

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

RAJYA SABHA

QUESTION NO 09.11.2010

ANSWERED ON

REUNITIZATION OF CONTRIBUTION TO NPS .

3

Shri Prabhat Jha

Will the Minister of FINANCE be pleased to state :-
to answer to Unstarred Question 2471 given in the Rajya Sabha on 17 August, 2010 and state:

- (a) whether investment of New Pension Scheme (NPS) contributions received upto 31 March, 2010 have been allocated @ NAV of one per unit;
- (b) if so, the reasons for showing NAV @ 1 per unit pending reunitization in the statement of transactions of NPS beneficiaries;
- (c) the meaning of pending reunitization once it has been allocated @ Rs.1;
- (d) the reasons for keeping unitization pending for more than 6 years since January 2004; and
- (e) whether lack of such transparency may not lead to a big scam of hard earned money of NPS beneficiaries?

ANSWER

FINANCE MINISTER IN THE MINISTRY OF FINANCE

(SHRI PRANAB MUKHERJEE)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT FOR RAJYA SABHA STARRED QUESTION NO. 3 FOR 09.11.2010 REGARDING REUNITIZATION OF CONTRIBUTION TO NPS RAISED BY SHRI PRABHAT JHA.

(a) to (e): The New Pension System (NPS) was launched for the Central Government employees (other than Armed Forces Personnel) joining the Central Government service on or after 1st Jan, 2004. Initially, the Central Pension Accounting Office (CPAO) was appointed interim Central Recordkeeping Agency (CRA), pending creation and operation of a complete NPS architecture. The complete NPS architecture was put in place w.e.f. 1st April, 2008, with the appointment of the National Securities Depository Limited (NSDL) as CRA, the Bank of India as Trustee Bank (TB) and 3 Pension Fund Managers (PFMs). The NSDL commenced its operations on 2nd June, 2008, and thereby the CRA system became fully operational. During the intervening period from 1.1.2004 to 31.3.2008, the funds and data upload by various accounting formations had been intermittent and all investments and returns generated thereon, are being managed on a pooled basis. The Government started the process of transfer of funds w.e.f. 01.4.2008. The CRA became operational only on 2.6.2008. In the interim, it was decided to ensure that maximum returns were available to the subscribers. The process of investment of the NPS money was, therefore, done on a pooled basis. As the subscriber contribution files and demographic details of the subscribers were uploaded by the accounting formulations, the funds were invested and the Individual retirement accounts of subscribers were credited with the rupee balances upto 31.3.2010 at the NAV of rupee one. The complete transfer of funds has been reconciled between the CRA Trustee Bank and the three PFMs. The reconciled funds are being credited to the individual retirement accounts of the subscribers upto 31.3.2010. This is as per the actual rupee balances. With effect from 01.4.2010, the reconciled funds have been credited to the subscriber account at the NAV when the money is received by the fund managers. The unitization of funds prior to 31.3.2010 is under process. PFRDA has directed NSDL to issue Statement of Transactions to all subscribers to ensure that all contributions made by the subscribers are accounted for. Subscriber can approach the concerned Pay and Accounts Officer (PAO) / Cheque Drawing and Disbursing Officer (CDDO) for rectification of any anomaly / missing credit. Such intervention ensures transparency and accuracy of accounts. Presently, all Statement of Accounts are also available on line for view by individual subscribers.