

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
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**LOK SABHA**  
**UNSTARRED QUESTION NO. 2939**

**TO BE ANSWERED ON 21<sup>st</sup> MARCH, 2022 (MONDAY)/ PHALGUNA 30, 1943 (SAKA)**

**INVESTMENT OF PENSION FUNDS**

2939. Shri Thirumaavalavan Thol

Will the Minister of Finance be pleased to state:

- (a) whether Pension fund managers are allowed to invest funds in the start-ups enterprises and if so, the details thereof;
- (b) whether the Government is aware of the risk to the Pension fund in investing in the start-ups; and
- (c) if so, the details of risk involved and the measures to check and compensate the fund in case of loss to the Pension fund?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(DR. BHAGWAT KARAD)

(a) to (c) Investment guidelines issued by the Pension Fund Regulatory and Development Authority (PFRDA) for Private Sector subscribers under National Pension System (NPS), allow investment in Securities and Exchange Board of India (SEBI) Regulated Alternative Investment Funds (AIFs) (Category I and Category II only) as defined under the SEBI (Alternative Investment Fund) Regulations, 2012.

The permitted investments under Category I and Category II AIFs may include Start-up Funds among other permitted alternative investments.

The investment guidelines of NPS for investment under AIFs are framed by PFRDA and adequate safeguards are placed while framing these guidelines, which are given below:

- i. The investment guidelines provide necessary eligibility norms for investing in such AIFs.
- ii. This investment in AIF is purely subscription based and voluntary for the subscriber.
- iii. The Pension Funds are not allowed to invest directly in start-up enterprise but can only invest through AIFs regulated by SEBI.

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