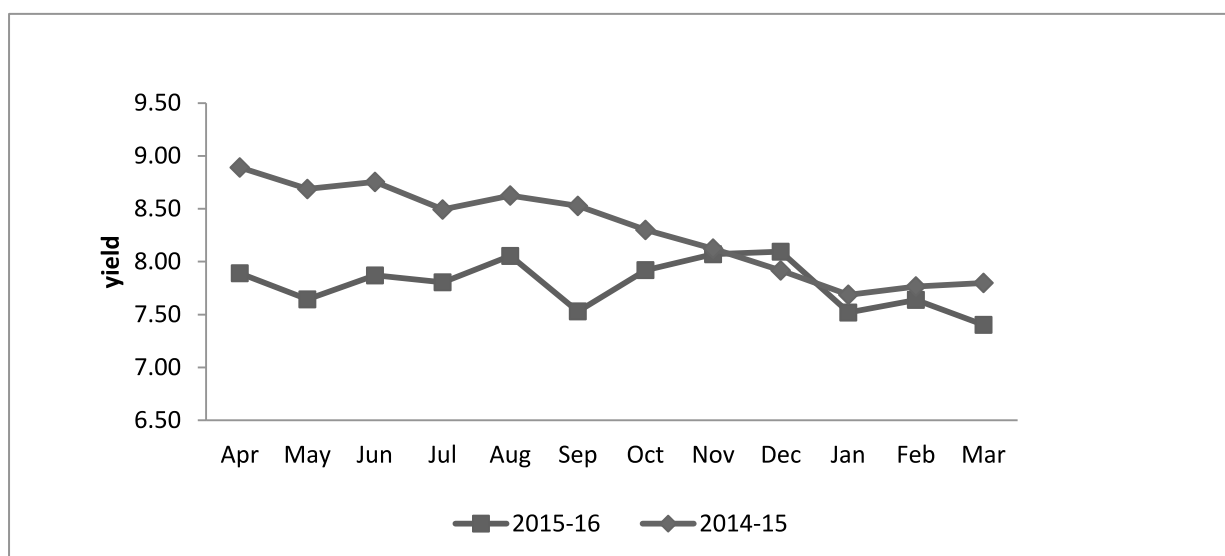


Source: RBI

From the second week of October, yields firmed up. Expectations of an interest rate hike by the US Fed in December 2015, some increase in inflation and the continuing oversupply of securities due to borrowings by states, concerns on issuance of UDAY bonds, and borrowing by public sector entities through tax-free bonds, are some of the reasons that contributed to the firming up of yields. Higher headline inflation for the month of January 2016 and fears of upward revision in

the fiscal deficit target for FY2017 maintained its pressure on bond yields, pushing it upwards. The announcement of the Union Budget 2016-17 including adherence to the fiscal consolidation brought some relief, with the yields easing on a positive sentiment, supported by low inflation during February-March 2016 as well as favorable global developments, particularly the Fed's dovish guidance.

**Chart 1.3: 10 year G-Sec Yield**



Source: RBI

### Corporate Debt Market

In 2015-16, there was a surge in public issuances of corporate bonds. In the secondary market, however, activity was subdued reflecting low liquidity. Yield spreads over g-secs increased during the year on concerns relating to balance sheet stress and debt servicing capabilities of less than AAA rated corporate issuers. In the second half of the year, following September 2015, reduction in the policy repo rate and again towards the close of the year, yields of AAA rated corporate bonds eased, following g-secs yields. Foreign portfolio investment in corporate bonds stood at about Rs. 3.4 trillion at end-March 2016, amounting to around 80 per cent of the limit. Turnover in the corporate bond market declined by 6.3 per cent in

relation to the previous year. Taking advantage of low yields vis-à-vis bank lending rates, corporates raised more resources from the bond market in the recent period.

### Equity Market

During the financial year, the benchmark indices S&P BSE Sensex and Nifty 50 decreased by 9.4 and 8.9 per cent respectively over March 31, 2015. The Sensex closed at 25,342 on March 31, 2016, registering a decrease of 2,616 points over 27,957 as on March 31, 2015. The Nifty decreased by 753 points to close at 7,738 on March 31, 2016 over 8,491 at the end of March 31, 2015. The benchmark indices Sensex and Nifty reached their maximum on April 13, 2015, when they



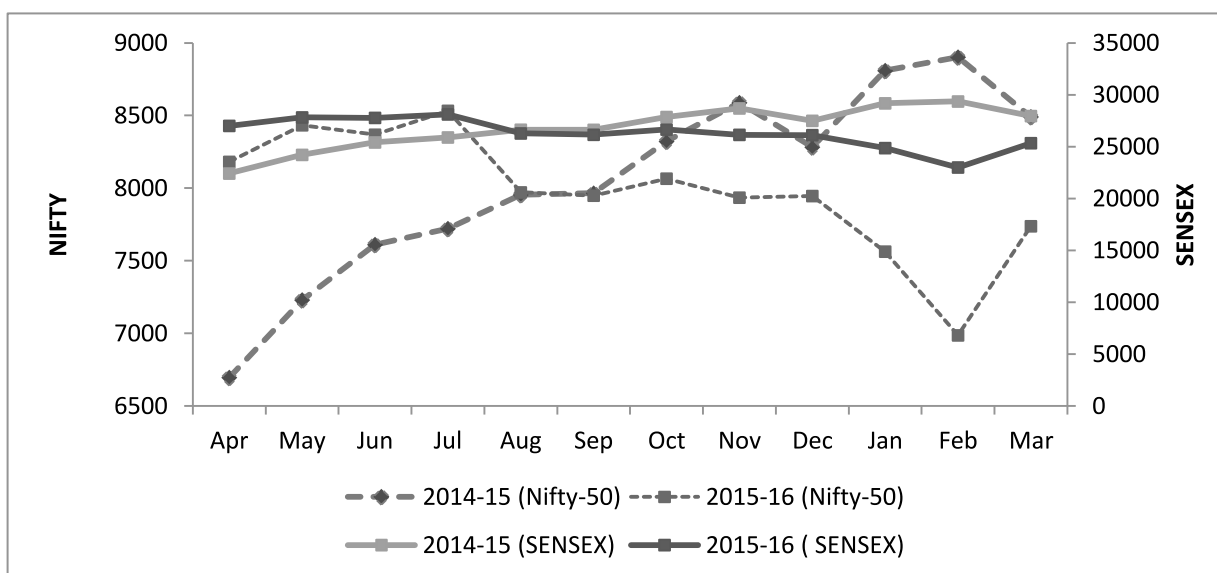
touched the highest levels of 29,044 and 8,834 respectively. The lowest level attained by Sensex was 22,952 on February 11, 2016 while Nifty touched a low of 6,971 on February 25, 2016. The biggest gain in Sensex and Nifty was observed on March 1, 2016 when both the indices appreciated by 3.4 per cent. Both the indices registered their biggest fall of 5.9 per cent on August 31, 2015. In the cash segment, the turnover at BSE and NSE declined by 13.4 per cent and 2.1 per cent respectively during 2015-16 as compared to a rise of 63.9 per cent and 54.2 per cent, respectively during the

previous financial year. The movement in the NIFTY 50 and Sensex during the years 2014-15 and 2015-16 are given in Chart 1.4.

## Exchange Rate Movements:

A combination of global and domestic developments impacted the foreign exchange market in the early months of 2015-16. The exchange rate of the rupee traded with a downside bias, and was vulnerable to spillovers from the Greek crisis, global sell-offs,

**Chart 1.4: Movement of indices**



Source: NSE and BSE

hawkish Federal Open Market Committee (FOMC) guidance and the uncertainty surrounding the evolution prices of international crude. Domestic developments amplified these pressures - the persistent shrinking of exports; portfolio outflows in response to Minimum Alternate Tax (MAT); and projections of a subnormal monsoon. After a brief lull of range-bound movements, the exchange rate came under renewed downward pressure in mid-August 2015, with sudden devaluation of the Renminbi and the selloffs in Chinese equity markets. The rupee crossed the level of Rs. 66 against the US dollar at the end of August 2015, before stabilizing and trading

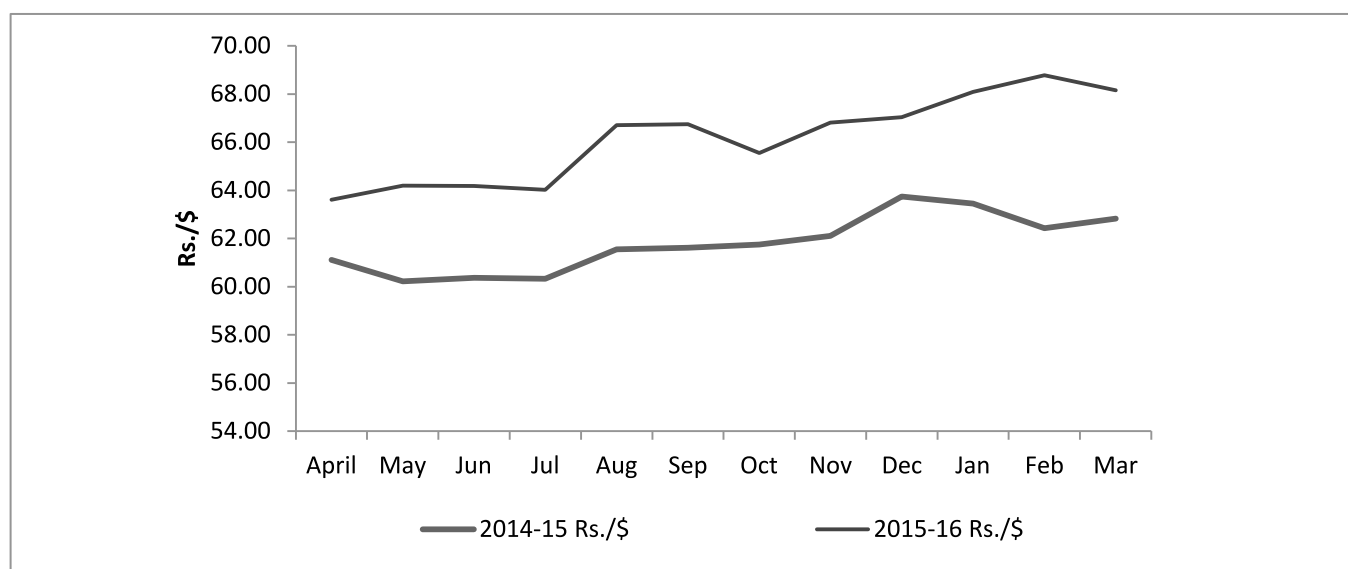
tightly range-bound through September 2015, through this eventful period for emerging market currencies, the rupee turned out to be better performing among the peer currencies.

In the second half of October 2015, depreciating pressures set in again with growing anticipation of policy rate action by the Fed in December 2015. The exit of portfolio investors from Indian debt and equity markets accentuated the pressures on the rupee. Eventually, the increase in the target Federal Funds rate in December turned out to be fully discounted by markets.

While the turmoil in international financial markets kept the rupee under pressure through January 2016, and the first half of February 2016, conditions stabilized thereafter. The presentation of the Union Budget 2016-17, followed by resumption of portfolio flows on dovish Fed guidance, helped stabilize the rupee and imparted a modest appreciation bias by the

close of the year. The depreciation of the rupee against the US dollar during 2015-16 was moderate relative to other Emerging Market Economies (EMEs). In nominal terms, it depreciated by 6.6 per cent against the US dollar during the year, while in real effective terms it appreciated by 2.9 per cent against a basket of 36 currencies.

**Chart 1.5: Movement of Rs./US \$**



Source: RBI

## 1.2 Review of policies and programmes having a bearing on the working of the National Pension System and other pension schemes covered under the Act

### 1.2.1 Performance of Pension Sector in India and other countries

#### Pension fund investments down slightly in 2015

Preliminary data of OECD show that aggregated pension fund investments in the OECD area for 2015 is USD 24.8 trillion, down slightly from USD 25.2 trillion in 2014.

However, when pension fund investments are expressed in national currency, they grew in all countries in 2015, with the exception of Denmark, Luxembourg, Poland and the United States. The

overall decline in the total OECD pension fund investments is largely driven by the decline in the United States, which represented 58% of all pension fund investments in the OECD area. In addition, the growth rate of pension fund investments was below 2% in Japan, the Netherlands and the United Kingdom, representing altogether a further 22% of investments within the OECD area.

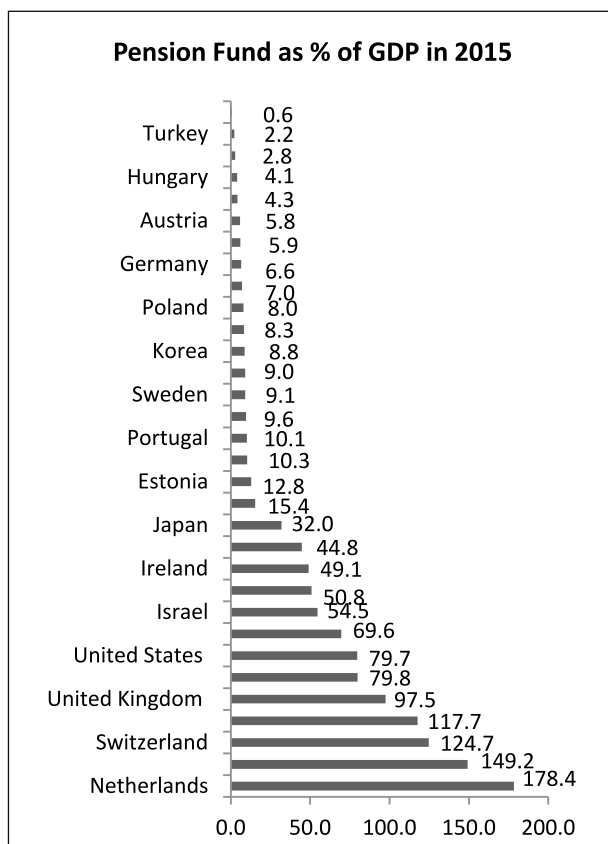
In some countries investments are channeled through vehicles other than pension funds. In Denmark, most of the occupational pension plans were managed by specialized life insurance companies. The overall size of investments in the funded pension system in Denmark exceeded two times its GDP. In Canada, pension funds accounted for half of the investments in the funded pension system. The size of investments in the Canadian whole funded pension system was assessed to be 157% of Canada's GDP in 2015.

Outside the OECD area, pension fund investments increased in nominal terms between 2014 and 2015 in 24 non-OECD economies. Albania, Armenia, Ghana, and Pakistan experienced an increase by more than 30% of pension fund investments since December 2014. These investments still represented less than 5% of their GDP of these five economies, as their funded pension systems are not mature yet. The number of plan members grew in these economies, leading to a higher amount of contributions to pension plans and therefore more investments. Pension funds' investments in case of India include the NPS and EPF

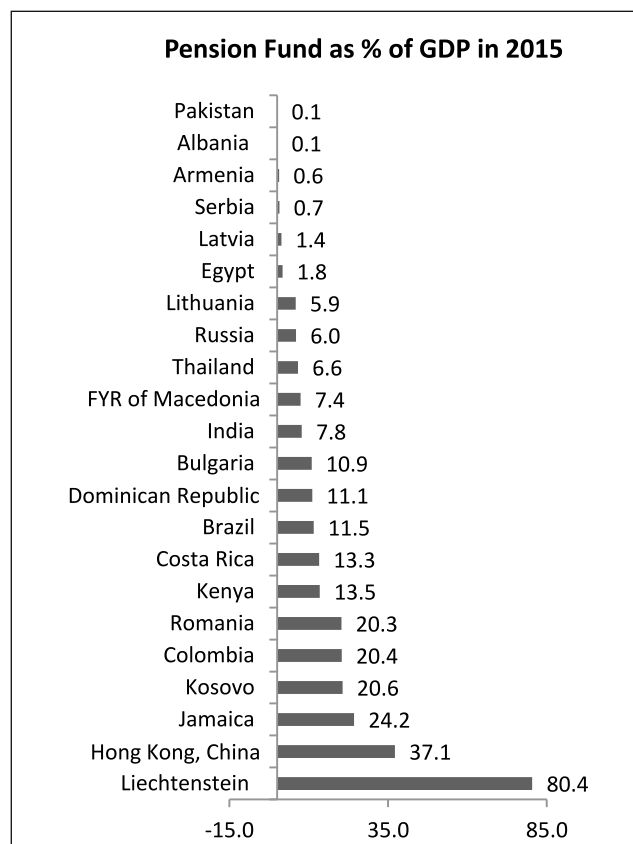
accumulations and account for 7.8 per cent of GDP in 2015.

The aggregated amount of investments of pension funds in the sample of 24 non-OECD economies, including Brazil, India and Russia, remained low compared to the OECD and was worth USD 0.5 trillion in 2015. Pension funds were prominent in the funded pension systems of this selection of non-OECD economies.

**Chart 1.6 a: Total investment of pension fund in selected OECD countries**



**Chart 1.6 b: Total investment of pension fund in selected NON OECD countries**



Source: OECD

For India, include figs of NPS and EPF

### Average returns on pension fund investments

The relative fall of pension fund investments may be explained by low real net investment returns in 2015, coupled with the strengthening of the US dollar vis-à-vis other major currencies.

Real net investment returns were low in 2015, with a weighted OECD average at 0.4% . These low real net returns help explaining the relative fall in OECD pension fund investments. Preliminary real investment rates of return ranged from positive values, peaking at 7.1% in the Netherlands, to negative values, down to - 5.9% for Turkey's personal plans. Twenty-two countries witnessed positive investment rates of return, but lower than 2% for eight of them. Three OECD countries had negative returns in 2015: Poland, Turkey and the United States which dragged the OECD weighted average close to zero.

Outside the OECD area, performance of pension fund investments also varied across economies, from -5.9% in Hong Kong, China to 13.5% in Serbia. The weighted average real investment rate of return in 2015 was lower than in the OECD area. This average was equal to -3.1%, resulting mainly from a performance around or below -3% in jurisdictions with the highest amount of pension fund investments (e.g. Brazil; Colombia; Hong Kong, China; and Russia). The highest returns among OECD and non-OECD economies of this analysis were observed in three non-OECD economies: Serbia (13.5%), Costa Rica (12.7%) and

Pakistan (9.3%).

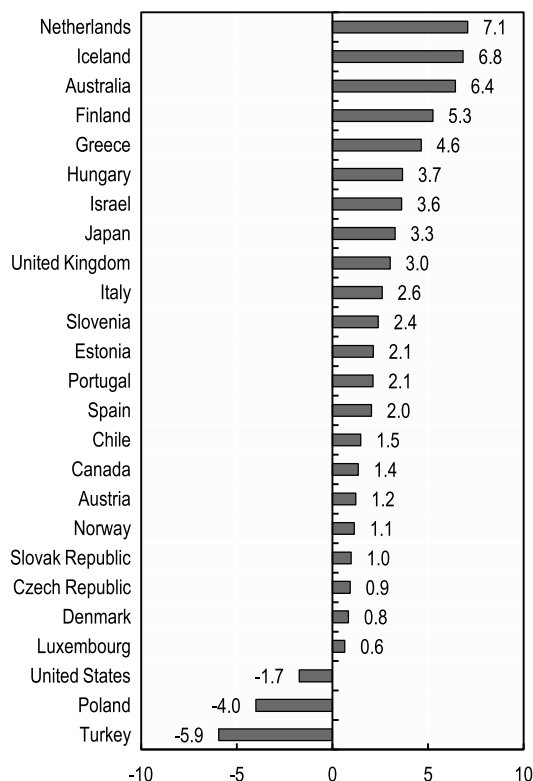
The strengthening of the US dollar vis-à-vis other currencies could also help explain the decrease of the overall pension fund investments expressed in US dollar terms. For example, the US dollar appreciated vis-à-vis the euro and the pound between end-2014 and end-2015.

Pension fund investment returns are adjusted for inflation. In non-OECD economies such as Brazil and Russia, high inflation may account for the low real investment rates of return.

**Developments in stock markets:** The negative preliminary estimates measuring the real rate of return of pension fund investments could be partially explained by negative equity returns in some quarters of 2015 (e.g. in the United States and Hong Kong, China). The S&P 500 and FTSE 100 exhibited lower levels at the end of 2015 compared to 2014. The MSCI Pacific Index slightly increased by 0.4% in end-2015 compared to end- 2014. These developments may be behind the weak performance of pension funds in 2015.

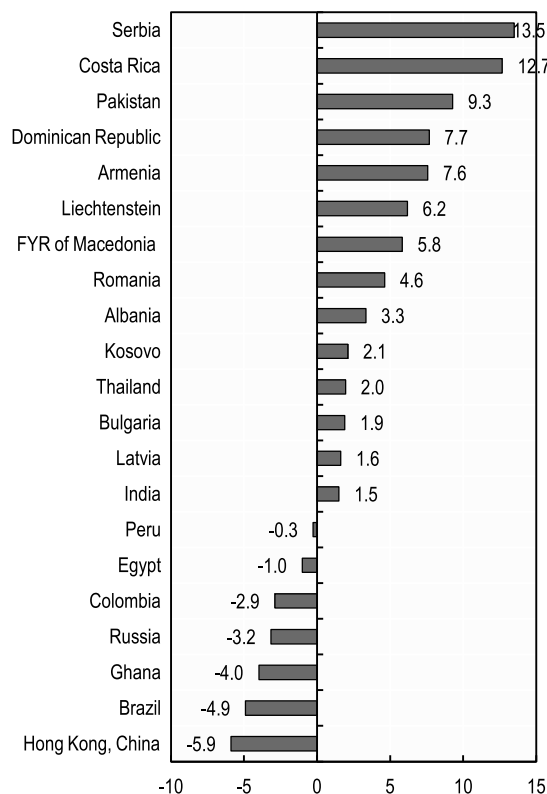
**Allocation to shares:** The weak performance of stock markets may have led to lower investment returns in 2015, especially in Hong Kong, China; Poland and the United States where pension funds respectively invested 61%, 82% and 47% of their portfolios in shares.

**Chart 1.7a Pension funds real net investment rate of return in selected OECD countries**



Source : OECD

**Chart 1.7b Pension funds real net investment rate of return in selected-Non OECD countries**



\*Nominal returns adjusted to average inflation (CPI)

## 1.2.2 NPS and Intermediaries associated with NPS

The Pension Fund Regulatory and Development Authority (PFRDA) were established in 2003 to promote, develop and regulate the pension market in India.

Pursuant to reports of various expert committees to adapt pension systems to fiscal imperatives and demographic trends, India made a conscious move to shift from the defined benefit, unfunded, pay-as-you go public pension system to defined contribution, funded pension system, initially called the New Pension Scheme now renamed as National Pension System (NPS). NPS was made effective from January 1,

2004 initially for Central Government employees other than armed forces. Subsequently, from May 2009, NPS was extended to the private sector including the unorganised sector on voluntary basis. In October 2010 government launched the NPS Lite- Swavalamban Scheme for the under privileged workers in unorganised sector. In May 2015 the Atal Pension Yojana was launched with a minimum guarantee pension and co-contribution by the Government of India (for certain eligible subscribers who join the scheme up to March 31, 2016) focusing primarily on the under privileged workers in unorganised sector.

The NPS is a contributory pension system where the subscriber contributes to the fund over his/her working life and at retirement, draws the corpus so

created to buy an annuity that will provide regular income in retirement. The money contributed by the subscriber (and employer, where applicable) is invested by the pension fund(s) as per the investment guidelines prescribed by PFRDA. As per the PFRDA Act, subscribers have the right to choose the pension funds and investment patterns. The expected risk and return from each fund depends upon the type of investments it holds, which is declared upfront. There are no guaranteed returns or principal protection in the NPS. Subscribers earn market returns on their contribution and the pension drawn depends on the corpus that is available to buy the annuity on retirement.

The pension funds pool the contributions of different subscribers. The money so contributed is invested in a portfolio of securities according to the investment objective of the respective fund and regulatory norms laid down by PFRDA, and managed by fund managers appointed by the PFRDA. The contributions made periodically along with the returns earned accumulate over time in each subscriber's individual account to form the corpus. Larger the contribution, higher the returns earned and longer the period of investments, higher will be the retirement corpus available to the subscriber. The NPS gives the subscriber the flexibility to choose the contribution they want to make (except in the case of government employees where there is a minimum contribution of 10 per cent of salary (basic plus dearness allowance) by the employee and a matching contribution by employer), the period for which they will make the contribution, the way the contribution has to be invested to earn returns, the fund manager who will manage the funds and the facility to track the performance of their funds and switch between funds and fund managers, depending upon their performance.

### Variants of NPS

The National Pension System (NPS) platform offers different models to suit the different segments of users. These include :

- a) The Government model for the Central and State Government Employees
- b) The All Citizens Model as a voluntary

contribution scheme available to all eligible subscribers

- c) The Corporate model for companies wishing to use the NPS platform to provide retirement benefit to its employees
- d) NPS Lite/Swavalamban – a feature optimized low cost model for unorganised sector
- e) The Atal Pension Yojana with minimum guaranteed pension by the government for unorganised sector

The Government of India introduced National Pension System (NPS) based on defined contribution (DC) for the new entrants recruited on or after 01.01.2004 in the Central Government (CG) under various Ministries/Departments (except Armed Forces) vide its Gazette Notification No. 5/7/2003-ECB & PR dt 22.12.2003. Accordingly, the Central Government Ministries & Departments are covered under NPS. NPS is not mandatory for the state governments. However, the state governments also realized the benefits of NPS and at present, all states barring West Bengal and Tripura have notified adoption of National Pension System. Tamil Nadu has also notified NPS but is yet to adopt its architecture. The employees of Central Autonomous organizations and the Autonomous organizations of the respective State Government/UTs are also eligible to join NPS.

Presently under the NPS – Government sector, there is a three layered architecture working as nodal offices. Under Central Government -

- The Principal Accounts Officer
- Pay & Accounts Officer

Drawing & Disbursing Officer form the three levels of control for NPS related functions.

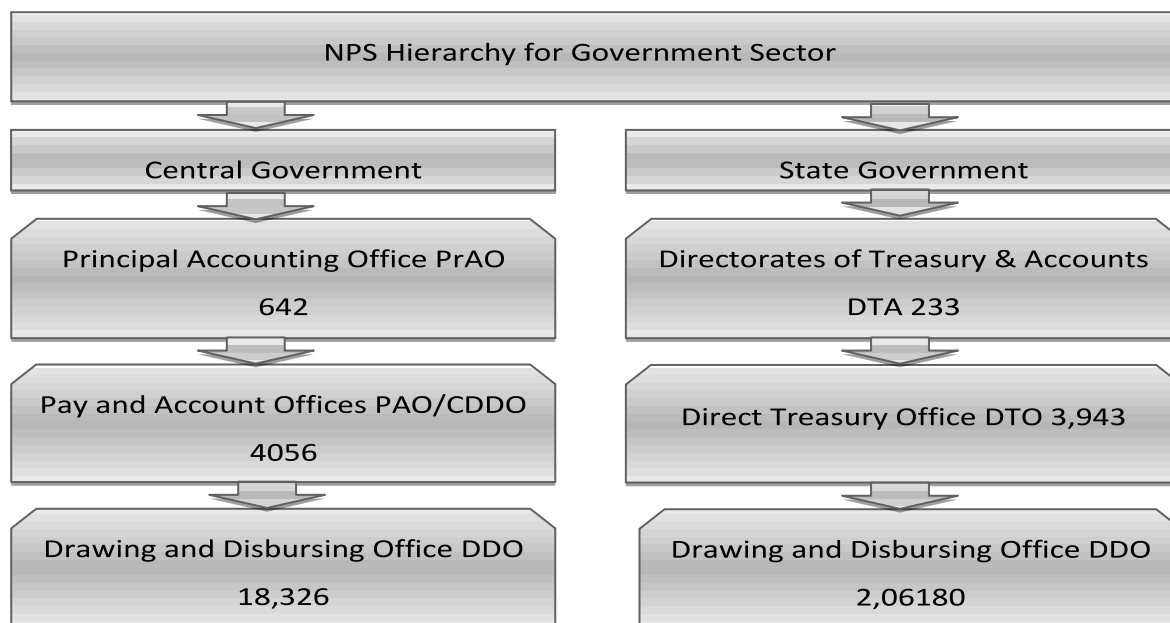
Under State Government -

- The Directorate of Treasury & Accounts,
- District Treasury Officer
- Drawing & Disbursing Officer are responsible for NPS related functions in State Government sector.

These nodal offices are responsible for NPS related functions in State Government sector.

**Chart 1.8: NPS Hierarchy for Government Sector**

(as on 31.03.2016)



As on 31.03.2016, there are 642 PrAOs in CG sector and 233 DTAs in SG sector registered under NPS architecture. Similarly, there are 4056 PAOs and 18,326 DDOs in CG sector under 642 PrAOs. The number of DTOs and DDOs under various directorates in SG sector is on a higher side. There are 3943 DTOs and 206,180 DDOs in SG sector.

- NPS architecture which is unbundled has been designed in order to provide seamless service to a huge number of nodal offices involved in catering to government subscriber base of 45.82 lakhs. For the purpose of operating the CRA system, Nodal offices and Subscribers need to get registered in the CRA system. Upon registration, the entities are allotted with unique Registration Numbers, Usernames and passwords, which is used for accessing and operating the NPSCAN/CRA system. After registration of the nodal offices, the subscribers can submit Subscriber Registration forms for generation of Permanent Retirement Account Numbers (PRANs). A subscriber will submit the form to his concerned DDO. DDO verifies the form and forward it to the PAO for onward submission to Central Recordkeeping Agency - Facilitation Centre (CRA-FC). CRA -FC

scrutinizes the form and PRAN is generated.

Following models of contributions upload are available to the nodal offices:

- Centralized
- De-centralized
- Quasi-Centralized

In both Central Government and State Governments, DDOs are responsible for drawing of salary bills & NPS bills as per their accounting system. After drawing, salary bills are forwarded to the PAO/ DTO. PAO/DTO prepare Subscribers Contribution File (SCF) and upload it to NPSCAN system using the user id and I-Pin allotted by CRA. After this, the PAO/ DTO remits the funds to the Trustee Bank with the required information (PAO Registration number and Transaction id). The role of the Principal Accounts Officer (PrAO) in CG sector and the Directorate of Treasuries & Accounts (DTA) in SG sector is supervisory in nature and they are responsible for effective NPS implementation in the concerned offices.

Every month 10% of salary (basic +DA) are contributed by the employee and an equivalent sum by the government. Under the Government model the

contribution is invested as per the investment guidelines issued by PFRDA wherein a maximum of 15% of the contribution can be invested in shares or equity-oriented investments and the rest in fixed income securities comprising of government securities and corporate bonds/debenture. The government pays the cost related to opening and maintenance of Tier I account of their employees.

b) The All Citizens Model of the NPS is available to all citizens of India, whether resident or non-resident, subject to the conditions that applicant should be between 18 – 60 years of age as on the date of submission of his/her application to the POP/ POP-SP and also the applicant should comply with the Know Your Customer (KYC) norms as detailed in the Subscriber Registration Form. All the documents required for KYC compliance need to be mandatorily submitted.

The subscriber signs on directly for this model and makes periodic voluntary contributions. The subscriber decides how the funds contributed will be invested in debt and equity investments offered by the NPS, with a cap of 50% on equity investments. The charges associated with opening and maintaining the retirement account are paid by the subscriber.

c) Companies can extend the benefit of NPS to their employees. The advantage to the company is that they can provide retirement benefits to their employees using the established NPS architecture instead of taking on the responsibility of setting up and managing trusts, investing the funds and providing annuity. The contribution to the retirement account may be made by the employer alone, employee alone or the employer and employee in any decided proportion. Subscribers get tax benefit under section 80CCD (1) for contribution up to 10% of basic +DA up to an overall limit of Rs.1, 50,000 under Section 80CCE. An additional tax deduction on investment upto Rs. 50000/- is available under Sec. 80CCD (1B) which is exclusively available for NPS. Additionally, any contribution made by the employer up to the limit of 10% of Basic + DA is also eligible for tax deduction under section 80CCD (2) of the Income Tax Act, 1961 without any monetary limit. This is over and above the

deduction available under section 80CCE. The employer contribution is however first added to the salary. Employers generally give the NPS contribution to their employees by reorganizing the salary structure. The choice of fund manager and investment option can be made either at employer level or the employer may give that choice to the employees. The periodic contributions of the employees and the employer can either be directly uploaded by the corporate on NPS or routed through the Point of Presence (PoP) with which the company has tied up to provide the service.

The NPS allows the flexibility to the subscriber to transfer the retirement account across locations and between sectors. The subscriber can move the account between employers if the subscriber changes employment from the State to Central or vice versa, or to the Corporate Sector or to the All Citizens model, as the case may be.

d) Fresh registration under NPS Lite/Swavalamban has been discontinued w.e.f April 1, 2015. The subscribers of Swavalamban/NPS Lite who are in the age group of 18-40 years have been given option to migrate to new Atal Pension Yojana launched by the GoI in May 2015 which provide minimum guaranteed pension and is focused towards the poor and the under-privileged citizen of India. NPS Lite/Swavalamban subscribers who are above 40 years of age and thus cannot migrate to APY can continue in the Swavalamban scheme till they attain the age of 60 years. If they wish, they can also exit from the scheme.

e) Atal Pension Yojana provides a minimum defined pension after 60 years of age. Under the APY, the subscribers would receive the minimum guaranteed pension of Rs. 1000 per month, Rs. 2000 per month, Rs. 3000 per month, Rs. 4000 per month, Rs. 5000 per month, at the age of 60 years, depending on their contributions, which itself would be based on the age of joining the APY. The minimum age of joining APY is 18 years and maximum age is 40 years. Therefore, minimum period of contribution by any subscriber under APY would be 20 years or more.

The Scheme operates through all Bank Branches /Post Offices having CBS platform registered with Central



Recordkeeping Agency (CRA).

Subscribers' joining at 18 years of age have to contribute Rs 42 on monthly basis to get a minimum guaranteed monthly pension of Rs 1000. The contribution amount increases with increase of age of the subscriber and intended pension. Monthly, Quarterly and Half Yearly mode of contribution is available for subscribers.

The contribution is payable by auto debit facility from the Subscribers savings bank account. Deduction under Income Tax Act under section 80 CCD (as applicable under NPS) is available for the contribution made by subscriber under APY.

Persons who are not covered by any Statutory Social Security Schemes and are not income tax payers and who joined APY upto March 31, 2016, will receive Government of India co-contribution i.e. 50% of the total contribution or Rs. 1000 per annum, whichever is lower for a period of 5 years i.e till 2019-20.

State Governments of Himachal Pradesh, Andhra Pradesh and Gujarat have notified APY for their various category of unorganized workers. PFRDA has engaged with many Departments like Finance, Health/Family Welfare, Women/Child Development, Labour rural development etc. both at the Central and State Government level for considering their underlying occupational groups to give APY.

### **Implementation of APY across the country**

Conferences, workshops and training programmes are being organized with Banks/Service Providers and other stake holder such as DFS, CRA, State Govt representatives with a view to share their experience of implementation of APY across the country. It was felt by the participants that the scheme requires wide spread awareness creation among the prospective subscribers across the country. All the functionaries namely banks involved in subscriber registration and servicing State Govt Depts. involved in the implementation of welfare schemes such as ASHA, Anganwadi, MGNREGS, construction laborer agriculture laborer etc should on regular basis create awareness about the scheme among the potential

subscribers through different mode of communication in English, Hindi and Vernacular languages there should also be adequate thinking/capacity building of banking personnel involved in the subscriber registration and servicing towards this end. Activities undertaken by PFRDA during the year 2015-16 are as under:

- All Banks of Public Sector, Private Sector, RRBs, Co-operative Banks both in urban and rural areas which are under CBS platform were asked to register with Central Recordkeeping Agency, NSDL (CRA-NSDL).
- Several meetings were conducted with Banks, IBA and other entities to conceptualise APY module for ease of the enrolments and record maintenance under the compatible CBS environment.
- Handholding by other financial regulators like NABARD to the DCCBs for development of APY module.
- Structuring of the guidelines & related forms.
- Training support by PFRDA through empanelment of Training Agencies for training of 1.5 lac bankers across the country.
- Review cum strategy meetings were conducted in the different regions of the country with the Banks to enhance the performance.
- Weekly video conference meetings were organised by DFS for review of the performance. Sporadically mega campaigns were organised by the banks.
- Support through awareness creation by the means of advertisements and supply of marketing material to the service providers.
- State Governments of Himachal Pradesh, Andhra Pradesh and Gujarat has notified APY for their various category of unorganised workers. PFRDA has engaged the with many State Govt Departments like Finance, Health/Family Welfare, Women/Child Development, Labour for considering their

Assets under Management (AUM) of National

Pension System (NPS) crossed Rs. 1 lac crore and stood at Rs. 118,810 crore as end of March 2016 from Rs. 80,855 crore as end of March 2015. AUM of APY stood at Rs. 506 crore as end of March 2016.

	Mar-14	Mar-15	Mar-16	Increase March 15 over March 14	Increase March 16 over March 15	% growth March 15 over March 14	% growth March 16 over March 15
No. of subscribers (lakh)	65.06	87.49	122.35	22.43	34.63	34.48	39.85
Contribution (Rs. cr)	42,325	63,838	95,849	21,513	32,010	50.83	50.14
AUM (Rs. cr)	48,105	80,855	1,18,810	32,750	37,955	68.08	46.94

(POP), Central Recordkeeping Agency (CRA), Trustee Bank, Pension Fund Managers (PFMs), NPS Trust, Custodian and Annuity Service Providers.

The NPS architecture consists of Points of Presence

```

graph TD
    Study[Study] --> DataCollection[Data Collection]
    Study --> DataAnalysis[Data Analysis]
    DataCollection --> Survey[Survey]
    DataCollection --> Interview[Interview]
    Survey --> Questionnaire[Questionnaire]
    Survey --> FocusGroup[Focus Group]
    Interview --> InDepthInterview[In-depth Interview]
    Interview --> GroupInterview[Group Interview]
    DataAnalysis --> ContentAnalysis[Content Analysis]
    DataAnalysis --> ThematicAnalysis[Thematic Analysis]
    ContentAnalysis --> QualitativeContentAnalysis[Qualitative Content Analysis]
    ContentAnalysis --> QuantitativeContentAnalysis[Quantitative Content Analysis]
    ThematicAnalysis --> QualitativeThematicAnalysis[Qualitative Thematic Analysis]
    ThematicAnalysis --> QuantitativeThematicAnalysis[Quantitative Thematic Analysis]
  
```

Legend: Solid line = Data Collection, Dashed line = Data Analysis

## Points of Presence (PoPs)

Points of Presence are banks and non-banking financial companies registered with PFRDA for registration and servicing of the subscribers to the NPS. A PoP is the first point of interaction between the subscriber and the NPS. The registered PoPs have authorized branches to act as collection points and extend services to customers, called POP-Service providers (PoP-SP). The functions of the PoP include:

- Subscribers Registration
- Processing subscriber contributions
- Change in personal details
- Change in investment scheme/fund manager
- Processing subscriber shifting from one model to the other
- Issuing printed account statement
- Processing of withdrawal/ exit request on superannuation

## Central Record-keeping Agency (CRA)

The CRA is the core infrastructure of the NPS. NSDL e-Governance Infrastructure Ltd. has been designated the CRA for the NPS. The main functions include:

- Maintaining subscriber records, administration and customer service functions.
- Issuing Permanent Retirement Account Number (PRAN) for each subscriber, maintaining the database of all PRANs and recording transactions relating to each PRAN.
- Acting as the interface between the various intermediaries of the NPS system. This includes monitoring contributions by each member and instructions and communication of the same to the pension funds. They will also periodically send PRAN statement to each member.
- Providing a centralized grievance management system
- Providing timely fund transfer to fund managers, measure fund performance using NAVs declared by the fund managers
- Co-ordinate instructions with the trustee bank for

remitting withdrawal funds to subscriber's account and to annuity service provider for the annuity scheme

**CRA- Facilitation Centres (CRA-FC)** are entities appointed by the CRA to provide various services to PoPs. CRA-FCs typically have multiple branches around the country. The services offered by CRA-FC include:

- Acceptance of application for allotment of new PRAN
- Acceptance of subscriber request for change in signature or change in photograph.

## Trustee Bank

The trustee bank handles the funds side of the transactions between various entities. Axis Bank Ltd is the designated bank to facilitate fund transfers across subscribers, fund managers and the annuity service providers based on the instructions received from the CRA. The trustee bank receives funds from the nodal offices across sectors and reconciles it with the subscriber contribution file. The trustee bank holds the funds in the name of the NPS Trust and the subscribers are the beneficial owners.

## Pension Fund Managers (PFM)

These are professional pension fund managers appointed to invest the corpus in a portfolio of securities and manage them. Currently the pension fund managers for the All Citizens Model are -ICICI Prudential Pension Funds Management Company Ltd., LIC Pension Fund Ltd, Kotak Mahindra Pension Fund Ltd., Reliance Capital Pension Fund Ltd., SBI Pension Fund Pvt. Ltd., UTI Retirement Solutions Ltd, and HDFC Pension Management Co Ltd.,. The functions include:

- Investing the contributions as per the mandate
- Constructing the scheme portfolio
- Maintenance of books and records, reporting to authorities and making disclosures

The pension funds are registered after their sponsors meet eligibility requirements laid down in the PFRDA (Pension Fund) Regulations, 2015, such as fund

management experience of at least five years in equity and debt markets, engaged in financial business activity and regulated by regulators such as SEBI, IRDAI and others, tangible net worth of at least Rs.25 crores for each of the preceding five years and profit after tax in three of the five years, among others.

### **NPS Trust**

A trust set up under the Indian Trusts Act, into which the contribution of subscribers is pooled and held in their beneficial interest. The trust has the fiduciary responsibility for taking care of the funds and protecting the subscriber interests. The NPS trust monitors and supervises the functioning of the Pension Fund Managers and interacts with other intermediaries like the Central Record Keeping Agency (CRA), Trustee Bank, Custodians and other entities towards their functions of servicing the subscribers.

### **Annuity Service Providers**

Annuity Service Providers (ASPs) are appointed by the PFRDA to provide the annuity to the subscribers through their various schemes. Investors can choose any ASP from which to buy the annuity and the ASP will provide the monthly pension to the subscriber for the rest of their lives. The ASPs that have been appointed are Life Insurance Corporation of India, HDFC Life Insurance Co. Ltd, ICICI Prudential Life Insurance Co. Ltd., SBI Life Insurance Co. Ltd., Star Union Dai-ichi Life Insurance Co. Ltd. They are entities regulated by IRDAI.

### **Custodian**

The custodian handles the security side of the transactions. The securities bought for the NPS trust are held by the custodian, who also facilitates securities transactions by making and accepting delivery of securities. The PFRDA has appointed the Stock Holding Corporation of India Ltd as the custodian. The functions include:

- Maintaining details of securities held
- Collecting the benefits like dividend, rights, bonus etc. on securities

- Informing about the actions of the issuers of securities held that may impact the benefits.

### **1.2.3 Policies and programmes having a bearing on the working of the National Pension System and other pension schemes covered under the Act**

Under the provisions of the Income-tax Act, tax treatment for the National Pension System (NPS) referred to in section 80CCD was Exempt, Exempt and Tax (EET) i.e., the monthly/periodic contributions during the pension accumulation phase are allowed as deduction from income for tax purposes; the returns generated on these contributions during the accumulation phase are also exempt from tax; however, the terminal benefits on exit or superannuation, in the form of lump sum withdrawals, were taxable in the hands of the individual subscriber or his nominee in the year of receipt of such amounts.

Through the Finance Act 2016 the Income Tax Act has been amended to the effect that any payment from National Pension System Trust to an employee on account of closure or his opting out of the pension scheme referred to in Section 80CCD, to the extent it does not exceed forty percent of the total amount payable to him at the time of closure or his opting out of the scheme, shall be exempt from tax. However, the whole amount received by the nominee, on death of the assessee shall be exempt from tax.

Also, the lump sum received by nominees in the event of the death of the annuity holder will be tax-free in their hands. The services of life insurance business provided by way of annuity under the National Pension System (NPS) regulated by Pension Fund Regulatory and Development Authority (PFRDA) of India has been exempted from service tax.

Further with a view to bring all the pension plans under one umbrella, it is also provided to exempt one-time portability from a recognized provident fund and superannuation fund to National Pension System

With the implementation of the above proposals from

the Financial Year 2016-17 and the tax benefits available under NPS as elaborated below, NPS has become very attractive for the subscribers. For corporates also, NPS now provides seamless facility to the subscribers of Superannuation Scheme and Provident Fund scheme to shift to NPS without any tax implication.

The announcement of additional tax benefit available under Sec 80CCD (1B) of IT Act for investment up to Rs. 50,000/- for contribution to NPS as announced in Union Budget 2015-16 has become beneficial to the subscribers. This is an exclusive tax benefit which can be availed of by any individual by opening NPS account and making contribution to NPS. Subscribers covered under NPS can also avail this benefit in addition to the tax benefit available under Sec. 80CCD (1). This deduction can also be availed of by employees covered under the defined benefit pension scheme by opening NPS account and contributing up to Rs. 50,000/- to it on their own. Further, the subscriber mandatorily covered under NPS can avail tax benefit on employers' contribution to NPS in addition to the above tax benefit under section 80CCD (2).

While salaried class and people from organized sector are incentivized to contribute to conventional pension

funds through the taxation system, for the workers in the informal sector this kind of incentive is largely not relevant as low paid workers are not subject to taxation and do not pay tax.

Pensions usually involve some form of incentive structure, as savings are required to be made and not withdrawn over the long-term. This means that there is some liquidity premium to be paid in order to encourage them to tie up their savings for several decades. In the informal sector, with lower and more irregular incomes, the liquidity premium required is likely to be higher. In such circumstance, any initiative to increase coverage is likely to require governments to play an active role. Towards this, matching contribution was tried by the government in the Swavalamban scheme. However, due to lack of guaranteed return the Swavalamban scheme had lukewarm response from the subscribers. In order to provide some assurance about the return on their contribution to pension funds, Government launched a minimum guaranteed pension scheme namely Atal Pension Yojana on May 9, 2015 which became operational from June 1, 2015. APY is focused towards the poor and the under-privileged citizen of India; it provides a minimum defined pension after 60 years of age.

### Part- II

#### Investment of Funds under NPS

##### 2.1 Pension Funds (PFs)

Pension Fund refers to intermediary which has been granted a Certificate of Registration under sub-section (3) of section 27 of PFRDA Act 2013, by the Authority as a Pension Fund for receiving contributions, accumulating them and making payments to the subscriber in the manner as may be specified by regulations.

###### 2.1.1 Functions

The Pension Fund functions in accordance with the terms of its Certificate of Registration and the Regulations and guidelines issued by Authority from time to time. Pension Funds are mandated to invest and manage the pension assets of the subscribers covered under NPS and the APY which is inclusive of but not confined to the following:

- a. Professional investment of contributions as per investment guidelines prescribed by the Authority in the best interest of subscribers.
- b. Scheme portfolio construction as per laid out schemes by the Authority.
- c. Maintains books and records of its operations.
- d. Reporting to the Authority/NPST at periodical interval.
- e. Public disclosure.

###### 2.1.2 List of Pension Funds (PFs)

During the FY 2015-16, three Pension Funds have been managing the investments of the Govt. employees mandatorily covered under the NPS and seven Pension Funds have been managing the assets of rest of the subscribers under the NPS. The details are as under:

###### A. Pension Funds (PFs) for Government Sector

- i) LIC Pension Fund Limited
- ii) SBI Pension Funds Pvt. Ltd
- iii) UTI Retirement Solutions Ltd

The Pension Funds are engaged on competitive

bidding basis and the investment management fee charged by Pension Funds for managing the Govt. employees NPS portfolio is presently 0.0102 per cent per annum of the assets under management.

###### B. Pension Funds (PFs) for Private Sector

- i) HDFC Pension Management Co. Ltd.
- ii) ICICI Prudential Pension Fund Management Co. Ltd.
- iii) Kotak Mahindra Pension Fund Ltd.
- iv) LIC Pension Fund Ltd.
- v) Reliance Capital Pension Fund Ltd.
- vi) SBI Pension Funds Pvt. Ltd
- vii) UTI Retirement Solutions Pvt. Ltd

Birla Sun Life Pension Management Limited has also been issued Certificate of Registration but it is yet to commence the business.

The Investment management fee charged by Pension funds for the non-govt. sector portfolio is 0.01 per cent per annum of the assets under management.

##### 2.2 Type of Account

Under NPS following two types of accounts are available:

**Tier-I account:** Under Tier-I account the subscriber contributes his savings for retirement/ pension into this partially-withdrawable account. Premature withdrawals are allowed subject to certain conditions.

**Tier-II account:** This is a voluntary savings facility. Where the subscriber is free to withdraw the savings from this account whenever he/she wishes.

##### 2.3 Schemes

Presently the following Scheme(s) under National Pension System managed by the Pension Funds are operative:

###### A. Schemes applicable to Government Employees

Central Government Scheme (available for Central

Govt. employees and employees of Central Autonomous Bodies).

State Government Scheme (available for State Govt. employees and employees of State Autonomous bodies).

## B. Schemes applicable to Individuals & Corporates

1. NPS-Lite Scheme (for Un-organised sector)
2. Corporate CG Scheme
3. Scheme - E (Tier-I & Tier-II)
4. Scheme - C (Tier-I & Tier-II)
5. Scheme - G (Tier-I & Tier-II)

C. Beside the above Schemes under the NPS, PFRDA also administers and regulates the Atal Pension

Yojana.

## 2.4 Regulations Notification

During the FY-2015-16, following Regulations were notified under PFRDA Act 2013.

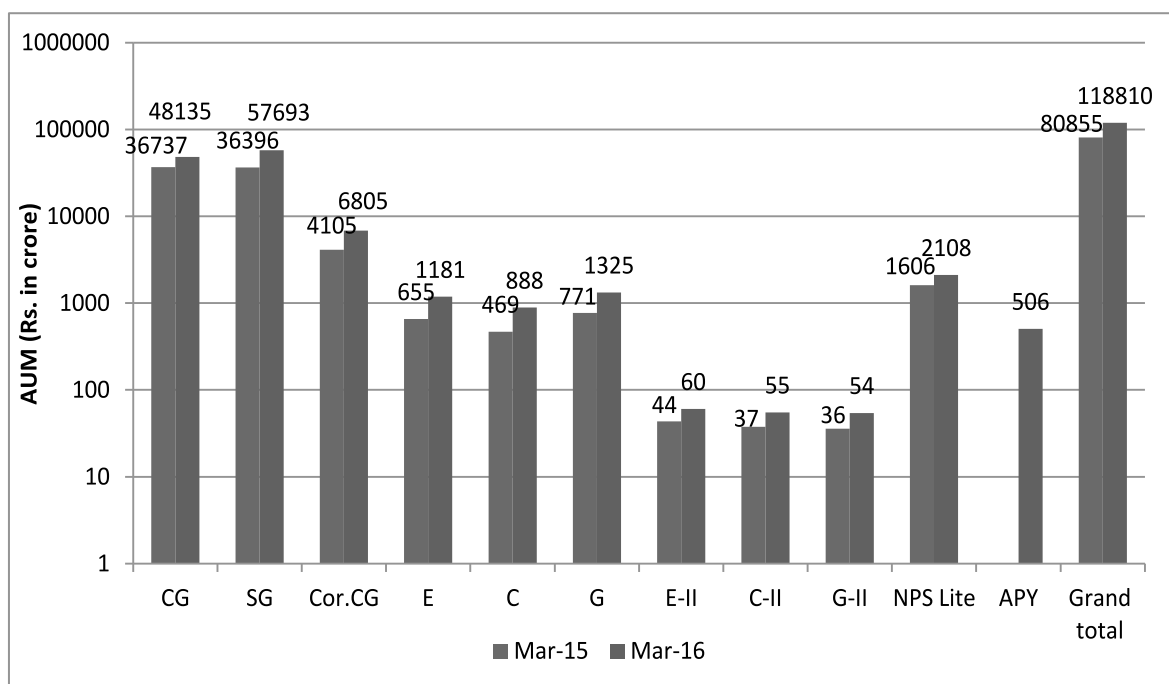
Pension Fund Regulatory and Development Authority (Pension Fund) Regulations 2015 were notified w.e.f 19.05.2015. The objective of the Regulations is to standardize the framework for monitoring, supervision and internal control for Pension Funds to enable them to establish high standards for internal control and operational conduct, with the aim of protecting the subscribers and ensuring proper management of risk.

**Table 2.1: Details of Asset under Management**

(Rupees in Crore)

Scheme	Mar 2015	Mar 2016	% Growth
CG	36737	48135	31.03
SG	36396	57693	58.51
<b>Subtotal</b>	<b>73133</b>	<b>105827</b>	<b>44.71</b>
Cor.CG	4105	6805	65.77
E	655	1181	80.51
C	469	888	89.39
G	771	1325	71.76
E-II	44	60	38.81
C-II	37	55	47.01
G-II	36	54	52.33
<b>Subtotal</b>	<b>7722</b>	<b>12983</b>	<b>68.13</b>
NPS Lite	1606	2108	31.25
APY	0	506	-
<b>Grand total</b>	<b>80855</b>	<b>118810</b>	<b>46.94</b>

Chart 2.1: Scheme wise Assets under Management (log scale)



## 2.5 Exposure of National Pension System and other pension schemes portfolios to different categories of investments

The maximum prescribed exposure limit, as per

the investment guideline of PFRDA, the portfolio under CG, SG, Corporate CG and NPS Lite APY scheme in various investment instruments have been provided in Table 2.2.

Table 2.2: Maximum exposure to various investment instruments

Category	Investment Pattern	Percentage amount to be invested
(i)	Government Securities and Related Investments	Upto 50
(ii)	Debt Instruments and Related Investments	Upto 45
(iii)	Short-term Debt Instruments and Related Investments	Upto 5
(iv)	Equities and Related Investments	Upto 15
(v)	Asset Backed, Trust Structured and Miscellaneous Investment	Upto 5



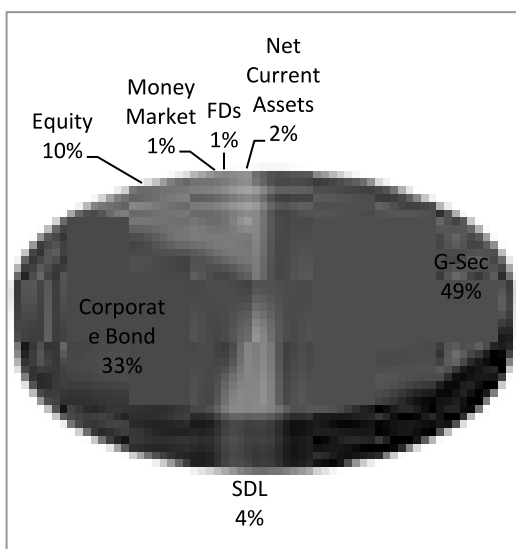
For schemes for Pvt. Sector subscribers i.e. Scheme E – I & II, Scheme C – I & II and Scheme G – I & II, the ceiling of exposure in Asset Class E (Equity), C (Corporate Debt) & G (Government Securities) is 50 per cent, 100 per cent and 100 per cent, respectively.

As against the investment guidelines issued by PFRDA, the actual exposure as on March 31, 2016 and March 31, 2015 in different financial instruments under different schemes has been provided in Table 2.3.

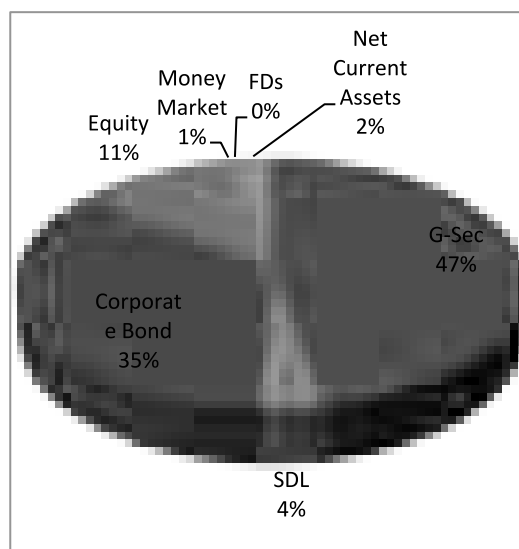
**Table 2.3: Exposure of NPS in various instruments**

Security Type	31-Mar-15		31-Mar-16	
	Amount (Rs. Cr)	% of investment	Amount (Rs. Cr)	% of investment
G-Sec	39651	49.04	55767	46.94
SDL ( State Development Loan )	2876	3.56	4418	3.72
Corporate Bond	27092	33.51	41931	35.29
Equity	8247	10.2	12656	10.65
Money Market	433	0.54	1056	0.89
FDs	597	0.74	31	0.03
Cash & Net Current Assets	1959	2.42	2951	2.48
<b>Total AUM</b>	<b>80855</b>	<b>100.00</b>	<b>118810</b>	<b>100.00</b>

**Chart 2.2a: % exposure of NPS in various instruments on March 31, 2015**



**Chart 2.2b: % exposure of NPS in various instruments on March 31, 2016**



- Percentage exposure to Govt. Securities has declined from 49.04 per cent as end of March 2015 to 46.95 per cent as end of March 2016.
- However, percentage exposure to SDL has marginally increased from 3.56 per cent as end of March 2015 to 3.72 per cent as end of March 2016.
- Percentage exposure to Corporate Bonds which includes PSU/PFI bonds, Infra Bonds and FD (>1 year) has increased from 33.51 per cent to 35.29 per cent during the FY 2015-16.
- Exposure to equity market which includes exposure to equity and equity Mutual Funds has increased from 10.2 per cent to 10.65 per cent as at the end of March 2016.
- Exposure to money market which includes money market mutual funds has marginally increased from 0.54 per cent as end of March 2015 to 0.89 per cent as end of March 2016. On the other hand exposure to FDs has declined from 0.74 per cent as end of March 2015 to 0.03 per cent as end of March 2016.

- Exposure to Cash and Net Current Assets have also increased from 2.42 per cent to 2.48 per cent during the FY 2015-16.

### 2.6 Detail of Pension Fund wise vis-a-vis scheme-wise Asset under Management

LIC Pension Fund Ltd., SBI Pension Funds Pvt. Ltd. and UTI Retirement Solution Pvt. Ltd. manage the funds of Government and APY subscribers. The funds of government and APY subscribers are distributed among the three fund managers in the proportion as decided by PFRDA. Funds of NPS Lite subscribers are managed by the above funds as well as by Kotak Mahindra Pension Fund Ltd. However, funds of Corporate CG are managed only by SBI Pension Funds Pvt. Ltd and LIC Pension Fund Ltd.

Funds of private sector subscribers are invested in Scheme E – I & II, Scheme C – I & II and Scheme G – I & II. Funds are invested in these schemes according to the choice of subscribers by their chosen Pension Fund subject to ceiling of 50 per cent of the fund in Equity.

**Table 2.4: The funds invested by various Pension Funds in different schemes**

(Rs. in crore)

Name of Pension Fund/ SCHEMES	Scheme-CG	Scheme-SG	Scheme-E-I	Scheme-C-I	Scheme-I	Scheme-E-II	Scheme-C-II	Scheme-G-II	Scheme-NPS Lite	Scheme-Corp. CG	APY	Grand Total
SBI Pension Funds PVT.LTD	17,461.2	19,574.3	539.8	419.9	773.1	23.9	21.8	23.9	874.4	6,133.7	172.7	46,018.8
LIC Pension Fund Ltd.	14,704.3	19,111.9	104.9	71.4	71.2	0.9	0.8	1.1	607.0	671.3	166.9	35,511.9
UTI Retirement Solution Ltd	15,969.3	19,006.3	60.00	42.2	62.8	6.0	4.6	5.1	595.2		166.8	35,918.3
ICICI Pru. Pension Fund Mgmt Co. Ltd.			248.1	187.9	212.3	18.0	19.6	15.3				701.1
Kotak Mahindra Pension Fund Ltd.			45.2	37.8	49.0	3.8	2.8	3.2	30.9			172.7
Reliance Capital Pension Fund Ltd.			35.7	27.2	38.1	4.6	2.3	3.4				111.2
HDFC Pension Management Co. Ltd.			147.8	101.3	118.4	3.1	3.2	2.4				376.2
Total	48,134.8	57,692.6	1,181.5	887.8	1,324.8	60.4	55.1	54.4	2,107.6	6,805.1	506.3	1,18,810.3

## Part- III Statutory functions of the Authority

### 3.1 Registration of intermediaries and suspension, cancellation, etc., of such registration; and regulation of activities of the intermediaries associated with the National Pension System or the pension schemes

Section 14 of the PFRDA Act, 2013 lays down the duties, powers and functions of the Authority to regulate, promote and ensure orderly growth of the National Pension System and pension schemes, and to protect the interests of subscribers of such system and schemes.

The National Pension System and any other Pension Scheme not regulated by any other enactment are operationalized by PFRDA through large number of entities such as **Pay & Accounts offices / Treasury Offices** at the Central and State government which are responsible for the registration and upload of the periodic NPS subscription of the Government employees on the NPSCAN, the **Point of Presence (PoPs)** which are banks, non-banking financial companies (NBFC), micro finance institutions (MFI) etc. which assist in the registration and upload of NPS subscription for the corporates, private sector and unorganised sector employers, the **aggregators** which help in the last-mile reach to the potential subscribers particularly in the informal sector, the **Central Record Keeping Agency (CRA)**, which is responsible for the recordkeeping of individual pension accounts called PRAN of the subscribers and acts as a coordinator for the NPS architecture, **Trustee Bank**, responsible for the day-to-day flow of funds and banking facilities, the **Pension Funds (PFs)**, mandated to invest and manage the pension assets of the subscribers covered under NPS as per the investment guidelines prescribed by PFRDA and annuity service providers (**ASPs**), empanelled with PFRDA to provide a monthly annuity pension to the subscriber.

As on March 31, 2016 there are 4056 Pay & Account

Offices and 233 Treasury & Account Offices, 55 PoPs, 14 Aggregators, one Central Recordkeeping Agency, one Trustee Bank, seven Pension Funds and five Annuity Service Providers.

During the year 2015-16, the regulations with respect to intermediaries like CRA, Pension Fund and Custodian of securities were notified.

- i) Pension Fund Regulatory and Development Authority (Central Recordkeeping Agency) Regulations, 2015
- ii) Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015
- iii) Pension Fund Regulatory and Development Authority (Custodian of Securities) Regulations, 2015.

These regulations prescribed for the eligibility criteria for the registration and selection of the entities - CRA, PF, Custodian etc., their functions, roles and responsibilities, provision for their operations, compliance with regulations and the penalties in case of default by them.

According to Section 27 of the PFRDA Act, 2013, no intermediary, to the extent regulated under this Act, shall commence any activity relating to a pension fund unless Certificate of Registration is granted by the Authority in accordance with the Act.

Based on a few complaints/representation it came to the notice of PFRDA that some persons/entities which are not registered with PFRDA were soliciting subscription under NPS Lite/Swavalamban, PFRDA issued public notice advising to desist and refrain from operating under NPS Lite/Swavalamban.

The PFRDA (Central Recordkeeping Agency) Regulations, 2015, have been notified on April 27, 2015. The objective of the Pension Fund Regulatory and Development Authority (Central Recordkeeping Agency) Regulations, 2015 is to set standards for the eligibility, governance, organization and operational

conduct of the entity who wish to function as Central Recordkeeping Agency. Regulations would ensure an effective and credible use of inspection, investigation, surveillance and enforcement powers and implementation of an efficient compliance program in tune with the spirit of PFRDA Act.

Entity registered as Central Recordkeeping Agency through this regulation is required to establish an internal system that delivers compliance with standards for internal organization and operational conduct, with the aim of protecting the interests of NPS subscribers and their assets.

**NSDL e-Governance Infrastructure Ltd**, was appointed by PFRDA, as the Central Recordkeeping Agency and an agreement was executed on November 26, 2007. After notification of the PFRDA (Central Recordkeeping Agency) Regulations, 2015 with effect from April 27, 2015, NSDL e-Governance Infrastructure Ltd was issued certificate of registration to work as Central Recordkeeping Agency effective from December 18, 2015 for the remaining period of the original contract dated November 26, 2007 effective from December 01, 2007 for 10 years.

**Axis Bank Ltd.** was selected Trustee Bank under NPS through an open bidding process with effect from July 1, 2015 for a period of 5 years, as per the terms of the PFRDA (Trustee Bank) Regulations, 2015.

Pension Fund Regulatory and Development Authority (Pension Fund) Regulations 2015 have been notified on May 19, 2015. The objective of the Regulations is to standardize the framework for monitoring, supervision and internal control for Pension Funds to enable them to establish high standards for internal control and operational conduct, with the aim of protecting the subscribers and ensuring proper management of risk.

Pension Fund Regulatory and Development Authority (Custodian of Securities) Regulations 2015 have been notified on May 14, 2015. The objective of the Regulations is to standardize the framework for monitoring, supervision and internal control for Custodian of Securities to enable them to establish high standards for internal control and operational conduct, with the aim of protecting the NPS assets and ensuring proper management of risk.

Prior to enactment of the PFRDA Act and notification of the POP Regulations, 64 PoPs were registered with PFRDA. As per the Regulations, 61 PoPs have applied for re-registration and 22 fresh applications for registration have been received. Of these, 44 existing POPs and 11 new PoPs have been issued Certificate of Registration. As per the Regulations, six corporates and seven special entities have applied for registration as PoPs, of which two special entities have been issued Certificate of Registration. The remaining applications are under examination.

As per PFRDA (Aggregator) Regulations, 2015, 14 applications for re-registration have been received from aggregators and letters of acceptance have been issued.

### **3.2 Approval of schemes, the terms and conditions thereof including norms for the management of corpus of the pension funds and investment guidelines under such schemes**

Investment guidelines for NPS Schemes (Applicable to Scheme CG, Scheme SG, Corporate CG and NPS Lite schemes of NPS and Atal Pension Yojana) has been issued by PFRDA vide circular no. PFRDA/2015/16/PFM/7 dated 3.06.2015 which is w.e.f. June 10, 2015.

**Table 3.1: Investment limits for NPS Schemes (CG, SG, Corporate CG, NPS Lite/Swavalamban schemes of NPS and Atal Pension Yojana) in different instruments**

S.No	Category	Percentage of AUM to be invested	
		Prior to 10.06.2015	w.e.f 10.06.2015
(i)	Government Securities	upto 55	upto 50
(ii)	Debt securities	upto 40	upto 45
(iii)	Money Market Instruments /Short term debt and related instruments	upto 5	upto 5
(iv)	Equity and related investments	upto 15	upto 15
(v)	Asset backed, Trust Structured and Miscellaneous Investments	-	upto 5

Investment of funds of private subscribers i.e. other than government subscribers, corporate CG subscribers, NPS lite subscribers and APY subscribers are also allowed to be invested in the above category of asset class. However, ceiling of exposure in Asset Class E (Equity), C (Corporate Debt) & G (Government Securities) is fixed at 50 per cent, 100 per cent and 100 per cent, respectively.

### 3.3 Exit of subscribers from the National Pension System

The PFRDA (Exits and Withdrawals under the National Pension System) Regulations, 2015 were notified on May 11, 2015. The regulations aim at providing an effective mechanism in the interest of subscribers, upon exit or withdrawal from the NPS,

including the conditions, purpose, frequency and limits for withdrawals from individual pension account, as also the conditions, subject to which a subscriber shall exit from the NPS and purchase an annuity thereupon.

For the purpose of exit from the NPS, the subscribers are categorized and defined as (1) Central and State Government sector, (2) All citizens including Corporate Sector and (3) NPS- Lite and Swavalamban subscribers. The exit regulations specified apply accordingly to the category to which the subscribers belong. A subscriber may exit the NPS due to death, premature exit or on superannuation. During the year the number of applications received from subscribers for exit from different sectors under different reasons are given in Table 3.2.

Table 3.2: No. of exit/withdrawals from subscribers under different sector

Sector	Withdrawal Type	Withdrawal claims pending at the beginning of the FY 15-16	Withdrawal claims received during the FY 15-16	Withdrawal claims settled during the FY 15-16	Withdrawal claims rejected during the FY 15-16	Withdrawal claims outstanding at end of the FY 15-16
Central Government	Death	550	376	179	186	561
	Premature	1096	1316	1324	75	1013
	Superannuation	347	1032	1038	16	325
	<b>Sub-Total</b>	<b>1993</b>	<b>2724</b>	<b>2541</b>	<b>277</b>	<b>1899</b>
State Government	Death	805	1504	830	51	1428
	Premature	130	331	211	32	218
	Superannuation	969	3242	3212	12	987
	<b>Sub-Total</b>	<b>1904</b>	<b>5077</b>	<b>4253</b>	<b>95</b>	<b>2633</b>
All Citizen	Death	41	40	35	3	43
	Premature	57	35	28	29	35
	Superannuation	235	367	329	4	269
	<b>Sub-Total</b>	<b>333</b>	<b>442</b>	<b>392</b>	<b>36</b>	<b>347</b>
Corporate	Death	45	173	142	3	73
	Premature	74	78	70	51	31
	Superannuation	88	249	303	0	34
	<b>Sub-Total</b>	<b>207</b>	<b>500</b>	<b>515</b>	<b>54</b>	<b>138</b>
Swavalamban	Death	598	1632	1079	14	1137
	Premature	102	110	19	92	101
	Superannuation	373	1985	1044	33	1281
	<b>Sub-Total</b>	<b>1073</b>	<b>3727</b>	<b>2142</b>	<b>139</b>	<b>2519</b>
	<b>Total</b>	<b>5510</b>	<b>12470</b>	<b>9843</b>	<b>601</b>	<b>7536</b>

These are the requests which are rejected due to family pension paid, non-NPS subscriber, subscriber wants to continue the PRAN, PRAN not provided at the time of submission of withdrawal request, nil balance in the PRAN and withdrawal form returned to the Nodal Offices.

Non-submission of required documents by the subscribers, authentication and approval by the PAO/DDOs and similar officers and mis-match of name of the subscriber as per NPS registration

documents and the Know Your Customer (KYC) documents submitted are some of the reasons for outstanding withdrawal requests.

#### Partial Withdrawal under NPS

NPS offers two types of accounts, namely Tier I and Tier II. While Tier I account is the Pension account and is mandatory for opening of Tier II account which is a savings account and is optional. Tier-I account

provides for partial withdrawals, not exceeding 25 percent of the contribution made by the subscriber for higher education and marriage of children, purchase / construction of a house and medical treatment of specified illnesses on completion of 10 years from the date of joining of the NPS. A maximum of three withdrawals are allowed subject to a gap of 5 years between any two withdrawals. Tier II account provides for voluntary savings with complete flexibility of contribution and withdrawal of funds.

### 3.3.1 Details of Annuity Service Providers (ASPs) and Annuity Schemes opted by subscribers

Annuity provides for a monthly payment of pension against deposit of a lump sum amount. The subscriber has to mandatorily buy the annuity as specified in the exit rules of NPS, from a PFRDA empanelled Annuity Service Providers. Annuity Service Providers are Insurance Regulatory and Development Authority (IRDA) licensed and regulated life insurance companies, transacting annuity business in India and these are empanelled by PFRDA for servicing the annuity requirements of the NPS subscribers. As on March 31, 2016, the following five ASPs are providing the Annuity services to NPS subscribers.

- Life Insurance Corporation of India
- SBI Life Insurance Co. Ltd.
- ICICI Prudential Life Insurance Co. Ltd.
- HDFC Standard Life Insurance Co Ltd
- Star Union Dai-ichi Life Insurance Co. Ltd.

These ASPs are governed under prudential regulations and monitored by Insurance Regulatory and Development Authority of India (IRDAI). Under National Pension System (NPS), the subscriber has the option to choose the type of Annuity and the Annuity Service provider. The subscriber may choose the annuity type/scheme basing on his requirements from the available schemes offered by the respective ASPs.

With a view to facilitate the withdrawal in hassle-free manner, PFRDA vide its circular no. PFRDA/2015/27/ Exit/2, dated November 12, 2015, has decided that with effect from April 01, 2016, only such withdrawal requests which are raised on online platform will be accepted at CRA for further processing.

Annuities with return of purchase price are the most common annuity chosen and LIC and SBI Life insurance are the annuity service providers most preferred by the subscribers.

### 3.4 Activities undertaken for protection of interests of subscribers under the National Pension System and of other pension schemes under the Act

The Authority has formulated regulations in respect of Pension Funds, National Pension System Trust, Trustee Bank, Central Recordkeeping Agency, Custodian of securities, Aggregators, Point of Presence, Redressal of subscribers' grievances etc. While framing all these regulations, the interest of subscribers has been the top most priority. Utmost care has been taken while framing the regulations to keep the NPS system transparent and fair, to protect the interest of the subscribers. The investment of funds is prudentially regulated with the exposure limits set for each kind of portfolio. The investment of funds is kept diversified with limits on exposure to a single group or related group, industry, instrument etc.

Trustee Bank is appointed to facilitate transfer of funds from Nodal Offices to Pension Fund Managers. The following measures have been undertaken to improve the system in order to protect the interest of subscribers:

Intimation about return of remittances to the respective Nodal Offices is sent through emails as well as physical letters. Apart from reasons for rejection of the remittances, remedial action and precautions to be taken by the nodal office is provided to them to avoid repetition of the errors and avoid return. This ensures timely investment of the contribution made by

subscribers. In the interest of subscribers, NPS Trust discloses standardized and comparable information on investment returns and costs and charges of pension schemes. PFRDA undertakes activities for enhancement of consumers' awareness on NPS and provide financial education programmes through the training agencies selected by PFRDA. These training agencies impart training to the Central and State Govt. nodal officers- Pay & Accounts Offices (PAOs), Drawing & Offices (DDOs), Points of Presence/ banks/ Post Offices involved in the registration of subscribers, aggregators, etc. about the salient features of the NPS / APY, the process of joining etc. Further training , workshops, camps, have been organized for

subscribers across the sector and geography as a part of a wider financial consumer protection policy.

PFRDA's website serves the subscribers and potential subscribers with information and guidance materials including information on the protection of subscribers' rights and interests, regulations, circulars, pension schemes products , pension funds, intermediaries, exit and benefits.

Besides, CRA conducts training programmes for the Nodal Offices based on the request received. An online platform is also available to the offices where they can request for training.

**Table 3.3: Training Programme & workshops conducted by CRA during 2015-16**

Sectors	No. of Trainings	No. of attendees
Central Government & Central Autonomous Body	71	1,843
State Government & State Autonomous Body	21	952
Corporates	11	415
NPS-Lite	4	35
UoS	103	2,969
APY	23	1,563
<b>Total</b>	<b>233</b>	<b>7,777</b>

### 3.5 Mechanism for redressal of grievances of subscribers and activities undertaken for redressal of such grievances

The PFRDA (Redressal of Subscriber Grievance) Regulation 2015 was notified on January 29, 2015. The objective of the Redressal of Subscriber Grievance Regulation is to provide a framework for seamless

handling of grievance/complaint in the interest of the subscribers by, inter alia, laying down guidelines for redressal of subscriber grievances through a well-defined Grievance Redressal Mechanism to be followed by the intermediaries of the National Pension System and other pension schemes. It stipulates timelines for redressal of grievance, appointment of Ombudsman, mechanism of appeal by a subscriber to



an Ombudsman and the provision of penalty. PFRDA is constantly striving to upgrade the quality of services through technology aided platform for smooth and efficient implementation and through inculcating quality consciousness amongst all service personnel and intermediaries associated with NPS architecture.

NPS has a multi-layered Grievance Redressal Mechanism centralised at Central Recordkeeping Agency (CRA) which is easily accessible, simple, quick, fair, responsive and effective. The Regulations have provided for four level escalation matrix for resolving subscriber grievance. Subscribers have the option of registering grievance/complaints through Call centre/ Interactive Voice Response System (IVR), web based interface, physical forms. Subscriber can check the status of the grievance at the CRA website [www.cra-nsdl.co.in](http://www.cra-nsdl.co.in) for the grievances logged in through Central Grievance Monitoring System (CGMS) maintained by CRA, or through the Call Centre by mentioning the token number. Subscriber

can also raise a reminder through any one of the modes mentioned above by specifying the original token number issued. If subscriber does not receive any response within thirty (30) days or is not satisfied with the resolution by intermediary, in such case subscriber can escalate the grievance to NPS Trust. Similarly, if the subscriber is not satisfied with the response or no response has been received within 30 days, subscriber can escalate the grievance to Ombudsman. The process for appointment of Ombudsman/ stipendiary Ombudsman is currently under active consideration of the Authority and it is expected that the Ombudsman/ Stipendiary Ombudsman will be in position soon. The subscriber can also appeal to designated member of PFRDA if they are not satisfied with the order passed by the Ombudsman.

As on March 31, 2016, the position of grievances received during the year at CGMS and its status is furnished in the Table 3.4.

**Table 3.4: Status of grievances received & disposed-off during 2015-16**

NPS			
Pending complaints at the start of the year	Complaints Received during the year	Resolved during the year	Pending at the end of the year
5,954	29,042	30,731	4,265
NPS Lite and APY			
Pending complaints at the start of the year	Complaints Received during the year	Resolved during the year	Pending at the end of the year
870	3,460	2,961	1,369

The major grievance head are Contribution amount not reflected in account, SOT Related, PRAN Card Related, Incorrect Processing of Subscriber Details, Delays in Uploading of Contribution Amounts etc. Grievances are registered in CGMS by the subscriber and are directly routed to concerned intermediaries for necessary action. Thus, it is for the concerned intermediaries to resolve and close grievance in CGMS raised against them. The periodic reminders are sent to concerned intermediary for resolving and closing grievance in CGMS.

### **3.6 Professional organisations connected with the pension system**

#### **3.6.1 Non Lending Technical Assistance (NLTA) from the World Bank**

In order to undertake a detailed exercise covering a number of pension sector issues and to evaluation of the learnings that could guide future direction in policy developments and facilitate the transition, PFRDA collaborated for a Non Lending Technical Assistance (NLTA) with the World Bank. The primary focus of the engagement would be to address the regulatory gaps, review the scope of PFRDA regulations, capacity building in the sector and the PFRDA, policy and product development reforms through transition from Defined Benefit (DB) to Defined Contribution (DC) based pension regime. Further, there is a need for a unified pension regime and unified regulations which are critical for the orderly growth and stability of the pension industry. The diversity and various challenges in the pensions landscape also led to exploring risk-based supervision of the pension sector by PFRDA, exit related annuities etc., besides the host of other interventions and support.

#### **3.6.2 Certification Programme for Retirement Advisers**

With shift in the design of pension systems from defined-benefit plans to defined-contribution plans where individuals need to make financial decisions and bear greater financial risk, selection of an

appropriate investment pattern is crucial for the pension plan participants. India, considered to be low in financial literacy, demonstrate a tangible need for financial advice with respect to retirement decisions. Retirement advisors can play an important role in guiding and helping consumers to have a better understanding of investment and pay-out options. This necessitates development of a pool of human resources having right skills and expertise in retirement advice and choosing appropriate pension/savings product for retirement quality intermediation to market participants.

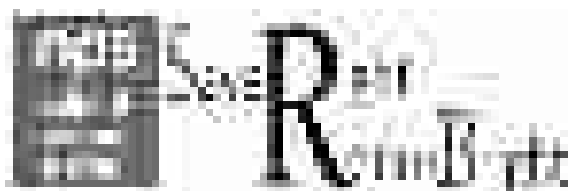
Taking into account international experience and the needs of the Indian system of organised and unorganised workers, with a view to protecting the interests of retiring population and more importantly, for minimising risks of losses arising out of deficient understanding of the various options in the returns from the NPS, PFRDA has accredited National Institute of Securities Markets (NISM) as the accredited institute for Certification of the Retirement Adviser Certification Examination.

### **3.7 Collection of data by the Authority and the intermediaries including undertaking and commissioning of studies, research and projects**

Collection and compilation of a comprehensive data base on demographics, retirement savings and investments, the different financial products/schemes issued by the different Organizations to cater to the old age income security of the underlying subscribers, the returns generated thereon, the disclosure and protection provided to the subscribers etc. under different scheme are the on - going activities of PFRDA. Towards this end, PFRDA is compiling information on people covered under various pension schemes and also people receiving pensions under various schemes. Letters have been written to the Central and State Governments and other pension providers in the country to solicit information. Analysis of this information would help in policy formulation on the pension sector catering to the wider section on sustainable basis.

## 3.8 Steps undertaken for educating subscribers and the general public on issues relating to pension, retirement savings and related issues and details of training of intermediaries

### NPS Awareness Campaigns



To fulfill PFRDA's mandate of creating awareness for the need of saving for retirement and retirement planning, PFRDA embarked upon a media campaign under the tagline "NPS- Save Right, Retire Bright". The tagline not only captures the essence of the product (NPS) but also reminds the general public that for a happy and comfortable retired post work life, one needs to save regularly and invest in right instruments to create a healthy corpus.

Extensive print media campaigns under the aegis of the NPS tagline "NPS-Save Right, Retire Bright" were

carried out.

The campaigns were executed through print media. In light with PFRDA mandate to cater to the populace of the country irrespective of language and region, advertisements were carried out in Hindi, English and 11 other regional languages in over 130 newspapers pan India per print coverage.

To have a better recall, various campaigns were conceptualized on the topics of NPS Tax Savings, Tier II Account, eNPS, eNPS through Aadhaar, NPS Service week, Online Exit, Contribution using eNPS, etc. were carried out.

In addition to that, to have a multi-pronged visibility across different media, campaigns were also carried through TV commercials, Radio (FM channels).

Furthermore, to complement the efforts of putting the NPS on an online platform, advertisements and awareness campaigns were carried on the websites through web banners, Run-on-Site ads and bulk e-mailers.

Details of the amounts that have been spent on publicity, advertising in different media during 2015-16 is provided in Table 3.5.

**Table 3.5: Amount spent on Publicity & Advertisement during 2015-16**

Media	Amount Spent (Rs. cr)
Print	22.39
SMS- Tax Savings	0.05
SMS- eNPS	0.10
Web banners/ Run-on- Site Ads	0.03
Bulk emailers	0.02
Radio	1.80
TVC	1.49
Total	25.88

### NPS on Social Media

Government agencies across the country are increasingly looking to leverage various media platforms to enhance their outreach and engage better with the citizens. These platforms are providing governments, government institutions and other entities with options of connecting and

communicating with the citizens.

In light of the same, the social media accounts of PFRDA and NPS were activated on Twitter, Facebook, Youtube, Google+ and on the content sharing websites viz. Author Stream, SCRIBD, Slideshare. The status of the said accounts as on March 31, 2016 is provided at Table 3.6

**Table 3.6: NPS on Social Media**

S. No.	Social Media Platform	March 31, 2016
1.	Facebook	8,499 fans
2.	YouTube	34,853 views
3.	Google+	34,202 views
4.	Twitter	275 followers
5.	Pinterest	97 impressions
6.	Authorstream	63 views
7.	Slideshare	890 views
8.	SCRIBD	08 views

### NPS and APY Information Helpdesk

In light of PFRDA's overarching responsibility of spreading awareness about retirement planning, old age income security and NPS as a product, PFRDA has been operating dedicated information desk. The information desk is engaged in providing information and responding to the queries from existing as well as potential subscribers in respect of product features, new policies, regulations etc.

NPS is an on-going scheme and PFRDA believes that having a dedicated Information Desk for disseminating information on NPS, which is accessible from across the country would not only help enlightening people about the latest developments in NPS, but it would also help in promoting the concept of old age income security through NPS while helping PFRDA to understand their expectation from the System. Furthermore, PFRDA also makes use of the call data to gauge the awareness of NPS and estimate the popularity of the System across various sections of

the Indian society.

Presently two toll free numbers are being operated through the NPS information desk i.e. 1800110708 (for NPS) and 1800110069 (for APY). The NPS Toll free number has been in operation since 2012 and the APY toll free number was operationalized simultaneously along with the launch of the APY in May / June 2016.

The toll-free numbers are owned by and have been made available by PFRDA. The charges for toll-free numbers are paid by PFRDA on actual basis.

The NPS Information Desk is operational for 8 hours a day (9.30 a.m.- 5.30 p.m.), 7 days a week (including Sundays) throughout the year excluding National Holiday- Gandhi Jayanti- Oct 2, Independence Day- August 15, Republic Day- January 26 and mandatory holidays (viz. Election day).

PFRDA has been undertaking the promotion of NPS and APY on a regular basis and the promotion of the same is expected to be a continuous process. The NPS

Information Desk receives an increased number of calls during the campaign period. This helps further in keeping the callers informed about NPS and APY.

## Conferences held during FY 2015-16

A conference on National Pension System for Corporates and Points of Presence (POPs) was organized by PFRDA on April 15, 2015, at New Delhi under the theme “NPS- Expanding Horizons- The Way Forward” with the objective promotion of NPS among corporates, corporate employees and private citizens.

A conference on National Pension System for Central Autonomous Bodies was organized by PFRDA on August 7, 2015 at New Delhi to make the participants aware about the circulars and guidelines issued by the Govt regarding implementation of NPS in central autonomous bodies and understand the concern of the entities who have not registered under NPS and to provide a platform to suitably address those issues.

A conference on NPS for NRIs was held on July 22, 2015 to apprise Points of Presence about the processes involved in opening of NPS a/cs for NRIs and the benefits available therein.

**Second Pension Conclave** under the theme of “Universal Pension- Coverage, Adequacy and Sustainability” was organised by Pension Fund Regulatory and Development Authority on February 4, 2016 at New Delhi. The objective of the conclave was to provide a platform to discuss, deliberate and to debate key issues pertaining to the challenges in pension sector and the need and ways to expand the pension coverage across the country.

NPS awareness programme for State Autonomous

Bodies was organised on January 22, 2016 by Govt. of Karnataka in association with PFRDA for bringing the unregistered State Autonomous Bodies under NPS. 135 participants from 86 State Autonomous Bodies attended the programme.

## Initiatives for improving delivery of pension products and services for ensuring “inclusive growth”

- Meetings were held with the secretaries of Department of Agriculture, Animal Husbandry, Health & Family Welfare, Labour, Panchayat Raj, Rural Development and Women & Child Development under GOI and Chief Minister of Gujarat, Chief Secretaries of Gujarat, Odisha, Maharashtra, Karnataka, Kerala, and Tamil Nadu for implementation of APY
- NPS awareness sessions were conducted for the SABs of states of Tamil Nadu, Maharashtra & Karnataka.
- Periodical SMS alerts are sent to NPS subscribers about contribution credits, value of investments etc.
- APY is extended through 216 Atal Pension Yojana service providers i.e. Banks and India Post. More than 1.47 lakhs branches are involved as distribution channels for promoting APY.

Capacity building of bank/PO officials through training agencies. A total of 2067 trainings have been completed covering more than 90,000 bank and Department of Post officials. Zone wise trainings conducted during the financial year 2015-16 is given in Table 3.7.

**Table No. : 3.7: No. of Banks and Post Office officials trained during FY 2015-16**

Zone	No of Training Programmes	No of Bank and post office officials trained
West	646	30684
East	353	15885
North	486	21870
South	582	24576
Grand Total	2067	93015

- Around 250 town hall meetings/outreach programmes were conducted across the country in coordination with DFS,SLBCs.
- SATCOM trainings on APY were conducted in Ahmedabad in coordination with Government of Gujarat covering 2500 villages.
- Conducted state -level workshops across the country for co-operative banks and RRBs in coordination with NABARD for activation of DCCBs and RRBs.
- Periodic advertisement through Print and Electronic media.
- Sourcing APY account through net banking platform is implemented by SBI and ICICI bank and other banks have also been urged to adopt the same.
- Periodic Regional strategy cum review meetings with Public/Pvt sector Banks/RRBs /SCBs & DCCBs.
- PFRDA has launched various campaigns such as APY login Days, Carnivals etc. for banks to give focused approach for enhanced APY coverage and activation bank branches.
- Meetings were conducted with State Governments for seeking their support and cooperation in implementation of APY. Labour Department, Government of Andhra Pradesh , Government of Himachal Pradesh and Government of Gujarat has issued a notification for adoption of APY for construction workers.

Educating and making people aware of the benefits of the retirement planning and creating awareness about the pension schemes is critical for increasing participation in the voluntary segment of NPS and the Atal Pension Yojana (APY) regulated by PFRDA. Towards this end, the role of an advisory entity is considered critical in propagating the schemes to the masses in order to achieve adequate social security. This requires penetration at the grass root level. Retirement Advisers, with adequate knowledge of prospects' needs and means, and knowledge of the pension products and process, will be in a better position to advise individuals, who have different levels of education, financial literacy, wealth, income potential, capacity to save and financial goals. In view of this, PFRDA has initiated certification of

Retirement Adviser in tie up with NISM which can play a significant role in education and helping the prospects/subscribers in retirement plans.

### **NPS Awareness week organized by PFRDA**

PFRDA observed National Pension System Service Week from February 1, 2016 to attract more subscribers towards government and voluntary pension plans.

The week-long campaign was dedicated to service-orientation towards the subscribers and aimed at awareness building and improved information dissemination. The campaign was launched to mark the completion of two years of statutory status of PFRDA.

During the week, the PFRDA aimed to create awareness about the scheme, make efforts to reduce subscribers' grievances, update subscriber details and advise subscribers regarding benefits associated with Permanent Retirement Account among others.

This exercise was aimed to help NPS subscribers through more than two lakh points of interface comprising of government offices, banks, non-bank Points of Presence and aggregators.

Post NPS service week , updation in the month of Feb 2016 jumped by 63 per cent and 84 per cent in comparison to November 2015 for Central Government and State Governments, respectively.

CRA (NSDL) also participated in the NPS awareness campaign. NSDL sent SMS and email alerts to subscribers informing them about the NPS Service week. A dedicated webpage was created highlighting NPS Service week and contact details of dedicated CRA Officials.

### **3.9 Performance of pension funds and performance benchmarks**

The total Assets under Management comprising of both NPS & APY have increased from Rs. 80,855 crore at the end of March 2015 to Rs. 1,18,810 crore at the end of March 2016, showing an increase of Rs. 37,955 crore or 47% during 2015-16 as against Rs. 32,750 crore during 2014-15, as shown in Table 3.5. All the schemes witnessed double-digit growth. Tier 1 and Corporate CG scheme recorded high growth of 79.15% and

65.77% in terms of AUM.

Scheme CG for central government employees posted 31.03% growth in its AUM during the year. On the

other hand, Scheme SG's assets grew by 58.51% during the year. Scheme wise AUM growth has been provided in table 3.8

**Table 3.8: Asset Under Management (AUM) Break up in NPS - Growth Scheme Wise Position as on March 31, 2016**

Schemes	AUM as on March 31 (Rs. In crore)			Growth in AUM			
	Mar-14	Mar-15	Mar-16	YoY (Mar 15 over Mar 14)		YoY (Mar 16 over Mar 15)	
				Amount	%	Amount	%
Equity Tier I	356	655	1181	299	84	527	81
Equity Tier II	26	44	60	17	67	17	39
Equity Total	382	698	1242	316	83	544	78
% Share in Total AUM	1	1	1	1		1	
Bonds Tier I	246	469	888	222	90	419	89
Bonds Tier II	24	37	55	13	54	18	47
Bonds Total	271	506	943	236	87	437	86
% Share in Total AUM	1	1	1	1		1	
G Sec Tier I	409	771	1325	362	89	554	72
G Sec Tier II	20	36	54	15	75	19	52
G Sec Total	429	807	1379	378	88	572	71
% Share in Total AUM	1	1	1	1		2	
Sub Total Tier I	1011	1895	3394	884	87	1499	79
Sub Total Tier II	71	117	170	46	65	53	46
Tier I + Tier II	1082	2011	3564	929	86	1553	77
NPS Lite	843	1606	2108	762	90	502	31
APY	-	-	506	-	-	506	-
Corporate CG	1809	4105	6805	2296	127	2700	66
Sub Total (Pvt Sector)	3734	7722	12983	3988	107	5261	68
% Share in Total AUM	8	10	11	12		14	
Central Govt	24172	36737	48135	12565	52	11398	31
% Share in Total AUM	50	45	41	38		30	
State Govt	20198	36396	57693	16198	80	21296	59
% Share in Total AUM	42	45	49	50		56	
Sub Total (Govt.)	44370	73133	105827	28763	65	32694	45
% Share in Total AUM	92	90	89	88		86	
Grand Total	48105	80855	118810	32751	68	37955	47

Source: NPS Trust

Note:

1.DVC 194.10 cr is shown under SG

Corporate CG does not include AUM of DVC

There was a healthy growth in the AUM of all the NPS Scheme for the unorganized / private sector as shown in Table 3.9 given below. The increase in AUM is

significantly high at 46.9%, while in absolute terms, the corpus increased by Rs 37,955 Crore.

**Table 3.9: Asset Under Management (AUM) Break up in NPS - Growth - Subscriber Class Wise Position on March 31, 2016**

(Amount in Rs crore)

Subscriber Class	AUM as on March 31			Growth in AUM			
	Mar-14	Mar-15	Mar-16	YoY (March 15 over Mar 14)		YoY (March 16 over Mar 15)	
				Amount	%	Amount	%
NPS Main	365	594	1273	229	63	679	114
% Share in Pvt. Sector	10	8	10	6		14	
% Share in Total NPS	1	1	1	1		2	
NPS Corporate	2628	5675	9290	3047	116	3615	64
% Share in Pvt. Sector	69	72	71	75		75	
% Share in Total NPS	6	7	8	9		10	
NPS Lite	839	1606	2108	766	91	502	31
% Share in Pvt. Sector	22	20	16	19		11	
% Share in Total NPS	2	2	2	2		1	
APY	0	0	506	0	-	506	-
% Share in Pvt. Sector	0	0	4	0		11	
% Share in Total NPS	0	0	0	0		1	
Sub Total (Pvt Sector)	3832	7875	13177	4042	1	4796	61
% Share in Total NPS	8	10	11	12		13	
Central Govt	24177	36737	48135	12560	52	11398	31
% Share in Govt. Sector	55	50	46	44		35	
% Share in Total NPS	50	45	41	38		30	
State Govt	20095	36244	57498	16149	80	21254	59
% Share in Govt. Sector	45	50	54	56		65	
% Share in Total NPS	42	45	48	49		56	
Sub Total (Govt.)	44272	72981	105633	28708	65	32653	45
% Share in Total NPS	92	90	89	88		86	
Grand Total - NPS	48105	80855	118810	32751	68	37955	47

Source: NPS Trust

Note:

1. NPS main includes UoS Tier II AUM also
2. Corporate includes DVC



**Performance of Pension Fund Managers****Table 3.10: The position of the AUM with the Pension Fund Managers**

PFM	AUM (In Rs. crore)			
	March 2015	March 2016	Increase in AUM	
			Amount	%
SBI Pension Fund Pvt. Ltd.	31407	46019	14612	46.52
UTI Retirement Solution Ltd.	24831	35918	11087	44.65
LIC Pension Fund Ltd.	24010	35512	11502	47.91
ICICI Prudential Pension Funds Management Company Ltd.	369	701	332	89.97
Kotak Mahindra Pension Fund Ltd.	108	173	65	60.19
Reliance Capital Pension Fund Ltd.	77	111	34	44.16
HDFC	53	376	323	609.43
Total	80855	118810	37955	46.94

Source: NPS Trust

All the PFMs continued to witness good growth in assets under management. All the PFMs maintained their relative ranking in terms of size of AUM with SBI

PF having the largest corpus. HDFC Pension Management Company Limited registered the highest growth in AUM in percentage terms.

**Table 3.11: Notional Returns (%) of Schemes of different Pension Funds as on March 31, 2016**

Scheme	Period	SBIPF	LICPF	UTIRSL	KOTAK PF	ICICI PF	RELIANCE PF	HDFC PF
<b>CG</b>	1 Year i.e. 2015-16	6.47	5.99	6.24	-	-	-	-
	Since Inception	10.2	9.83	9.7	-	-	-	-
<b>SG</b>	2015-16	6.62	5.97	6.3	-	-	-	-
	Since Inception	9.69	9.88	9.71	-	-	-	-
<b>NPS-Lite</b>	2015-16	6.3	5.72	5.83	6.37	-	-	-
	Since Inception	10.83	10.57	10.61	10.85	-	-	-
<b>Corporate CG</b>	2015-16	6.54	5.72	-	-	-	-	-
	Since Inception	10.02	10.13	-	-	-	-	-
<b>Asset Class E</b>	2015-16	-7.16	-7.91	-6.72	-6.88	-7.37	-7.26	-7.47
	Since Inception	7.86	11.00*	10.1	9.11	10.46	9.5	14.30*
<b>Asset Class C</b>	2015-16	8.72	9.46	8.83	9.46	9.77	9.12	9.2
	Since Inception	11.16	12.00*	9.6	11.02	11.07	9.41	11.80*
<b>Asset Class G</b>	2015-16	7.16	6.5	7.16	7.54	6.97	7.22	6.77
	Since Inception	9.85	12.08*	8.46	8.57	8.71	8.22	11.04*
<b>Asset Class E-II</b>	2015-16	-7.13	-7.29	-6.54	-6.67	-7.39	-7.22	-7.17
	Since Inception	7.29	4.12*	7.64	7.99	7.4	7.74	8.08*
<b>Asset Class C-II</b>	2015-16	8.6	8.26	8.57	8.61	9.46	8.8	8.94
	Since Inception	10.8	9.42*	9.85	9.53	10.99	9.15	9.25*
<b>Asset Class G-II</b>	2015-16	7.28	6.75	7.28	7.66	7.05	7.37	6.83
	Since Inception	10.1	12.7	9.71	8.42	8.89	8.58	11.96

Source: NPS Trust

Returns above 1 year periods are annualized

\* Inception dates: LIC July 23, 2013; HDFC August 01, 2013 (E-I)

For Kotak inception date is Jan 31, 2012.(NPS -Lite)

UTI Scheme Corporate CG ended in the financial year 2013 -14 (corporate CG)

\* Inception dates: LIC August 12, 2013; HDFC August 01, 2013 (E-II)

\*Inception dates: LIC July 23, 2013; HDFC August 01, 2013 (C -I)

\* Inception dates: LIC August 12, 2013; HDFC August 01, 2013 (C -II)

\* Inception dates: LIC July 23, 2013; HDFC August 01, 2013 (G -I)

\* Inception dates: LIC August 12, 2013; HDFC August 01, 2013(G -II)

### 3.10 Regulated Assets

“Regulated Assets” means and includes tangible and intangible assets created exclusively for the purpose of operations of CRA comprising bespoke software with all the components required for running the application, any third party software and component off the shelf specific to the CRA application system, all relevant CRA project data, dedicated specific hardware/software components of Data Centre and Disaster Recovery Centre, networks and all other facilities excluding physical infrastructure (building, air conditioners, power supply infrastructure, furniture).

On the expiry of the tenure of the registration or in the event of termination of the CRA, information and regulated assets held by CRA shall be transferred to another CRA registered with the Authority, within the time period and in the manner, as may be required under the PFRDA Act, rules or regulations or as may be directed by the Authority.

### 3.11 Fees and other charges levied or collected by the Authority during the financial year

Fees and charges are levied on the subscribers of the NPS at various stages by the intermediaries serving to the subscribers. At the entry to the NPS system, the intermediaries responsible for registration of the subscribers in NPS i.e. PoPs, charge fees which are collected upfront from the subscribers. In case of aggregators, the charge for registration of NPS-Lite/Swavalamban and the Atal Pension Yojana (APY) is borne by the government. In the next stage, CRA, the recordkeeping agency, levy fee for opening account and generation of PRAN, maintenance of account by cancellation of units. Thereafter, for each transaction involving contribution of the subscribers there is charge by both CRA and POP. Investment management fee is charged by the Pension Funds for managing the investment portfolio of the subscribers. And finally, the custodian of the securities charges for the assets under its custody.

Table 3.12 a: Fees and charges to the subscribers at various stages

Intermediary	Charge Head	Service Charges			Method of Deduction
		Private	Govt.	Lite/APY	
POP (Charge for each subscriber)	Subscriber Registration	Rs. 125	NA	NA	To be collected upfront from the subscriber NPS Lite/Swavalamban/APY paid by the Govt.
	Transaction involving a contribution	0.25% of contribution, Min. Rs. 20 Max. Rs. 25000	NA	NA	
CRA	PRA Opening Charges	Rs. 50/-	Rs. 50*	Rs. 15/-	Through cancellation of units. For govt. subscribers paid by the Govt.
	AMC per account	Rs. 190/-	Rs. 190*	Rs. 40/-	
	Charge per transaction	Rs. 4/-	Rs. 4*	12 Free	
Trustee Bank	Nil	Nil			NA
PFM Charges	Investment Management Fee	0.01% p.a.	0.0102% p.a.		Through NAV adjustment
Custodian (On asset value in custody)	Asset servicing charges	0.0075% p.a. for electronic segment & 0.05 % p.a. for physical segment			Through NAV adjustment
NPS Trust	Trust fee	0.01% of AUM			Through NAV adjustment

\* In case of Government employees, CRA charges are being paid by the respective Governments

**Table 3.12 b: Service Charge structure applicable to POPs for NPS accounts of NRIs sourced and serviced abroad**

Intermediary	Charge Head	Service Charges	Method of Collection
POP	Initial Subscriber Registration	USD 8 or Equivalent in local currency.	To be Collected Upfront
	Initial Contribution & all Subsequent Contribution	USD 1, or Equivalent in local currency or 1%, whichever is higher subject to maximum of USD 8 or Equivalent in local currency.	
	All Non-Financial Transaction	USD 1 or Equivalent in local currency.	

- (i) Charges for all other intermediaries are the same.
- (ii) For NPS account of NRIs sourced domestically but serviced abroad, i.e. contribution and other non-financial transactions being done abroad by the POP, the charge for overseas servicing is applicable.
- (iii) For NPS account of NRI sourced overseas but serviced in India i.e. contribution and other non-financial transaction being done in India, the charge for domestic servicing under the existing All Citizen Model is applicable.

### **3.12 Information sought for, inspections undertaken, inquiries conducted and investigations undertaken including audit of intermediaries and other entities or organisations connected with pension funds**

PFRDA and NPS Trust review the reports submitted by CRA, Trustee Bank and their auditors to ensure that the intermediary is following the turn around time as defined in service level agreements. PFRDA Central Recordkeeping Agency and Trustee Bank regulations also have provision to conduct

audit and inspection of CRA and Trustee Bank to protect the interests of the subscribers.

### **3.13 Others**

#### **3.13.1 Subscribers (category wise) covered under the National Pension System and their pension schemes under the Act**

##### **a) Number of subscribers under NPS over the years**

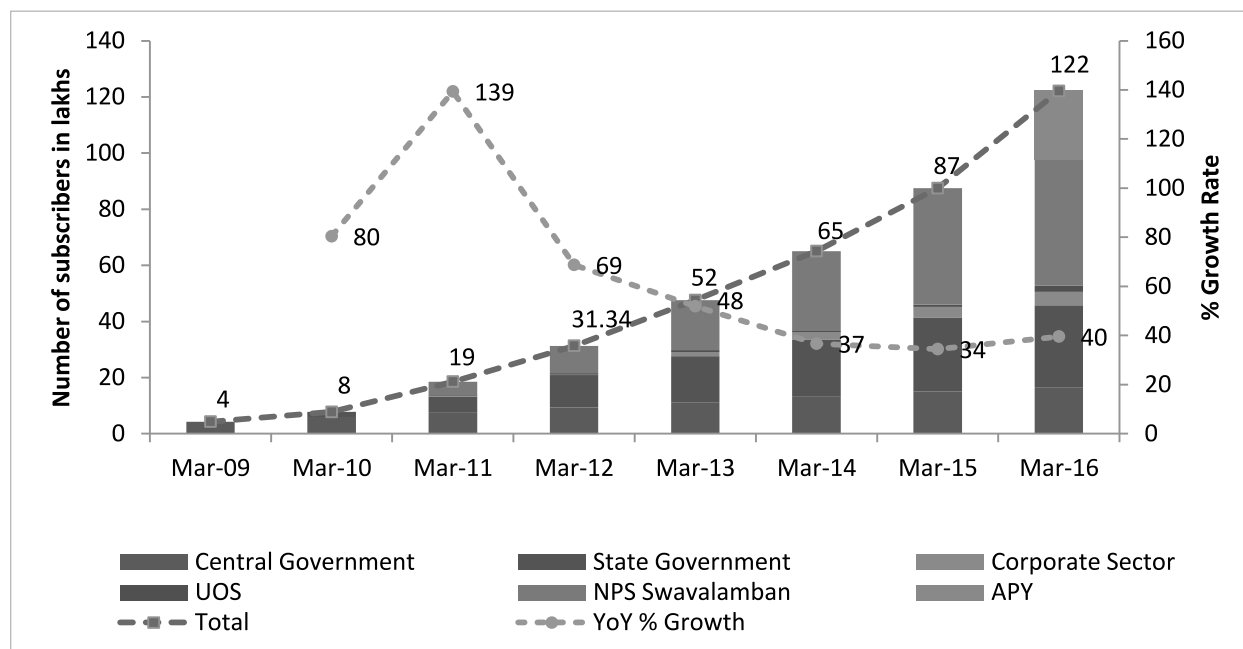
Enrolment of subscribers in NPS increased from 4.3 lakh in March 2009 to 122.1 lakh as on March 31, 2016.

The CAGR growth of number of subscribers during 2009-2016 is 61.3 per cent.

With the growth in subscribers base, the annual growth over the past three years has been in the range of 37 per cent with a sharp increase seen in FY 2015-16

on account of introduction of Atal Pension Yojana. Year wise number of NPS subscribers is provided in Chart 3.1.

**Chart 3.1: Year wise number of subscribers under NPS & APY**



### b) No. of subscribers – Sector wise

- During FY 2015-16, there is an increase of 34.9 lakh subscribers. The subscriber base under NPS and APY together has increased from 87.5 lakh as end of March 2015 to 122.3 lakh as end of March 2016, registering a growth of 39.9%. APY scheme which was launched in May 2015 added 24.85 lakh subscribers. State Government subscribers increased from 26.30 lakh to 29.24 lakh. i.e increase of 2.94 lakh during the FY 2015-16. This includes subscribers of State Autonomous Bodies also.
- Central government subscribers have increased from 15.11 lakh as end of March 2015 to 16.58 lakh subscribers as end of March 2016, registering an increase of 1.46 lakh (9.7%).
- Under Private sector, number of corporate subscribers has increased from 3.73 lakh to 4.73 lakh, an increase of 1.00 lakh (26.9%) subscribers. The subscribers under UoS have increased from 0.86 lakh as end of March 2015 to 2.15 lakh as end of March 2016, an increase 1.29 lakh (148.2%) subscribers.
- Percentage of subscribers of NPS Lite and APY constitute 56.9 per cent of total subscriber base followed by Government sector (both Central and State Governments) i.e. 37.4 per cent. The Private Sector subscribers (Corporate and All Citizen) constitute 5.7 per cent of total subscribers' base.

**Table 3.13: No. of subscribers – Sector wise**

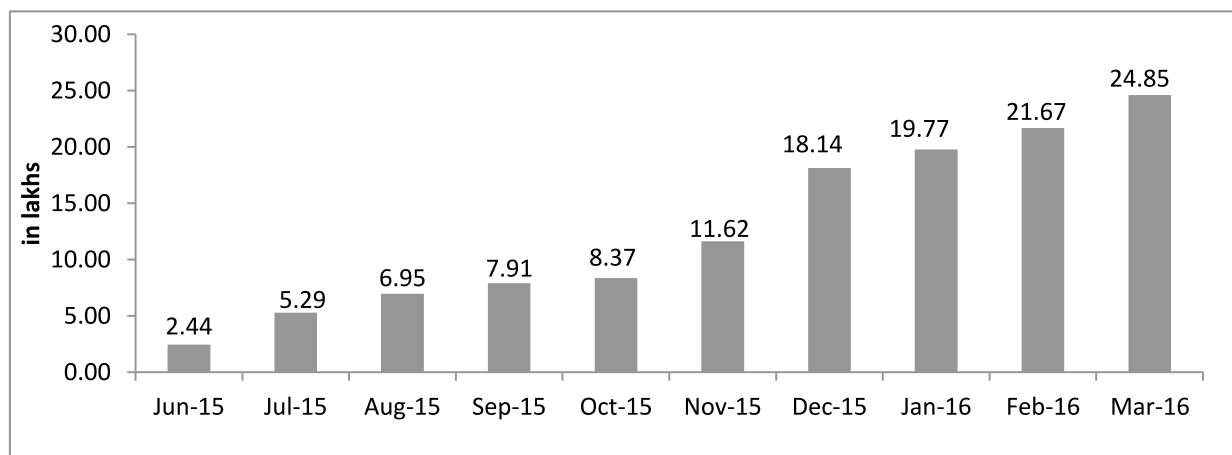
Sectors	Mar-15	Mar-16	Absolute increase	% growth
<b>Central Government</b>	1,511,528	1,657,623	146,095	9.7
<i>% of total</i>	<i>17.3</i>	<i>13.5</i>		
<b>State Government</b>	2,630,194	2,923,882	293,688	11.2
<i>% of total</i>	<i>30.1</i>	<i>23.9</i>		
<b>Corporate</b>	373,273	473,515	100,242	26.9
<i>% of total</i>	<i>4.3</i>	<i>3.9</i>		
<b>UoS (All Citizen)</b>	86,774	215,372	128,598	148.2
<i>% of total</i>	<i>1.0</i>	<i>1.8</i>		
<b>NPS Lite</b>	4,146,880	4,480,014	333,134	8
<i>% of total</i>	<i>47.4</i>	<i>36.6</i>		
<b>APY</b>	-	2,484,895	2,484,895	-
<i>% of total</i>	<i>-</i>	<i>20.3</i>		
<b>Total</b>	8,748,649	12,235,301	3,486,652	39.9

With the concerted efforts of banks, post offices state governments and other stakeholders, 24.85 lakh subscribers have been registered under APY in FY 2015-16, of which 16.97 lakh subscribers were eligible

for government co-contribution.

Month wise number of APY subscribers since it became operational i.e. June 2016 is provided in Chart 3.2.

Chart 3.2: Month wise number of APY subscribers



Majority of APY subscribers i.e. 46.3 per cent have opted for monthly pension of Rs. 5000 /- followed by monthly pension of Rs. 1000/-. Details of number of

subscribers opted for various monthly pension as on March 31, 2016, is provided in Table 3.14.

Table : 3.14 No. of APY subscribers opting for various monthly pension

Pension Amount wise			
Sr. No.	Pension Amount	No. of subscribers	Percentage
1	1000	958,930	38.6
2	2000	195,933	7.9
3	3000	123,416	5.0
4	4000	55,979	2.2
5	5000	1,150,637	46.3
	<b>Grand Total</b>	<b>2,484,895</b>	<b>100.0</b>

#### c) Number of subscriber – State wise

Bigger states like Karnataka (10.34% of total subscriber), Uttar Pradesh (9.65 %) and Maharashtra (8.67%) have more number of NPS/APY subscribers followed by Andhra Pradesh (7.87%), Madhya Pradesh (5.86%) and Tamil Nadu (5.49%). These states

have more subscribers under NPS Lite and APY. However, the smaller states like North- Eastern states and UTs have low NPS subscriber and majority of the subscribers are from Government sector. State wise distribution of NPS / APY subscribers across the states is depicted in Chart 3.3.



**Chart 3.3: Number of subscriber – State wise**



**d) Number of subscriber – Age wise**

43 per cent of the total subscribers under NPS are in the age group of 26-35 years. In Government Sector subscribers are clustered in the age group of 26-35 years as the new employees of Central Government who joined services w.e.f. January 1, 2004 are mandatorily covered under NPS. Also State Governments have implemented NPS for their new

employees on mandatory basis. In public sector banks which falls under Corporate Sector, new employees who joined after January 2010 have been mandatorily covered under NPS. Therefore, the maximum number of subscribers in these sectors are in the age group of 26-35 years. For voluntary sectors i.e. All Citizen, NPS Lite and APY the subscribers are by and large distributed across the age bracket.

Table 3.15: Per cent of subscribers in different age groups

	Central Govt.		State Govt.		Corporates		All citizen		NPS Lite		APY		Total	
	Mar-15	Mar-16	Mar-15	Mar-16	Mar-15	Mar-16	Mar-15	Mar-16	Mar-15	Mar-16	Mar-15	Mar-16	Mar-15	Mar-16
18-25 years	22	18	10	8	20	16	4	3	7	5	-	27	11	12
26-30 years	35	36	26	24	44	43	12	10	12	12	-	26	22	22
31-35 years	22	24	24	25	17	19	19	18	17	16	-	26	20	21
36-40 years	10	11	18	19	8	9	21	19	18	18	-	21	16	17
41-45 years	4	5	11	12	6	7	17	17	18	18	-	-	13	11
46-50 years	3	3	6	7	3	4	13	15	14	15	-	-	10	8
51-55 years	2	2	3	3	2	2	9	12	9	10	-	-	6	5
56-60 years	1	1	1	1	1	1	5	7	4	5	-	-	2	2
above 60	0	0	0	0	0	0	0	0	1	1	-	-	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>100</b>	<b>100</b>

e) **Number of subscriber – Contribution wise**

45 per cent of the NPS/APY subscribers have contributed upto Rs. 6000 during FY 2015-16. This is because around 57 per cent of the total subscribers are NPS Lite/APY subscribers with limited savings potential. In Government Sector, where subscribers are mandated to contribute 10 per cent of basic and D.A. towards NPS contribution, for majority of subscribers, annual contributions are in the range of

Rs. 24,001- Rs. 50,000, In All Citizen, 38 per cent of the subscribers have contributed in Rs. 24,001- Rs. 50,000 range in FY 2015-16 compared to 9 per cent subscriber in FY 2014-15. This shift may be because of additional tax exemption of Rs. 50,000/- made available to the subscribers for NPS contribution in the Union Budget 2015-16.

**Table 3.16: Per cent of subscribers contributing to different contribution range**

Sector	CG		SG		Corporate		All citizen		NPS Lite		APY		Total	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
upto Rs. 6,000	1	1	2	2	4	2	29	20	98	98	-	90	44	45
Rs. 6,001-24,000	5	4	8	11	10	9	54	19	2	2	-	10	5	7
Rs. 24,001-Rs. 50,000	53	43	47	35	37	23	9	38	0	0	-	0	27	19
Rs. 50001-Rs. 72,000	26	35	22	21	14	26	3	20	0	0	-		13	14
Rs. 72,001-Rs. 1,50000	12	15	18	24	31	36	4	2	0	0	-		10	11
Rs. 1,50,001-2,00,000	1	1	1	3	2	2	1	0	-	-	-		1	1
above Rs. 2,00,001	1	1	1	5	3	2	1	1	-	-	-		1	2
<b>Total</b>	100	100	100	100	100	100	100	100	100	100	-	100	100	100

### 3.13.2 Points of presence

After notification of PFRDA (Points of Presene) Regulations, 2015, 44 existing POPs and 11 new PoPs have been issued Certificate of Registration. As per the Regulations, six corporates and seven special entities have applied for registration as PoPs, of which two special entities have been issued Certificate of Registration. The remaining applications are under examination. List of PoPs registered with PFRDA is provided at Annexure I

### 3.13.3 The Central Recordkeeping Agency, its role and functions

NSDL e-Governance Infrastructure Ltd, was

appointed by PFRDA, as the Central Recordkeeping Agency and an agreement was executed on November 26, 2007.

CRA acts as an operational interface for all intermediaries. The role includes liasoning with all necessary external agencies and recordkeeping, administration and customer service functions for all subscribers of the NPS.

#### a) Selection of second CRA

A policy decision was taken for induction of second CRA keeping in view the technological advancements and innovations in the market that have the potential to reduce cost of CRA operations. Competitive pressure will also lead to improvement in service

quality. PFRDA issued RFP in December, 2015 for selection of second CRA.

### **b) Role and responsibilities of CRA**

The major role and responsibilities of CRA are as follows:

#### **i. Continuous Enhancements and developments of new functionalities**

It is the responsibility of the CRA to create and establish facilitation centres network across country. They have to develop various new functionalities/utilities and do continuous enhancements and development of modules to address changing requirements of various stakeholders.

#### **ii. Services to Subscribers of all sectors**

The primary role of CRA is of recordkeeping, administration, providing customer service functions for all NPS subscribers, issuance of unique Permanent Retirement Account Number (PRAN) and IPIN/TPIN to the subscribers. The various services to the subscribers includes sending SMS alerts and emails at the time of registration, credit/ debit of units, withdrawal, balance in the PRAN, conducting subscriber awareness programs and providing web based access to all the NPS stakeholders. CRA also provides Centralized Grievance Management System and call centre facility to the subscribers and Nodal offices. Besides these services all subscriber maintenance services such as change of scheme, change of demographic details, grievance handling etc. are being handled by CRA.

#### **iii. Services to Intermediaries**

##### **● PFMs:**

It is the primary responsibility of CRA to timely allocate the funds to PFMs, prepare and send consolidated Investment Preference Scheme information, sending net fund transfer report to PFMs on the basis of confirmation of fund transfer report received from Trustee bank and to measure the Scheme performance

reports using NAVs send by PFMs to CRA.

##### **● TB:**

To reconcile pension fund reports received from Trustee Account with pension fund contribution information report and generate error/discrepancy report on fund reconciliation, sending instruction to Trustee Bank to remit withdrawal fund to subscribers' account and remit remaining amount to Annuity Service Providers' account against the annuity scheme.

##### **● ASPs:**

To collect physical application forms from the subscribers and forward them to ASPs and sending funds transfer details for the subscriber's annuity to ASPs. Transferring electronic data transfer to ASPs with respect to subscriber details and sending instruction on Annuity scheme.

##### **● Others:**

Provide periodic and ad-hoc MIS (including Grievance redressal) to PFRDA, State Governments, Central Government and Ministry of Finance, conduct periodic orientation programs for nodal offices and to provide seamless and error-free system operations involving CRA system, PFMs, TB and other entities in NPS.

### **c) Development of new functionalities**

Continuous enhancements and development of modules to address changing requirements of various stakeholders is one the main objective of CRA. Various functionalities were developed by CRA to ensure the seamless functioning of NPS system. Few of the major developments are as under:

##### **● Opening of NPS accounts online**

PFRDA has taken initiative to provide online registration facilities for prospective subscribers. CRA has provided a window on their website for the prospective subscribers to

register for NPS account directly. The website also facilitates contributions through a payment gateway.

- **Contributions upload for shifted subscribers**

Points of Presence (POPs) were previously allowed to upload the regular monthly contribution in the CRA system only for the subscribers pertaining to their associated Corporate. Now, a POP can also upload the contribution for subscribers who have shifted from one of their associated Corporate to another associate Corporate.

- **Upload of unequal contribution for Govt. employees**

In case of Govt. sector employees, the Uploading Office is required to prepare and upload the contribution file wherein the Employee and Employer Contribution are equal for each subscriber. This functionality will now allow the Uploading Offices to prepare and upload contribution files where Employer and Employee contribution amount are not same.

- **One way switch**

Previously, there was no provision for transfer of funds from Tier-II to Tier-I account. Now, the POP can process a subscriber request to transfer funds from Tier II to Tier I account. Such transactions can be processed only for subscribers under All Citizens of India Model or Corporate Sector Model having active Tier I and Tier II accounts, subject to the availability of adequate holdings in the Tier II account. There is no limit (minimum or maximum) on the amount and number of one way switches that can be requested by a subscriber.

- **Processing of voluntary contribution for corporate subscribers through any POP**

Currently, POPs are allowed to upload contributions for corporate subscribers only if the Corporate is associated with them. With

the release of this new functionality, the POPs can process the 'Voluntary' contributions made by any Corporate subscriber even if they are not associated to them.

- **Functionality for nodal offices on Tier - II operations and voluntary contribution processing**

The Govt. sector Nodal Offices have now been provided with utility for activating the Tier II account and its operation for all Government employees. The Government subscribers (mandatorily covered under NPS) can also approach their associated Nodal Office for making additional investment (Voluntary Contributions) in their PRAN - Tier I account.

- **Insertion of QR Code facility on backside of PRAN**

The QR code is a matrix barcode and is used to store URL of websites. The QR code can be converted to data by using a smart phone. The application to read QR code is available as free application for all smart phone users. Further, utility to convert website URL to QR code is also freely available online.

- **Pop - Up window for resolution of pending grievance in CRA system**

To aid the Nodal Offices, a pop-up alert is displayed on the home page immediately after the User logs in to CRA website ([www.cra-nsdl.com](http://www.cra-nsdl.com)). The pop-up displays the count of grievances pending (if any) for more than 30 days. The User have two options i.e., either to resolve the grievances immediately by selecting the option 'Resolve Now' (which will guide the user to 'grievance resolution' screen) or to select 'Resolve Later' to continue with regular operations and provide resolutions to the grievances later. The pop-up window is a reminder to all the Nodal Offices which have any grievance pending for resolution beyond 30 days in Central Grievance Management System (CGMS) module.

### d) Dashboard revamping

PFRDA has revamped the dashboard reports of CRA for the convenience/ better understanding of the subscribers and other stakeholders.

### 3.13.4 Pension funds

Pension Fund means an intermediary which has been granted a Certificate of Registration under sub-section (3) of section 27 of PFRDA Act 2013, by the Authority as a Pension Fund for receiving contributions, accumulating them and making payments to the subscriber in the manner as may be specified by regulations.

#### Functions

The Pension Fund functions in accordance with the terms of its Certificate of Registration and the Regulations issued by Authority from time to time. PF is mandated to invest and manage the pension assets of the subscribers covered under NPS, which is inclusive of but not confined to the following:

- a) Professional Investment of contributions as per investment guidelines prescribed by the Authority in the best interest of subscribers.
- b) Scheme portfolio construction.
- c) Maintains books and records of its operations.
- d) Reporting to the Authority/NPST at periodical interval.
- e) Public disclosure.

### 3.13.5 The Trustee Bank

#### a) Trustee Bank:

Axis Bank Ltd. was selected as the Trustee Bank under NPS through an open bidding process with effect from July 3, 2015 for a period of 5 years, as per the terms of the PFRDA (Trustee Bank) Regulations, 2015.

#### b) Roles and responsibilities of Trustee Bank:

- i. Trustee Bank facilitates fund transfers across various entities of CRA system viz. Nodal Offices (uploading offices), Pension Fund Managers, Annuity Service Providers and subscribers.
- ii. Trustee Bank uploads a file containing the details of the funds received from various Nodal Offices to the CRA system. These details are then matched with contribution details provided by Nodal Office(s) to CRA system.
- iii. Trustee Bank receives fund transfer instructions from CRA system as a part of Pay-in process to transfer funds to various entities viz. PFMs, Annuity Providers, Withdrawal Account and may also receive funds from Pension Fund Manager(s).
- iv. Return of unidentified remittances or remittances with incomplete information to the concerned entity.
- v. At the end of each settlement day, the balance funds at Trustee Bank account are reconciled with CRA system.

#### c) Timelines for Trustee Bank

The business activities of Trustee Bank are linked with the other processes at CRA. Therefore, bank ensures that the activities are completed within the timelines specified. The core activities and time limit within which the same is carried out by the Bank is indicated in Table 3.17.

**Table 3.17: Core activities of the Trustee Bank**

Nature of Activity	Timelines
Return of unidentified funds	T+1
Upload of Fund Receipt Confirmation file (FRC)	T+1 (by 9:00 a.m.)
Download Pay- in instruction files from CRA	Daily
Transfer of matched and booked funds to Pension Fund Managers	T+1
Upload of statements and closing balance of various accounts	Daily

Note: (Assumption- Fund realisation at TB on day T)

### 3.13.6 Custodian under the National Pension System

Stock Holding Corporation of India Limited (SHCIL) has been registered as the custodian under the NPS in the year 2008 for a period of ten years for providing custodial and depository participant services. The custodian fee charged by SCHIL is 0.0075 per cent p.a.

### 3.13.7 The National Pension System Trust

The NPS Trust is the registered owner of all assets under the NPS architecture. NPS Trust was established on February 27, 2008 through a Trust Deed executed by its Settlor namely Pension Fund Regulatory and Development Authority (PFRDA). The trust holds these assets for the beneficial interest of the subscribers. The PFRDA (National Pension System Trust) Regulations was notified by the Authority on

March 12, 2015.

The National Pension System Trust is managed by a Board of Trustees, consisting of a minimum of five trustees and not more than eleven trustees as may be appointed from time to time by the Authority. Out of the trustees appointed, one trustee is designated by the Authority as Chairperson of the Board of Trustees of the National Pension System Trust.

Authority appoints a person with appropriate background and experience as Chief Executive Officer of the Trust (CEO) who is responsible for day to day administration and Management of the Trust subject to the superintendence, control and direction of the Board of NPS Trust. The Board meets once in every three calendar months. The constitution of the NPS Trust Board as on March 31, 2016 is provided in Table 3.18

**Table 3.18: The constitution of the NPS Trust Board as on March 31, 2016**

S.No	Name	Designation
1	Sh. Shaliesh Haribhakti	Chairman
2	Smt. Pallavi Shroff	Trustee
3	Sh. Pramod Kumar Rastogi	Trustee
4	Sh. N. D. Gupta	Trustee
5	Sh. Ashvin Parekh	Trustee
6	Sh. Bijay Kumar	Trustee

#### **Management of NPS Funds by the NPS Trust**

The NPS funds of subscribers held in the name of NPS Trust are managed by seven registered pension funds on behalf of the Board of Trustees to realize and fulfill the objectives of the NPS Trust in the interest of the Subscribers. The Performance of the Pension funds are reviewed on a quarterly basis by NPS Trust, and instructions/Guidance is being given to them for protecting the interest of the subscribers.

##### **a) PFRDA (NPS Trust) Regulations, 2015**

On March 12, 2015, PFRDA notified the PFRDA (NPS Trust) Regulations 2015 which prescribed the roles & responsibilities, powers & functions of the Board of NPS Trust for monitoring & evaluation of all operational and service level activities of all intermediaries under NPS and for protecting the interest of subscribers. NPS Trust was thus designated as the nodal point for co-ordinating the operations of all NPS intermediaries, within its existing organizational framework.

##### **b) New Developments and Achievements**

Scheme accounts of NPS:

- The Scheme accounts and consolidated scheme accounts of NPS were examined and adopted by the Board of NPS Trust after due deliberation (FY 2015-16).

#### **Dissemination of Information**

- The website of the NPS Trust has been designed with a view to facilitate better dissemination of information to the subscribers. Information regarding NPS that are useful for the subscribers are available in one place. NAV details, Returns of the schemes, Portfolio details of the schemes are disclosed for subscriber's information/comparison. Disclosure of Portfolio details are disseminated to the subscribers to ensure transparency.

#### **Financial Literacy**

Facility of Pension calculator has been provided in the NPS Trust website to the subscribers for planning his savings for retirement.

#### **Facilitating Interface to the subscribers**

Facilities like FAQs, Subscriber Registration forms, service forms and facility to lodge and view grievances have been provided at one place on the website.

#### **Exit and withdrawal**

- Online withdrawal has been made mandatory from April 1 2015 across all Nodal offices, to reduce the pendency and to decrease the turnaround time of the withdrawal claims processing.



- Withdrawal process under NPS has been changed. Now, NPS Claims Processing Cell at Central Recordkeeping Agency (NSDL) process and approve the claims as per the prescribed guidelines/regulations directly instead of sending the claims to NPS Trust.
- Workshops were conducted for District Treasury officials (DTO) of State government for creating awareness among them to utilize the online withdrawal processing module for error free and faster settlement of claims.

#### Managing Subscriber grievance

- There is a Grievance Redressal Policy for handling of grievances raised against NPS Trust. There is a facility for subscribers to escalate grievances to NPS Trust in centralized grievance management platform. Long pending grievances in the CGMS system have been resolved.
- Training sessions were conducted for Nodal Offices of Central and State Governments for creating awareness for timely resolution of subscriber grievances.
- Facilities to enable subscribers to lodge grievance in the system (Nodal offices can lodge grievance on behalf of subscribers against itself) have been initiated.

#### Agreements

- Service Level Agreements have been signed with reappointed Trustee Bank namely Axis Bank and Central Recordkeeping Agency (CRA) i.e. National Securities Depository Limited (NSDL).

#### eNPS

SBI epay has been appointed as Payment Gateway Service Provider (PGSP) for online eNPS and implementation of facility for online account opening and subscription payment for NPS Subscribers.

#### Recovery of Fee/ charges by NPS Trust

NPS Trust charges fee/charge @ 0.01% of the AUM on daily accrual basis to meet its expenditure

w.e.f. November 1, 2015

#### 3.13.8 Other intermediaries including the Aggregator, etc.

Aggregators are the intermediaries identified and approved by PFRDA, to perform subscriber interface functions under NPS-Swavalamban in respect of their constituent groups. The aggregators are the entities already in existence having continuous functional relationship with a known customer base for delivery of some socio-economic goods / services. After notification of PFRDA (Aggregator) Regulations 2015, 14 Aggregators have been issued letter of acceptance.

The functions of aggregators include:

- Promotion of NPS and awareness about the need for old age income security among its constituent group members.
- Meeting the 'Know Your Customer' requirements in respect of potential NPS subscribers as mandated under AML/CFT requirements.
- Discharge of responsibilities relating to fund and data upload within prescribed time limits.
- Collection of contributions from subscribers and ensuring its passage to Trustee Bank.
- Ensuring availability of services to its underlying subscribers as mandated under NPS-Lite.
- Handling grievances received from subscribers and their resolution.

Any other responsibility as assigned to them by PFRDA to ensure protection of subscribers' interest.

#### 3.13.9 Other functions carried out by the Authority in the area of pensions.

##### NPS for NRIs

NRIs are also eligible to open an NPS account provided they are between the age of 18 years and 60 years at the time of opening the account. The NPS account can be opened through a PoP/PoP-SP or online through eNPS using their Aadhaar or PAN

Cards. Most banks are registered PoPs. The NRI can open the account through the bank in which they hold their NRI account. The application has to be accompanied by a copy of the passport, and proof of address if the local address is different from the address mentioned in the passport. The contributions can be made from the NRE account or NRO account of the NRI subscriber. At the time of exit or withdrawal, the annuity will be paid in INR, as will as the lump sum amount. Repatriation is allowed, subject to the rules in

force. All other features are same for the NRI and Resident subscriber.

The contribution amounts are to be paid by the NRIs either by inward remittance through normal banking channels or out of funds held in their own NRE/FCNR/NRO account.

**Table 3.19: Contribution structure for NPS Accounts when serviced abroad**

Particulars	Tier I	Tier II
Minimum Contribution at the time of account opening	Rs.6,000/-	Rs.2,000/-
Minimum amount per contribution	Rs.2,000/-	Rs.2,000/-
Minimum contribution in a financial year	Rs.6,000/-	Rs.2,000/-
Minimum frequency of contributions per financial year	1	1

While servicing these accounts domestically, the contribution criteria remain the same as applicable to the existing NPS accounts under the All Citizen Model.

Once the NRI status of the subscriber changes to Resident status, the subscriber will have to inform the same to CRA/POP for updating the same in the CRA system.

### eNPS Online Platform

In light of “Digital India” campaign on promoting e-governance for providing last mile connectivity through extensive use of ICT (Information and Communications Technology) platforms, PFRDA has been pursuing the development and operationalization of online transaction facilities for the prospective as well as existing subscribers of NPS.

Towards this end, an online platform for registration of subscribers and receipt of contribution under National Pension System (eNPS) through NPS Trust at [www.npstrust.org.in](http://www.npstrust.org.in) has been developed. Through this platform, a prospective subscriber can register for NPS; contribute to his/her Permanent Retirement Account. Further, the subscribers who already have an NPS account can make contributions through eNPS directly. A prospective subscriber can visit NPS Trust website [www.npstrust.org.in](http://www.npstrust.org.in) and select NPS Online menu to register and contribute to NPS. While registering, a Subscriber will provide his/her name & Permanent Account Number (PAN) details which will be validated online with the Income Tax Department. Subscriber will then select the Bank (through which KYC verification to be done), fill up the personal

details and upload photograph & signature. After filling up of details, the Subscriber will make contribution through net banking from the account of the selected Bank. Once payment is made, PRAN will be provided online to the subscriber. The details submitted by the subscriber will be sent through CRA system to the selected Bank for KYC verification. After verification of KYC by the Bank, the PRAN will become active and operational. Subscriber will be required to print the form, paste photograph, affix signature and submit the physical form to CRA within a specified period while continuing contributing online.

Subscriber can make subsequent contribution online through net banking /debit card/credit card at any time and the same will be credited in the subscriber's PRAN account on T+2 basis. The complete information about eNPS is available in PFRDA website [www.pfrda.org.in](http://www.pfrda.org.in) and also on NPS Trust website

[www.npstrust.org.in](http://www.npstrust.org.in) . Banks viz. Allahabad Bank, Bank of India, Bank of Maharashtra, Oriental Bank of Commerce, South Indian Bank, State Bank of Travancore, State Bank of Hyderabad, State Bank of Patiala, Tamilnad Mercantile Bank and United Bank of India have provided the facility of online KYC verification. PFRDA has advised all other Bank POPs to join the eNPS platform and provide online verification of KYC for the customers of their Banks willing to open NPS account online. Through this facility, it is expected that the subscriber will have multiple advantages like seamless onboarding experience where he need not visit a Point of Presence and can register from anywhere through an internet connection, contribute with minimum cost of transaction and reduction in errors resulting from various manual activities. As on March 31, 2016, 39,147 accounts have been opened through eNPS.

### PART IV

#### 4.1 Functioning of Pension Advisory Committee

Section 45 of PFRDA Act provides for constitution of a Pension Advisory Committee with representations from employees, associations, subscribers, commerce & industry, intermediaries and organisation engaged in pension research to advise the Authority on matter relating to the making of regulations or as may be referred to it. The Authority amended the Pension Advisory Committee on August 31, 2015 with composition as at Annexure II. During the year under reference, the Pension Advisory Committee meetings took place i.e. on May 22, 2015 and March 14, 2016 at New Delhi.

#### 4.2 Performance of various committees set up under sub-section (2) of section 49

A committee was formed by PFRDA in the month of September 2014 under the chairmanship of Sh. G.N. Bajpai for review of investment guidelines for NPS schemes in private sector. The committee has submitted its report in April 2015 and the main recommendations of the committee are as under:

1. Moving from Directed investment regime to the prudent investor regime which should be based on following principles:

- a) Harmonization of the Investment Guidelines for Private and Govt. Sector
  - b) Review of ceiling for each asset class
  - c) Expanding the universe of instruments under each Asset Class
  - d) Adding new Asset Classes
  - e) Allowing the entire corpus of NPS to be managed by both private and public sector funds.
2. Harmonizing the investment mandates across

various Regulatory Regimes within the domain of pension sector. To begin with, the Committee suggested harmonizing the investment guidelines within NPS across Government and Private Sector i.e. loosening the guidelines for Govt. sector to allow more play to the Pension Fund managers in asset classes like equity.

3. The restriction of allowing Pension funds only from the public sector to manage the funds of Government employee subscribers may be done away with.

4. On the road to Prudent investor regime, the Regulator may, in the interim allow introduction of a few new schemes to test the risk appetite of the subscribers and build their confidence in asset classes perceived to be riskier viz Equity through the life cycle fund approach. While the existing life cycle fund shall continue to be the one with maximum investment in equity pegged at 50% (option LC50), more life cycle funds (at least two more to begin with) may be introduced.

5. The broad road map for moving to prudential investor regime, based on principles defined above would be as follows:

##### Phase I

- a) Allowing private sector PFs to manage the funds of the Government sector employees
- b) Harmonization of the investment guidelines of the government and private sector.
- c) Shift away from the fixed income fixated investment pattern and allowing more play to pension fund managers in equity through following measures:
  - Allowing investment in equity to the extent of 50% by Government sector employees/ NPS lite subscribers.
  - Allowing floating of life cycle funds with equity cap at 75%. Moving away from passive investment to active investment in equity.

- Allowing investments in shares, which have derivatives in any stock exchange.
- Expanding the universe of investment of equity to NSE 100.

d) Allowing investments in equity both through primary and secondary market. Allowing investment in Mortgage backed securities, Covered notes, CPs, CDs

e) Allowing investments in Infrastructure Trust Funds.

f) Removal of limits on SDLs under “G”

g) Introduction of new asset classes within overall cap of 5% of the portfolio.

- Real estate through REITS
- Alternative Investment Funds ( AIF) registered with SEBI

## Phase II

a) Raising the ceiling on equity to 75%

b) Further loosening ceilings on AIFs, REITS, INFRA-REITS

c) Introduction of IDRs

d) Allow CBLO in both Corporate bonds and Government bond

e) Allow Repo and Reverse Repo.

f) Introduce commodity trading viz bullion through Gold ETFs with ceilings of 1%

## Phase III

a) No ceilings on asset classes

b) Only a negative list of assets and instruments based on the experience of last 5 years

c) Some prudential ceilings viz concentration ceilings etc or risky and volatile asset classes/ instruments.

6. PFs may be allowed to market the NPS product. The PFs may canvass the product while the actual on-boarding may be done through the PoPs. Also, a cadre

of independent financial advisors may be developed who could offer this product as a part of this financial planning.

7. A fixed and variable component in the management fee of PFs may be introduced, with pension funds being incentivized to quote lowest fixed fee in the bid. However, the variable fee shall depend upon other performance indicators viz relative Returns generated etc.

8. A dynamic and comprehensive asset-liability management module, which could include, among others, prudential duration gap limits, prudential limits for interest rate sensitivity and a structural liquidity framework may be prescribed by the regulator to efficiently manage the Asset Liability Management to meet the payouts at least cost to the system at the time of exit of the subscribers.

9. For generating healthy competition and meeting the standard of transparency, a framework for disclosures about the performance of pension funds disclosing returns generated, risk management parameters, which includes a judicious mix of returns generated viz Risk adjusted returns, Yield to Maturity (YTM), and Tracking Error besides risk parameters, impact on safety of funds viz Concentration (Issuer & Industry), Liquidity, Credit Quality, and Maturity profile has been recommended.

10. Institutionalisation of professional organizations of analysts, retirement advisors or consumer protection forums aimed at analyzing the data, comparisons, and evaluation of the Pension funds' performance for the benefit of subscribers and also for evolving benchmarks.

11. To develop a contiguous pension system involving collection, investment, fund management, record keeping and pay outs for orderly growth of the pension sector, any Scheme aimed at accumulation of funds for providing old age income security by way of annuity, or pension etc. shall be registered and regulated by PFRDA.

12. The tax treatment of EET for NPS compares unfavorably with Govt. employees joining prior to

1.04.2004 - wherein commutation of pension is allowed exemption from taxation at the time of retirement and all other long term saving instruments such as mutual funds, LIC, PPF, GPF etc which enjoy tax benefits at the time of withdrawal. In order to ensure development of the pension sector in general and NPS in particular, it is essential that distortions across financial instruments and group of assesses are resolved and appropriate fiscal incentives are provided.

### 4.3 Regulations made or amended

During the year 2015-16, the regulations with respect to CRA, Pension Fund, Custodian of securities, Exit and Withdrawals were notified.

1. Pension Fund Regulatory and Development Authority (Central Recordkeeping Agency)

Regulations, 2015

2. Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015

3. Pension Fund Regulatory and Development Authority (Custodian of Securities) Regulations, 2015.

4. Pension Fund Regulatory and Development Authority (Exits and Withdrawals Under the National Pension System) Regulations 2015

These regulation prescribed for the eligibility criteria for the registration and selection of the entities - CRA, PF, Custodian etc., their functions, roles and responsibilities, provision for their operations, compliance with regulations and the penalties in case of default by them.

## PART V

### Organizational matters of the Pension Fund Regulatory and Development Authority

#### 5.1 Constitution of PFRDA Board

Section 4 of the PFRDA Act provides for the composition of the Authority consisting of a Chairperson, three whole time members, and three part-time members to be appointed by the Central Govt. As on 31.03.2016 the composition was as under:

##### (i) Chairman

Shri Hemant G. Contractor is the first Chairman to head the statutory Pension Fund Regulatory and Development Authority (PFRDA) after notification of PFRDA Act in 2014. He joined PFRDA in October 2014. Prior to joining PFRDA he was the Managing Director, State Bank of India.

##### (ii) Whole-Time Members

1. Sh. R.V. Verma, Whole-time Member (Finance) from 13.05.2014 till date.
2. Dr. Badri Singh Bhandari, Whole-Time Member (Economics) from 16.05.2014 till date.

##### (iii) Part-Time Members

1. Ms. Vandana Sharma, Joint Secretary, Department of Pension and Pensioner's Welfare from December 12, 2014 till date.
2. Ms. Annie George Mathew, Joint Secretary, Department of Expenditure from December 12, 2014 till date.
3. Dr. Shashank Saksena, Economic Adviser, Department of Financial Services from January 30, 2015 till date.

#### 5.2 Meetings of the Authority

Ten Meetings which includes matters decided through circulation of the Authority were held during financial year 2015-16.

44th Authority Meeting held on April 06, 2015

45th Authority Meeting held on May 14, 2015

46th Authority Meeting held through Circulation

47th Authority Meeting held on August 1, 2015

48th Authority Meeting held on September 12, 2015

49th Authority Meeting held through Circulation

50th Authority Meeting held on November 6, 2015

51st Authority Meeting held on December 18, 2015

52nd Authority Meeting held on Feb 6, 2016

53rd Authority Meeting held on Mar 19, 2016

Several important decisions as per the PFRDA Act were taken during the Board meetings.

#### 5.3 Staff Strength in PFRDA

As on March 31, 2016 the staff strength of PFRDA is 49 out of which 47 are in officer cadre.

One officer is presently posted on deputation to National Pension System Trust as Chief Executive Officer. Further, out of 46 officers in PFRDA, 6 officers are presently reporting to Chief Executive Officer, NPS Trust till the regular staff is deployed in NPS Trust.

#### 5.4 Setting up of SC/ST Cell and OBC Cell in PFRDA

To implement Government instructions on welfare of SC/ST/PWD employees, a cell has been set up in PFRDA. A DGM grade officer has been nominated as Liaison Officer for SCs/STs/PWDs. Also, a separate cell for welfare of OBCs has been set up in PFRDA. A DGM grade officer has been nominated as Liaison Officer for OBCs.

#### 5.5 Committee for Prevention of Sexual Harassment at Workplace

A Committee for prevention of Sexual Harassment at workplace is in place for receiving complaints, holding enquiry etc. in accordance with the Sexual Harassment

of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### 5.6 Staff Welfare Committee

A Staff welfare Committee has been constituted in PFRDA to identify and organize various staff welfare activities. The Committee will help evolve measures for securing and preserving good relations amongst the employees and also between employees and the management. A DGM grade officer has been nominated as Chairperson of the Staff Welfare Committee.

### 5.7 Training of employees in PFRDA

During the financial year 2015-16, 3 officers were nominated by PFRDA for trainings/workshops on various subject area, like Domestic Enquiry, Disciplinary Action & Discipline, RTI Act 2005 and Global Financial Markets.

### 5.8 Information Technology

Information technology has become a vital and integral part of every organization. Information Technology (IT) provides an opportunity for organizations to improve their efficiency and effectiveness, and even to gain competitive advantage. PFRDA is constantly applying Information Technology in all spheres of its activity to optimize outcomes.

#### a) PFRDA Website

PFRDA build and maintain relationships by disseminating organisational information and promoting two-way communication through IT and ITES. The importance of the Internet and websites as tools for public relations can hardly be overemphasised. PFRDA's website is typically dedicated to NPS subscribers and intermediaries. All new information about policy and changes, regulations and amendments etc. can be found on it. PFRDA's website is built as per the guidelines for Indian Government Websites and accessible through laptops, desktops and smart phones and suitable for

differently abled people. The website is available bilingually to cater the need of Hindi speaking people.

#### b) E-Office

The days of large file rooms, rows of filing cabinets and the mailing of documents is fading fast. Today, most organisations store digital versions of documents on servers and storage devices. These documents become instantly available to everyone in the organisation, regardless of their geographical location. Organisations are able to store and maintain tremendous amount of historical data economically, and employees benefit from immediate access to the documents they need. Storing data is only a benefit if that data can be used effectively. In order to address these issues PFRDA is in the process of implementing e-office for day to day work. Introduction of e-office will ensure efficiency and effectiveness in discharge of its regulatory functions besides improving ease of working and reducing time in disposal of cases.

### 5.9 Promotion of Official Language

PFRDA has set up an Official Language Cell to implement the official language policy of Government of India and ensure the implementation of Rajbhasha Act, 1963 and Rajbhasha Rules, 1976 and to promote Hindi in PFRDA. Communications received in official language are also replied in official language. All regulations framed by PFRDA are bilingual. Keeping in view the large customer base of NPS consisting of various sections of the society, the contents available in English are being translated into Hindi for the benefit of customers.

### 5.10 Implementation of Right to Information Act

PFRDA is implementing the Right to Information Act, 2005. There is a dedicated cell to process the applications received under the Right to Information Act, 2005 which is under Central Public Information Officer. As provided in the RTI Act, PFRDA has an official as the Appellate Authority (AA) where appeals can be made against an order of the CPIO.

Section 4 of the RTI Act casts obligation on every public



authority to make certain disclosures. The focus of the disclosure is transparency in the working and functioning of PFRDA. In this regard, PFRDA has put in place various functions, duties, powers and duties of its officers, rules, regulations, manuals etc. All the relevant acts, regulations are available on PFRDA website. PFRDA had notified 14 regulations covering various intermediaries, subscriber grievances etc. in the last financial year, after extensive stakeholder consultation and also through the meeting of the Pension Advisory committee constituted under Section 45 of the PFRDA Act, 2013.

During the year 2015-16, 351 applications and 8 first appeals were received till March 31, 2016 *inter alia* regarding opening, transfer, withdrawal & exit from NPS, APY scheme and relating to PoPs statement of individual pension accounts etc. All the applications and appeals were replied/disposed within the stipulated time as prescribed under RTI Act, 2005 and maximum information as is available was given to the applicants in the spirit of the RTI Act, 2015.

Any citizen can request for information under RTI by making an appropriate application in writing with the prescribed fees to the Central Public Information Officer, Pension Fund Regulatory and Development Authority, First Floor, Chatrapati Shivaji Bhawan, B-14/A, Qutab Institutional Area, New Delhi 110016.

## 5.11 Accounts of PFRDA

During the financial year 2015-16 PFRDA received a grant of Rs.22.49 crores from Government of India.

To encourage the workers of unorganized sector to voluntarily save for their retirement, the Central Government had announced a co-contributory pension scheme 'Swavalamban' in the Union Budget 2010-11. PFRDA has been mandated by the Government to implement the Swavalamban scheme all over the country. During the financial year 2015-16, PFRDA has received a grant of Rs. 250.64 crore under the scheme, towards Government co-contribution, Incentive to Aggregators and other activities. Further, Atal Pension Yojna was announced in the budget speech for the FY 2015-16 for persons belonging to

unorganized sector. All subscribers under NPS-lite/Swavalamban between the age of 18-40 years are eligible to shift to Atal Pension Yojana. During the financial year 2015-16, PFRDA has received a grant of Rs. 173.00 crore under the scheme, towards Government co-contribution, Incentive to service providers and other promotional activities.

The accounts of the authority for the financial year 2015-16 have been finalized as per the Pension Fund Regulatory and Development Authority (Form of Annual Statement of Accounts and Records) Rules, 2015. The accounts were approved by the PFRDA Board in its 56<sup>th</sup> Board meeting held on July 22, 2016. The Balance Sheet and Income & Expenditure Accounts of PFRDA along with Schedules forming part of the financial statements are placed at Annexure III.

In accordance with the provisions of the PFRDA Act 2013 and on approval of the Board, the accounts of PFRDA for the financial year 2015-16 will be forwarded to the Comptroller and Auditor General of India for audit.

### PART VI

#### Any critical area adversely affecting the interest of subscribers

NPS is at a disadvantage compared to other pension/provident fund schemes such as EPF PPF, CPF (Contributory Provident Fund) Schemes in so far as tax treatment of the retirement corpus is concerned. While 40 per cent of the accumulated retirement corpus when withdrawn as lump sum on superannuation is exempt from tax, it is not

completely tax free as the other schemes mentioned above are, and therefore suffers in comparison. There is a need to provide a level playing field to NPS vis-à-vis other competing products with respect to employer's contribution and tax treatment of the partial and final withdrawals.

## PART VII

### Any other measure taken by the Authority to protect the interest of subscribers to the National Pension System and other pension schemes under the Act

PFRDA has taken various steps at the policy as well as operational level to make NPS more subscribers friendly. In addition to this, additional tax benefits made available exclusively to NPS has given a fillip to the scheme. This is further expected to result into a substantial increase in the subscriber base by end March 2016.

The following steps have been taken in the recent past for the convenience of the subscriber:

- The investment guidelines for NPS have been revised to expand the investment avenues for optimization of the returns.
- Partial withdrawal upto 25% of subscriber's own contribution for specific purposes like higher education of children, marriage of children, construction of house and specified illness have been allowed to the NPS subscribers after completion of 10 years in NPS.
- NPS Private Sector subscribers can continue contributing beyond 60 years upto 70 years of age.
- NPS Subscriber can defer the withdrawal of lump sum amount upto the age of 70 years and also have the option to defer purchase of annuity upto 3 years from the date of superannuation or 60 years. The funds during this period remain invested in the system.
- The Statement of Transactions (SOT) being sent by CRA to the existing subscribers has been modified to reflect the returns of the individual subscriber since the date of account opening and also the return generated during the last financial year.
- To facilitate and operationalize the deposit of additional contribution of Rs.50,000/- to avail of the additional tax benefit under Section 80 CCD(1B), Government Subscribers already covered under NPS have been provided the facility to deposit voluntary contributions in their Tier I account through any POP-SP. Government employee covered under old pension scheme can also avail this tax benefit by opening individual Tier I account through any POP-SP and contributing to the same. Also this has been enabled through eNPS.
- Online reset of password and facility to change mobile no. and email Id has been provided to all the NPS subscribers.
- SMS alerts on balances in the NPS account being sent to the subscribers on quarterly basis, in addition to regular monthly alerts on contribution and other changes in the PRAN.

## Annexure I - List of POPs

Sr. No	POP Name	Sr. No	POP Name
1	Abhipra Capital Limited	29	State Bank of Patiala
2	Andhra Bank	30	State Bank of Travancore
3	Bajaj Capital Limited	31	Steel City securities Limited
4	Bank of India	32	Stock Holding Corporation Of India Limited
5	Central Bank of India	33	Syndicate Bank
6	Computer Age Management Services Private Limited	34	Tamilnad Mercantile Bank Ltd
7	Corporation Bank	35	The Federal Bank Ltd
8	Dena Bank	36	The Karur Vysya Bank
9	Eureka Stock & Share Broking Services Ltd	37	The Lakshmi Vilas Bank Limited
10	HDFC Securities Limited	38	The South Indian Bank Limited
11	ICICI Bank Limited	39	UCO Bank
12	ICICI Securities Limited	40	UTI Asset Management Company Limited
13	IDBI Bank Limited	41	Ventura Securities Ltd.
14	IL&FS Securities Services Limited	42	Way2Wealth Broker Private Ltd.
15	India Infoline Finance Ltd	43	Yes Bank Limited
16	Indian Bank	44	Zen Securities Limited
17	Integrated Enterprises (India) Limited	45	CSC E- Governance Services India Ltd
18	Karnataka Bank Limited	46	SBI Caps Securities Ltd
19	Karvy Financial Services Limited	47	SMC Global Securities Ltd.
20	Kotak Mahindra Bank Limited	48	Religare Securities Ltd
21	Marwadi Shares and Finance Limited	49	Dayco Securities Ltd
22	Muthoot Finance Limited	50	DBFS Securities Ltd
23	Narnolia Securities Ltd.	51	Gujarat Infotech Ltd
24	Punjab and Sind Bank	52	RBL Bank Ltd
25	Reliance Capital Limited	53	IndusInd Bank Ltd
26	State Bank of Hyderabad	54	HDFC Bank Ltd
27	State Bank of India	55	Bajaj Finance Ltd
28	State Bank of Mysore		

Sr. No .	PoP- SE	Associated PoP
1	Acumen Software Technology Ltd	Stock Holding Corporation of India Ltd
2	Hanumanata Sales Pvt Ltd	Stock Holding Corporation of India Ltd

## Annexure II

### Composition of Pension Advisory Committee (PAC) and issues discussed during PAC meetings

1. Mr. D.V.S.S.V. Prasad, Chief Executive Officer, Fixed Income Money Market and Derivatives Association of India
2. Ms. D. Vijayalakshmi, Chair Professor- Life, National Insurance Academy, Pune
3. Mr. G. N. Bajpai, Chairman, National Pension System Trust
4. Mr. Gagan Rai, Managing Director & CEO, NSDL e-Governance Infrastructure Limited
5. Mr. Leo Puri, Director, The Association of Mutual Funds in India
6. Dr. L H Manjunath, Executive Director, Shree Kshethra Dharmasthala Rural Development Project
7. Mr. Kulin Patel, Senior Actuary and Director – Client Account Management, Towers Watson, Gurgaon
8. Ms. Meghana Baji, Chief Executive Officer, ICICI Prudential Pension Funds Management Co. Ltd
9. Mr. M V Tanksale, Chief Executive, Indian Banks' Association
10. Mr. R. Sridharan, Managing Director, The Clearing Corporation of India Ltd
11. Mr. Raghavendra Lal Das, Chief General Manager-in-Charge, Human Resource Management Department, Reserve Bank of India
12. Mr. Shailendra Kumar, Managing Director & CEO, SBI Pension Funds Pvt. Ltd
13. Mr. Sumantra Guha, Chairman of the Committee of Banking, Insurance and Pension of the Institute of Chartered Accountants of India.
14. Ms. Trishaljit Sethi, Deputy Director General (Establishment), Postal Directorate
15. Principal Secretary, Finance, Government of Rajasthan

The Chairperson and the members of the Authority shall be the ex officio Chairperson and ex officio members of the Pension Advisory Committee.

The following agenda items were taken up for discussion in the Fourth Meeting of PAC:

- Confirmation of Minutes of Third Meeting of the Pension Advisory Committee held on 9<sup>th</sup> December 2014
- Marketing of NPS by Pension Funds
- Valuation of Portfolio of NPS
- Valuation Process and Methodology under NPS
- Minimum Assured Returns Scheme under NPS
- Guidelines for Asset Liability Management under NPS

The following agenda items were taken up for discussion in the Fifth Meeting of PAC:

- Amendment to Pension Fund Regulatory and Development Authority (Pension Fund) Regulations 2015.
- Exploring the possibility of selection of POPs for promotion of NPS through competitive bidding process on the pattern of RSBY
- Pension Fund Regulatory and Development Authority (Retirement Adviser) Regulations, 2016
- Auto Enrolment to pension in India

## Annexure III

FORM A							
[See rule 3(a)]							
PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY							
FORM OF BALANCE SHEET AS AT 31.03.2016							
(Unit-Indian Rupee)							
LIABILITIES	Schedule	Current year	Previous year	ASSETS	Schedule	Current year	Previous year
1. Corpus / Capital fund	1	204,019,970	157,827,280	1. Fixed assets	8		
				Gross Block		16,764,464	17,841,743
				Less: Depreciation		12,983,387	13,449,766
				Net Block		3,781,077	4,391,978
2. Reserves and surplus	2	-	-	2. Investments from Earmarked/ Endowment Fund	9	14,000,000	-
3. Earmarked / Endowment funds	3	14,118,509	39,118,331	3. Investments - Others	10	-	-
4. Secured loans and borrowings	4	-	-	4. Current assets, Loans, Advances etc.	11	3,401,374,786	334,810,210
5. Unsecured loans and borrowings	5	-	-	5. Miscellaneous expenditure (to the extent not written off or adjusted)		-	-
6. Deferred credit liabilities	6	-	-				
7. Current liabilities and provisions	7	3,201,017,384	142,256,576				
<b>Total</b>		<b>3,419,155,863</b>	<b>339,202,187</b>	<b>Total</b>		<b>3,419,155,863</b>	<b>339,202,187</b>
Significant Accounting Policy	24						
Contingent Liabilities and Notes on Accounts	25						
<b>Note :-</b>							
A. Schedules to Balance Sheet form part of Account.							
Place: New Delhi				Manju Bhalla			
Date : 30.06.2016				Chief Accounts Officer			
Dr. B.S. Bhandari		R.V. Verma		Hemant G. Contractor			
Member		Member		Chairperson			

FORM B							
[See rule 3(b)]							
PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY							
FORM OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED AT 31ST MARCH,2016							
(Unit-Indian Rupee)							
EXPENDITURE	Schedule	Current year	Previous year	INCOME	Schedule	Current year	Previous year
1. Establishment Expenses	20	96,812,657	90,125,415	1. Income from Sales/Services	12	-	-
2. Other Administrative expenses etc.	21	1,536,198,321	3,115,148,818	2. Grants/Subsidies	13	4,561,300,000	2,260,300,000
3. Expenditure on Grants, Subsidies etc.	22	1,400,000	5,500,000	3. Fee/Subscription	14	-	-
4. Interest	23	1,361	5,297	4. Income from Investments (Income on investment from earmarked/endowment Funds transferred to Funds)	15	-	-
5. Depreciation (Net Total at the year end – corresponding to Schedule 8)		1,161,564	1,160,392	5. Income from Royalty, Publications etc.	16	-	-
				6. Interest Earned	17	14,074,665	11,672,286
				7. Other Income	18	153,668,569	11,691,279
				8. Increase/ (decrease) in stock of Finished goods and Work-in-progress	19	-	-
<b>TOTAL</b>		<b>1,635,573,903</b>	<b>3,211,939,922</b>	<b>TOTAL</b>		<b>4,729,043,235</b>	<b>2,283,663,565</b>
<b>Balance being excess of Income over Expenditure</b>		<b>3,093,469,332</b>	<b>-928,276,358</b>				
Transfer to Special Reserve (specify		-	-				
Transfer to/from General Reserve		-	-				
<b>BALANCE BEING SURPLUS / (DEFICIT) CARRIED TO CORPUS / CAPITAL FUND</b>		<b>3,093,469,332</b>	<b>-928,276,358</b>				
<b>Significant Accounting Policy</b>	24						
<b>Contingent Liabilities and Notes on Accounts</b>	25						
<b>Notes :-</b>							
1. All schedules to Income and expenditure account form part of Account.							
Place: New Delhi					<b>Manju Bhalla</b>		
Date : 30.06.2016					<b>Chief Accounts Officer</b>		
<b>Dr. B.S. Bhandari</b>			<b>R.V. Verma</b>		<b>Hemant G. Contractor</b>		
<b>Member</b>			<b>Member</b>		<b>Chairperson</b>		

FORM C [See rule 3(c)] PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY FORM OF RECEIPT AND PAYMENT ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2016 (Unit-Indian Rupee)					
RECEIPTS	Current year	Previous year	PAYMENTS	Current year	Previous year
1. <b>Opening Balances</b>			1. <b>Expenses</b>		
(a) Cash in hand	20,000	20,000	(a) Establishment Expenses	90,477,049	90,115,453
(b) Bank Balances			(b) Administrative Expenses	257,360,842	233,241,619
(i) In Current accounts	-	-	2. <b>Grants Utilised</b>		
(ii) In Time Deposit accounts	-	-	(a) Swavalamban Contribution	860,020,891	2,759,468,000
(iii) In Saving Bank deposit accounts	167,794,017	1,184,021,445	(b) Swavalamban Promotion	148,946,432	249,585,820
2. <b>Grants Received</b>			(c) Grant to National Pension system Trust	1,400,000	5,500,000
(i) <b>From Government of India</b>			(d) APY Promotion & Development	211,944,730	-
(a) Grant-in-aid Salaries	69,900,000	80,000,000	(e) Others	-	-
(b) Grant-in-aid-General	155,000,000	230,000,000	3. <b>Investments and deposits made</b>		
(c) Grant-in-aid-Swavalamban Contribution	2,312,900,000	1,750,000,000	(a) Out of Earmarked/Endowment funds	14,000,000	-
(d) Grant-in-aid-Swavalamban Promotional & Development activities	193,500,000	200,000,000	(b) Out of Own Funds (Investments-Others)	-	-
(e) Grant-in-aid APY Contribution	1,500,000,000	-	4. <b>Expenditure on Fixed Assets and Capital Work-in-progress</b>		
(f) Grant-in-aid APY Promotion & Development	230,000,000	-	(a) Purchase of Fixed Assets	1,614,217	735,097
(g) Others			(b) Expenditure on Capital Work-in-progress	-	-
(ii) <b>From State Government</b>			5. <b>Refund of surplus money/ Loans</b>		
(a) Grant-in-aid Salaries	-	-	(a) Recoverable from National pension system trust	-	-
(b) Grant-in-aid-General	-	-	(b) To the State Government	-	-
(c) Grant-in-aid-Swavalamban Contribution	-	-	(c) To other providers of funds	-	-
(d) Grant-in-aid-Swavalamban Promotional & Development activities	-	-	6. <b>Finance Charges (Interest)</b>		
(e) Others			(a) Bank charges	1,361	5,297
(iii) From Financial Institutions	100,000,000	300,000	(b) Others	-	-
3. <b>Income on Investments</b>			7. <b>Other Payments (Specify)</b>		
(a) Earmarked/Endowment Funds	916,182	29,986	(a) Prepaid	991,904	538,682
(b) Own Funds (other investment)			(b) Loan/ Advance to employees	497,669	520,000
4. <b>Interest Received</b>			(c) Advance against Expenses	2,974,640	78,301
(a) On Bank deposits	14,069,189	11,661,304	(d) Security Deposits	-	-
(b) Loans, Advances etc.	-	-	8. <b>Closing Balances</b>		
(c) Others	-	-	(a) Cash in hand	20,000	20,000
5. <b>Other Income (Specify)</b>			(b) Bank Balances		
(a) License and Processing Fees	153,225,800	11,593,630	(i) In Current accounts	-	-
(b) Miscellaneous Income	444,415	97,649	(ii) In Time Deposit accounts	-	-
6. <b>Amount Borrowed</b>	-	-	(iii) In Saving Bank deposit accounts	3,309,125,616	167,794,017
7. <b>Any Other receipts</b>					
(a) Security/EMD receipts	75,000	20,000			
(b) Recovery of Advance	738,927	740,780			
(c) Transfer of Assets	4,000	29,147			
(d) Subscribers Education and Protection Fund	787,819	39,088,345			
<b>TOTAL</b>	<b>4,899,375,350</b>	<b>3,507,602,286</b>	<b>TOTAL</b>	<b>4,899,375,350</b>	<b>3,507,602,286</b>
Place: New Delhi			Manju Bhalia		
Date : 30.06.2016			Chief Accounts Officer		
Dr. B.S. Bhandari		R.V. Verma	Hemant G. Contractor		
Member		Member	Chairperson		



PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY			
SCHEDULE 1			
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH,2016			
<u>CORPUS / CAPITAL FUND</u>			
(Unit-Indian Rupee)			
Particulars		Current year	Previous year
Balance as at the beginning of the year		157,827,280	30,757,879
Add :	Opening Balance of unutilized corpus fund	128,695,686	1,184,041,445
Less :	Closing Balance of unutilized corpus fund	-3,175,972,328	-128,695,686
Add/ Deduct :	Balance of net income/expenditure transferred from the Income and Expenditure Account	3,093,469,332	-928,276,358
Add :	Government Grant to be received from Government /transferred from the Income and Expenditure Account	-	-
	<b>BALANCE AS AT THE YEAR END</b>	<b>204,019,970</b>	<b>157,827,280</b>
Place: New Delhi			
Date : 30.06.2016		<b>Manju Bhalla</b>	
		<b>Chief Accounts Officer</b>	
	<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
	<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 2		
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016		
<u>RESERVES AND SURPLUS</u>		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
1. <u>Capital Reserve</u>		
(a) At the beginning of the year	-	-
(b) Addition during the year	-	-
(c) Less : Deductions during the year	-	-
2. <u>Revaluation Reserve</u>		
(a) At the beginning of the year	-	-
(b) Addition during the year	-	-
(c) Less : Deductions during the year	-	-
3. <u>Special Reserve</u>		
(a) At the beginning of the year	-	-
(b) Addition during the year	-	-
(c) Less : Deductions during the year	-	-
4. <u>General Reserve</u>		
(a) At the beginning of the year	-	-
(b) Addition during the year	-	-
(c) Less : Deductions during the year	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Place: New Delhi		
Date : 30.06.2016	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY				
SCHEDULE 3				
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016				
EARMARKED/ENDOWMENT FUNDS				
(Unit-Indian Rupee)				
Particulars	Fund wise break up		Subscriber's Education and Protection Fund	
	Fund XX	Fund YY	Current year	Previous year
1. Opening balance of the funds			39,118,331	
2. Additions to the funds				
(a) Donations/grants				
(b) Income on Investments made on account of funds			916,182	29,986
(c) Transfer from NPS Trust Penalty A/c and NPS Trust Investor Awareness Fund A/c			643,968	39,088,345
(d) Receipts during the year			438,735	-
(e) Other Additions (specify nature)			-	-
<b>TOTAL (1+2)</b>	-	-	<b>41,117,215</b>	<b>39,118,331</b>
3. Utilisation / Expenditure towards objectives of funds				
(a) Capital Expenditure				
(i) Fixed assets			-	-
(ii) Others			-	-
<b>Total</b>	-	-	-	-
(b) Revenue Expenditure				
(i) Salaries, Wages and allowances etc.			-	-
(ii) Rent			-	-
(iii) Other Administrative expenses			-	-
(c) Others				
(i) Transfer to Swavlamban Kosh			26,703,823	-
(ii) Transfer of Penalty to Govt. of Gujarat			294,883	-
<b>Total</b>	-	-	<b>26,998,706</b>	-
<b>TOTAL (3)</b>	-	-	<b>26,998,706</b>	-
<b>NET BALANCE AT THE YEAR END (1+2-3)</b>	-	-	<b>14,118,509</b>	<b>39,118,331</b>
<b>Notes</b>				
1) Disclosures shall be made under relevant heads based on conditions attaching to the grants.				
2) Plan Funds received from the Central/State Governments are to be shown as separate Funds and not to be mixed up with any other Funds.				
Place: New Delhi			Manju Bhalla	
Date : 30.06.2016			Chief Accounts Officer	
Dr. B.S. Bhandari	R.V. Verma	Hemant G. Contractor		
Member	Member	Chairperson		

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 4		
ATTACHED TO AND FORMING PART OF BALANCE-SHEET AS AT 31.03.2016		
SECURED LOANS AND BORROWINGS		
	(Unit-Indian Rupee)	
Particulars	Current year	Previous year
1. Central Government		-
2. State Government		-
3. Financial Institutions		
(a) Term Loans		-
(b) Interest accrued and due		-
4. Banks		
(a) Term Loans		
Interest accrued and due		-
(b) Other Loans (specify)		
Interest accrued and due		-
5. Other Institutions		-
6. Debentures and Bonds		-
7. Others		-
<b>TOTAL</b>		-
<b>Note :</b> Amount due within one year		
Place: New Delhi		
Date : 30.06.2016	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 5		
ATTACHED TO AND FORMING PART OF BALANCE-SHEET AS AT 31.03.2016		
<u>UNSECURED LOANS AND BORROWINGS</u>		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
1. Central Government		
2. State Government		
3. Financial Institutions		
4. Banks		
(a) Term Loans		
(b) Other Loans (specify)		
5. Other Institutions		
6. Debentures and Bonds		
7. Fixed deposits		
8. Others (specify)		
<b>TOTAL</b>		-
<b>Note :</b> Amount due within one year		
Place: New Delhi		
Date : 30.06.2016	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 6		
ATTACHED TO AND FORMING PART OF BALANCE-SHEET AS AT 31.03.2016		
DEFERRED CREDIT LIABILITIES		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
1. Acceptances secured by hypothecation of Capital Equipment and Other Assets	-	-
2. Others	-	-
<b>TOTAL</b>		-
<b>Note</b> : Amount due within one year		
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 7		
ATTACHED TO AND FORMING PART OF BALANCE-SHEET AS AT 31.03.2016		
CURRENT LIABILITIES AND PROVISIONS		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
<b>CURRENT LIABILITIES</b>		
1. Acceptances	-	-
2. Sundry Creditors & Payables	6,321,184	5,319,078
3. Advances Received	7,200,000	7,125,000
4. Interest Accrued but not Due on :		
(a) Secured Loans / Borrowings	-	-
(b) Unsecured Loans / Borrowings	-	-
5. Statutory Liabilities :		
(a) Overdue	-	-
(b) Others	272,403	180,557
6. Other Current Liabilities		
(a) Unutilised grant as at 31 <sup>st</sup> March payable to GOI	3,175,972,328	128,695,686
(b) Others	31,988	31,988
<b>TOTAL</b>	<b>3,189,797,903</b>	<b>141,352,308</b>
<b>PROVISIONS</b>		
1. For Taxation		
2. Gratuity	10,656,583	-
3. Trade Warranties / Claims	-	-
4. Accumulated Leave encashment	-	-
5. Pension Contribution Payable	279,151	530,911
6. Leave salary payable	283,746	373,357
7. Others (specify)	-	-
<b>TOTAL</b>	<b>11,219,480</b>	<b>904,267</b>
<b>GRAND TOTAL</b>	<b>3,201,017,384</b>	<b>142,256,576</b>
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY										
SCHEDULE 8										
ATTACHED TO AND FORMING PART OF BALANCE-SHEET AS AT 31.03.2016										
FIXED ASSETS										
(Unit-Indian Rupee)										
DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost/ Valuation As at beginning of the year	Additions during the year	Deductions during the year	Cost/ Valuation As at the year- end	As at beginning of the Year	For the Year	On Deductions during the year	Total upto year end	As at the Current Year	As at the previous year
<b>FIXED ASSETS</b>										
1. Land :										
(a) Freehold										
(b) Leasehold										
2. Buildings :										
(a) On Freehold Land										
(b) On Leasehold Land										
(c) Ownership Flats / Premises										
(d) Superstructures on Land not belonging to the entity										
3. Plant Machinery & Equipment										
4. Vehicle	1,037,399	-	-	1,037,399	677,039	54,054	-	731,093	306,306	360,360
5. Furniture & Fixtures	4,726,233	657,289	2,605,240	2,778,281	2,601,066	137,056	1,521,979	1,216,142	1,562,139	2,125,167
6. Office equipments	3,073,092	286,857	134,645	3,225,304	1,657,013	231,764	79,229	1,809,548	1,415,756	1,416,079
7. Computer/ Peripherals	8,721,585	743,224	-	9,464,809	8,265,740	728,837	-	8,994,577	470,232	455,846
8. Electrical Installations	159,322	1	29,915	129,408	124,796	4,703	26,734	102,765	26,643	34,526
9. Library Books	124,112	5,150	-	129,262	124,112	5,150	-	129,262	-	-
10. Other Fixed Assets										
<b>TOTAL OF CURRENT YEAR</b>	<b>17,841,743</b>	<b>1,692,521</b>	<b>2,769,800</b>	<b>16,764,464</b>	<b>13,449,766</b>	<b>1,161,564</b>	<b>1,627,943</b>	<b>12,983,387</b>	<b>3,781,077</b>	<b>4,391,978</b>
<b>PREVIOUS YEAR</b>	<b>17,614,003</b>	<b>1,059,989</b>	<b>832,249</b>	<b>17,841,743</b>	<b>12,588,931</b>	<b>1,160,392</b>	<b>299,557</b>	<b>13,449,766</b>	<b>4,391,977</b>	<b>5,025,072</b>
Capital Work-in-progress										
<b>Total</b>									<b>3,781,077</b>	<b>4,391,978</b>
Note to be given as to cost of assets on hire purchase basis included above.										
Place: New Delhi										
Date : 30.06.2016										
<div> <div>Dr. B.S. Bhandari Member</div> <div>R.V. Verma Member</div> <div>Hemant G. Contractor Chairperson</div> </div>										



PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 9		
ATTACHED TO AND FORMING PART OF BALANCE-SHEET AS AT 31.03.2016		
<u>INVESTMENTS FROM EARMARKED/ENDOWMENT FUNDS</u>		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
1. Government securities		
2. Other approved securities		
3. Shares		
4. Debentures and Bonds		
5. Subsidiaries and Joint ventures		
6. Fixed Deposits	14,000,000	
7. Others (to be specified)		
<b>TOTAL</b>	<b>14,000,000</b>	
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 10		
ATTACHED TO AND FORMING PART OF BALANCE-SHEET AS AT 31.03.2016		
<u>INVESTMENTS-OTHERS</u>		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
1. Government securities		
2. Other approved securities		
3. Shares		
4. Debentures and Bonds		
5. Subsidiaries and Joint ventures		
6. Others (to be specified)		
<b>TOTAL</b>		-
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 11		
ATTACHED TO AND FORMING PART OF BALANCE-SHEET AS AT 31.03.2016		
CURRENT ASSETS, LOANS AND ADVANCES		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
<b>A. CURRENT ASSETS</b>		
1. Inventories :		
(a) Stores and Spares	-	-
(b) Loose Tools	-	-
(c) Stock-in-Trade		
Finished Goods	-	-
Work-in-Progress	-	-
Raw Materials	-	-
2. Sundry Debtors :		
(a) Debts Outstanding for a period exceeding six months	-	-
(b) Others	30,585	58,418
3. Cash in hand	20,000	20,000
4. Bank Balances :		
(a) with Scheduled Banks :		
(i) On Current Accounts	-	-
(ii) On Time Deposit Accounts	-	-
(iii) On Savings Bank deposit Accounts	3,309,125,616	167,794,017
(b) with Non-Scheduled Banks :		
(i) On Current Accounts	-	-
(ii) On Time Deposit Accounts	-	-
(iii) On Savings Bank deposit Accounts	-	-
5. Post office-Savings Accounts	-	-
6. Others	-	-
<b>TOTAL ( A )</b>	<b>3,309,176,201</b>	<b>167,872,435</b>
<b>B. LOANS, ADVANCES AND OTHER ASSETS:</b>		
1. Loans:		
(a) Staff	592,388	756,486
(b) Other Entities engaged in activities/objectives similar to that of the Entity	-	-
(c) Others (specify)	-	-
2. Advances and Other Amounts Recoverable in cash or in kind or for value to be received:		
(a) On Capital Account	-	-
(b) Prepayments	991,904	539,805
(c) Security Deposits	318,000	318,000
(d) Others	90,296,293	165,323,484
3. Income Accrued :		
(a) On Investments from Earmarked/ Endowment Funds	-	-
(b) On Investments – Others	-	-
(c) On Loans and Advances	-	-
(d) Others (includes income due unrealized ₹ _____)	-	-
4. Claims Receivable	-	-
<b>TOTAL ( B )</b>	<b>92,198,585</b>	<b>166,937,775</b>
<b>GRAND TOTAL (A) + (B)</b>	<b>3,401,374,786</b>	<b>334,810,210</b>
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 12		
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING AT 31.03.2016		
<u>INCOME FROM SALES/SERVICES</u>		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
<b>(1) <u>Income from Sales</u></b>		
(a) Sale of Finished goods	-	-
(b) Sale of Raw Material	-	-
(c) Sale of Scraps	-	-
<b>(2) <u>Income from Services</u></b>		
(a) Labour and Processing Charges	-	-
(b) Professional/Consultancy Services	-	-
(c) Agency Commission and Brokerage	-	-
(d) Maintenance Services (Equipment/Property)	-	-
(e) Others (Specify)	-	-
<b>TOTAL</b>	-	-
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 13		
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING AT 31.03.2016		
<b>GRANT / SUBSIDIES</b>		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
<b><u>Irrevocable Grants and Subsidies Received</u></b>		
1. Central Government	4,461,300,000	2,260,000,000
2. State Government	-	-
3. Government agencies	-	-
4. Institution / Welfare bodies	100,000,000	300,000
5. International Organisations	-	-
6. Others (specify)	-	-
<b>TOTAL</b>	<b>4,561,300,000</b>	<b>2,260,300,000</b>
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 14		
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING AT 31.03.2016		
<b>FEES / SUBSCRIPTIONS</b>		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
1. Entrance Fees	-	-
2. Annual Fees /Subscriptions	-	-
3. Seminar /Program Fee	-	-
4. Consultancy Fees	-	-
5. Licence fees	-	-
6. Others (specify)	-	-
<b>TOTAL</b>	-	-
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

## PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

## SCHEDULE 15

ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR  
ENDING AT 31.03.2016

**INCOME FROM INVESTMENTS**

(Income on Investments from Earmarked/Endowment Funds transferred to Funds)

(Unit-Indian Rupee)

Particulars	Investment from Earmarked Fund		Investment - Others	
	Current year	Previous year	Current year	Previous year
1. Interest				
(a) On Govt. securities	-	-	-	-
(b) Other Bonds/Debentures	-	-	-	-
(c) Others	916,182	29,986	-	-
2. Dividend				
(a) On Shares	-	-	-	-
(b) On Mutual Funds	-	-	-	-
(c) Others	-	-	-	-
3. Rents	-	-	-	-
4. Others (specify)	-	-	-	-
<b>TOTAL</b>	<b>916,182</b>	<b>29,986</b>	<b>-</b>	<b>-</b>
<b>Transferred to Earmarked/Endowment Funds</b>				
Place: New Delhi				
Date : 30.06.2016				
			<b>Manju Bhalla</b>	
			<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>		<b>Hemant G. Contractor</b>	
<b>Member</b>	<b>Member</b>		<b>Chairperson</b>	

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 16		
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING AT 31.03.2016		
INCOME FROM ROYALTY, PUBLICATION ETC.		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
1. Income from Royalty	-	-
2. Income from Publications	-	-
3. Others (specify)	-	-
<b>TOTAL</b>	-	-
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>



PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 17		
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING AT 31.03.2016		
<b>INTEREST EARNED</b>		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
1. On Term Deposits Accounts		
(a) with Scheduled Bank	-	-
(b) with Non Scheduled Bank	-	-
(c) with Institutions	-	-
(d) Others	-	-
2. On Savings Bank Deposit Accounts:		
(a) with Scheduled Bank	14,069,189	11,661,304
(b) with Non Scheduled Bank	-	-
(c) Post Office Savings Accounts	-	-
(d) Others	-	-
3. On Loans:		
(a) Employees / Staff	5,476	10,982
(b) Others	-	-
4. Interest on Debtors and Other Receivables	-	-
<b>TOTAL</b>	<b>14,074,665</b>	<b>11,672,286</b>
<b>Tax deducted at source to be indicated</b>		
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

## PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

## SCHEDULE 18

ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR  
ENDING AT 31.03.2016**OTHER INCOME**

(Unit-Indian Rupee)

Particulars	Current year	Previous year
1. Profit on Sale / Disposal of Assets		
(a) Owned Assets	-	-
(b) Assets acquired out of grants or received free of cost	-	-
2. Export Incentives Realized	-	-
3. Fees for Miscellaneous Services	153,225,800	11,593,630
4. Miscellaneous Income	442,769	97,649
<b>TOTAL</b>	<b>153,668,569</b>	<b>11,691,279</b>
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 19		
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING AT 31.03.2016		
INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS AND WORK IN PROGRESS		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
(a) Closing Stock		
- Finished Goods	-	-
- Work-in-progress	-	-
(b) Less : Opening Stock		
- Finished Goods	-	-
- Work-in-progress	-	-
<b>Net Increase/(Decrease) [a-b]</b>	<b>-</b>	<b>-</b>
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 20		
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING AT 31.03.2016		
<b>ESTABLISHMENT EXPENSES</b>		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
1. Salaries and Wages	80,642,422	83,635,227
2. Allowances and Bonus	-	-
3. Contribution to Provident Fund	-	-
4. Contribution to Pension	4,809,853	5,244,273
5. Staff Welfare expenses	-	-
6. Expenses on Employee's Retirement and Terminal Benefits	-	-
7. Leave Salary	93,648	555,895
8. Tution fees reimbursement	-	-
9. Medical Reimbursement	610,151	690,020
10. Gratuity Contribution	10,656,583	-
11. Others (Specify)	-	-
<b>TOTAL</b>	<b>96,812,657</b>	<b>90,125,415</b>
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 21		
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING AT 31.03.2016		
OTHER ADMINISTRATIVE EXPENSES		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
1. Purchases	-	-
2. Labour and processing expenses	-	-
3. Cartage and Carriage inwards	-	-
4. Electricity and Power	4,312,574	4,018,375
5. Water charges	170,900	34,510
6. Insurance	467,323	784,335
7. Repair and Maintenance	6,349,059	4,672,831
8. Excise Duty	-	-
9. Rent, Rates and Taxes	40,828,179	27,197,816
10. Vehicles Running and Maintenance	7,858,008	10,185,767
11. Postage, Telephone and Communication charges	3,907,259	3,322,435
12. Printing and Stationary	3,196,718	1,097,278
13. Traveling and Conveyance expenses	5,085,894	5,850,259
14. Expenses on Seminar/Workshops/Meetings and conferences	28,451,172	1,391,128
15. Subscription expenses	-	-
16. Expenses on Fees	-	-
17. Auditors Remuneration	-	-
18. Hospitality expenses	-	-
19. Professional Charges	13,074,110	9,039,339
20. Books and Periodicals	89,966	90,052
21. Recruitment expenses	40,304	-
22. Provision for Bad and Doubtful Debts/Advances	-	-
23. Incentive to Aggregator	148,946,432	249,585,820
24. Swavalamban Government Contribution	833,317,068	2,759,468,000
25. Swavalamban promotion	-	-
26. Incentive to Point of presence	-	-
27. Irrecoverable balances Written off	-	-
28. Packing charges	-	-
29. Freight and Forwarding expenses	-	-
30. Distribution expenses	-	-
31. Advertisement and Publicity expenses	225,726,821	35,203,527
32. Membership Fees	419,713	1,531,010
33. Staff Welfare	732,426	449,744
34. Consultancy Expenses	1,204,665	1,226,593
35. APY Promotion	50,000,000	-
36. Incentive under APY	161,944,730	-
37. Sitting Fees	75,000	-
38. Others (Specify)	-	-
<b>TOTAL</b>	<b>1,536,198,321</b>	<b>3,115,148,818</b>
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemanf G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 22		
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING AT 31.03.2016		
<b>EXPENDITURE ON GRANT SUBSIDIES ETC.</b>		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
1. Grants given to Institutions/Organisations /National Pension System Trust	1,400,000	5,500,000
2. Subsidies given to Institutions / Organizations	-	-
3. Others (Specify)	-	-
<b>TOTAL</b>	<b>1,400,000</b>	<b>5,500,000</b>
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 23		
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING AT 31.03.2016		
<u>INTEREST</u>		
(Unit-Indian Rupee)		
Particulars	Current year	Previous year
1. On Fixed Loans	-	-
2. On Other Loans	-	-
3. Bank charges	1,361	5,297
4. Others (Specify)	-	-
<b>TOTAL</b>	<b>1,361</b>	<b>5,297</b>
Place: New Delhi		
Date : 30.06.2016		
	<b>Manju Bhalla</b>	
	<b>Chief Accounts Officer</b>	
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 24		
ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDING AT 31.03.2016		
<u>SIGNIFICANT ACCOUNTING POLICIES</u>		
<b>1. Basis of accounting and preparation of financial statements</b>		
The financial statements of the Authority have been prepared in accordance with the Pension Fund Regulatory and Development Authority (Form of Annual Statement of Accounts and Records) Rules, 2015. The financial statements have been prepared on accrual basis under the historical cost convention except for Swavlamban scheme and Atal Pension Yojna (APY) maintained on payment basis, being the scheme of Government of India .		
<b>2. Government Grants</b>		
Government grants are accounted on realisation basis.		
<b>3. Fixed Assets</b>		
Fixed assets are stated at their original cost including taxes and other incidental expenses related to acquisition.		
<b>4. Depreciation</b>		
4.1 Depreciation is provided on the written down value method as per rates specified in The Income tax Act 1961.		
4.2 Assets costing Rs. 5,000/- or less each are fully provided.		
<b>5. Retirement benefits</b>		
Provision for gratuity is provided as per Authority scheme. The liability for gratuity at the year end is computed on the assumption that employees are entitled to receive the benefit as at each year end.		
Place: New Delhi		
Date : 30.06.2016		
<b>Manju Bhalla</b>		
<b>Chief Accounts Officer</b>		
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>



PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY		
SCHEDULE 25		
ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDING AT 31.03.2016		
<u>CONTINGENT LIABILITIES AND NOTES TO ACCOUNTS</u>		
<b>1. <u>Contingent Liabilities</u></b>		
There is no contingent liability of the Authority as at 31.03.2016.		
<b>2. <u>Current Assets, Loans &amp; Advances</u></b>		
The Current assets, Loans and advances have a value on realisation equal at least to the aggregate amount shown in the Balance Sheet.		
<b>3. <u>Taxation</u></b>		
In view of the clause 34 of The Pension Fund Regulatory and Development Authority Act 2013, the Authority shall not be liable to pay wealth-tax, income-tax or any other tax in respect of its wealth, income, profits or gains derived. Accordingly, no provision for the same has been provided in the books of accounts.		
<b>4.</b> The unutilised Government grants as on 31.03.2016 has been shown under the head Current Liabilities and Provisions as per recommendation of CAG auditor.		
<b>5.</b> Fixed assets transferred by Seventh Central Pay Commission and Expenditure Management Commission without any consideration has been recognised at a nominal value of Rs.1/- for each block of assets in the books of accounts.		
<b>6.</b> Corresponding figures for the previous year has been regrouped/rearranged, wherever necessary.		
<b>7.</b> The schedule 1 to 25 are annexed to and form an integral part of the Balance sheet as at 31.03.2016 and the Income and Expenditure account for the year ended on that date.		
Place: New Delhi		
Date : 30.06.2016		
<b>Manju Bhalla</b>		
<b>Chief Accounts Officer</b>		
<b>Dr. B.S. Bhandari</b>	<b>R.V. Verma</b>	<b>Hemant G. Contractor</b>
<b>Member</b>	<b>Member</b>	<b>Chairperson</b>