

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA
UNSTARRED QUESTION NO. 215**

TO BE ANSWERED ON 5th DECEMBER, 2023 (TUESDAY)/ AGRAHAYANA 14, 1945 (SAKA)

MANAGEMENT OF CORPUS FUND GENERATED UNDER NPS

215. Shri Deepender Singh Hooda

Will the Minister of Finance be pleased to state:

- (a) How much corpus fund has been generated and which agency has been entrusted with managing the funds under New Pension System (NPS);
- (b) Whether it is also a fact that the Pension Fund Managers are allowed to invest in Alternative Investment Funds (AIFs) which also includes Start-ups;
- (c) If so, the complete details including measures taken to safeguard the Pension Fund;
- (d) The annual earning to Government by way of managing this fund; and
- (e) Whether the earnings are also shared with the State Governments?

ANSWER

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

(a) As on 31.10.2023, the total Asset Under Management (AUM) under National Pension System (NPS) including in respect of Atal Pension Yojana (APY) is Rs. 10,25,576.55 Crores. As on date, 10 Pension Funds are registered with Pension Fund Regulatory and Development Authority (PFRDA) for managing the funds under NPS. The names of the Pension Funds are as under:

1. SBI Pension Funds Private Limited
2. LIC Pension Fund Limited
3. UTI Retirement Solutions Limited
4. HDFC Pension Management Company Limited
5. ICICI Prudential Pension Fund Management Company Limited
6. Kotak Mahindra Pension Fund Limited
7. Aditya Birla Sun Life Pension Management Limited
8. Tata Pension Management Limited
9. Max Life Pension Fund Management Limited
10. Axis Pension Fund Management Limited

(b) and (c) Pension Funds invest the funds of subscribers in accordance with the Investment Guidelines issued by the Pension Fund Regulatory and Development Authority (PFRDA). The Investment Guidelines issued by PFRDA for Corporate and All Citizen model under NPS schemes 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 choice of investment in AIFs is voluntary for subscribers and investment is allowed up to a maximum of 5% of their contribution. The permitted investments include Start-up Funds among other permitted alternative investments.

The functioning of the Pension Funds is monitored by the NPS Trust and their performances are reviewed periodically by PFRDA. The investment decisions are undertaken by Pension Funds in compliance with their policy/procedure and are reviewed by their investment committee and Board. Further, the investment guidelines mandate various sub-limits for investment for different

investments instruments, exposure limits to a single industry, to sponsor and non-sponsor groups. As per the Investment Guidelines issued by PFRDA, the following measures are taken to safeguard the Pension Fund:

- (i) Pension Fund shall invest only in those AIFs whose corpus is equal to or more than Rs.100 crore.
- (ii) The exposure to single AIF shall not exceed 10% of the AIF size.
- (iii) Pension Funds to ensure that funds should not be invested in securities of the companies or Funds incorporated and operated outside the India in violation of Section 25 of the PFRDA Act 2013.
- (iv) The sponsors of the Alternative investment funds should not be the promoter in Pension Fund or the promoter group of the Pension Fund.
- (v) The AIFs shall not be managed by Investment manager, who is directly or indirectly controlled or managed by Pension Fund or the promoter group of the Pension Fund.

(d) and (e) Earnings from the fund managed under NPS, after deducting applicable charges, are accumulated in the NPS accounts of subscribers. Since inception, the weighted average returns under the default scheme of NPS for Central Government and State Government subscribers, are as under:

Schemes	Weighted Average Returns since inception (%) as on 31.10.2023
Central Government (CG)	9.32 %
State Government (SG)	9.16 %
