

**Tax exemption to National Pension System**

\*285. SHRI N. GOKULAKRISHNAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the maturity amount of the National Pension System has no tax benefits like Public Provident Fund (PPF) and Employees' Provident Fund (EPF);

(b) if so, the details thereof;

(c) whether Government has received any representation requesting to provide tax exemption to NPS at par with PPF and EPF; and

(d) if so, the stand of Government in this regard?

THE MINISTER OF FINANCE (SHRI ARUN JAITLEY): (a) and (b) Prior to Finance Act, 2016, 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 were allowed as deduction from income for tax purposes; the returns generated on these contributions during the accumulation phase were 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 unlike PPF and EPF which have been enjoying EEE regime *i.e.* Exempt, Exempt, Exempt.

*Vide* Finance Act, 2016, section 10 of the Income-tax Act was amended to provide that any payment from National Pension System Trust to an employee on account of closure or his opting out of the NPS shall be exempt from tax, 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. Further, Section 80CCD was also amended by Finance Act, 2016 to provide that the whole amount received by the nominee of NPS subscriber on his death shall be exempt from tax.

Further, *vide* Finance Bill, 2017 as passed by the Lok Sabha on 22.03.2017, it has been proposed to exempt partial withdrawals by employees from their NPS accounts in accordance with the guidelines prescribed under Pension Fund Regulatory and Development Authority Act, 2013.

Furthermore, it has also been proposed in the Bill to amend section 80CCD of the I.T. Act, 1961 so as to increase the upper limit of deduction for contribution into NPS from ten per cent of gross total income to twenty per cent in case of individual other than employee.

(c) and (d) Yes, Sir, the Government has received such representations in the past and the stand of Government was reflected in the amendments made in Income-tax Act *vide* Finance Act, 2016 and Finance Bill, 2017 as discussed above.

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## WRITTEN ANSWERS TO UNSTARRED QUESTIONS

### **International demand for AYUSH products**

2877. SHRI C. M. RAMESH: Will the Minister of AYURVEDA, YOGA AND NATUROPATHY, UNANI, SIDDHA AND HOMOEOPATHY be pleased to state:

(a) whether it is a fact that AYUSH products from India have a lot of demand in the international markets;

(b) if so, whether any survey/study has been carried out to find out the potential of markets for India's AYUSH products; if so, the details thereof; and

(c) what are the reasons that export of AYUSH products is coming down since 2013-14 and efforts being made to scale it up in the coming years?

THE MINISTER OF STATE OF THE MINISTRY OF AYURVEDA, YOGA AND NATUROPATHY, UNANI, SIDDHA AND HOMOEOPATHY (SHRI SHRIPAD YESSO NAIK): (a) and (b) Yes. AYUSH products are exported as a medicine to some countries and as food supplements to other countries depending upon prevailing regulations of the concerned country. Ministry of AYUSH (the then Department of AYUSH) had conducted studies through Indian Institute of Foreign Trade and International Trade Centre/WTO Geneva etc. to improve the export potential of Indian Traditional Medicines. On the basis of the recommendations, this Ministry's Central Sector Scheme for International Cooperation (IC) in AYUSH has been expanded in its ambit and scope merging the existing components and new initiatives have been introduced so that promotion of AYUSH products could be facilitated across the globe and international commitments and demands are fulfilled in an effective manner.

(c) As per data made available by Department of Commerce, Ministry of Commerce and Industry, declining trend is seen in the export of AYUSH products since 2013-14. This is attributed to the strict enforcement of Biodiversity Act restricting access to resources and also owing to the fact that AYUSH systems of medicine/practice is recognized in only few countries like Sri Lanka, Nepal, Bhutan, Malaysia and Bangladesh. To reverse the trend, the Ministry of AYUSH offers incentives to the AYUSH industry under its Central Sector Scheme for International Cooperation (i) to get market authorization/registration for their product(s) at regulatory bodies of