

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
QUESTION NO 09.11.2010
ANSWERED ON
COVERAGE UNDER NPS .

7

Shri Sanjay Raut

Will the Minister of COALCOALCOALCOALFINANCE be pleased to state :-

- (a) whether it is a fact that various nationalized and private banks are unwilling to sell National Pension System (NPS) to poor persons;
- (b) if so, the reasons therefor; and
- (c) the details of steps taken or proposed to be taken to increase the coverage under NPS?

ANSWER

FINANCE MINISTER IN THE MINISTRY OF FINANCE

(SHRI PRANAB MUKHERJEE)

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

STATEMENT FOR RAJYA SABHA-;(TARRED QUESTION NO. 7 FOR 09.11.2010 REGARDING COVERAGE UNDER NPS TABLED BY SHRI SANJAY RAUT.

(a) & (b): The Pension Fund Regulatory & Development Authority (PFRDA) has authorised 40 institutions including public sector banks, private banks and the Department of Posts as Points of Presence (POPs) for selling the New Pension System (NPS) to the citizens of India. Further, PFRDA has introduced a low cost version of NPS known as NPS-Lite for economically disadvantaged citizens under which institutions known as Aggregators would be responsible for enrollment under the NPS and collection and transmission of funds to the NPS fund managers. Under the NPS.Lite, all PoPs are automatically eligible to be registered as Aggregators. Since its introduction on 1st May, 2009, the enrollments under NPS have shown a slow but steady progress. PFRDA has been in active dialogue with the PoPs to understand the underlying reasons, if any, that may be impeding the progress of NPS.

(c): Government and PFRDA have taken various steps to increase the coverage under the NPS, which inter-alia, include enrollment of a wide range of financial institutions and the Department of Posts as PoPs, providing direct monetary incentive to the PoPs for promoting the NPS, identifying different beneficiary groups for targeted campaigns, and wide publicity to the NPS through media coverage and other means of publicity. In addition, PFRDA has also planned a multi-pronged strategy for promotion of the NPS which includes development of easy to understand publicity material, and a calibrated media campaign to increase awareness about NPS. Further, to address the longevity risk of poorer sections of the country and to encourage the workers from the unorganized sectors to voluntarily save for their retirement, the Government of India has announced Swavalamban Scheme in the Union Budget 2010-11. This is a voluntary defined contribution scheme, which any citizen of India in the unorganized sector can join. Under the Swavalamban, the Government of India shall contribute Rs.1000 per NPS account each year during the current year and the next three years. The benefit will be available to persons who join the NPS with a minimum contribution of Rs. 1,000 and maximum contribution of Rs. 12,000 per annum in accordance with the provisions of the Operational Guidelines for Swavalamban Scheme.