

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**MAJOR TASK BEFORE US NOW IS TO IMPLEMENT PFRDA ACT 2013 IN
LETTER AND IN SPIRIT: FM**

New Delhi, November 12, 2013
Kartika 21, 1935

The Union Finance Minister Shri P. Chidambaram stated today that with the Pension Fund Regulatory and Development Authority (PFRDA) Bill having been passed by Parliament, the major task before us was to implement it in letter and spirit. He mentioned that most countries are moving from a 'defined benefit' pension system to a 'defined contribution' system to enable pension related commitments to be sustainably discharged. The National Pension System (NPS) was a step in this direction. He mentioned that the PFRDA Act would give statutory status to the PFRDA, the pensions sector regulator, and in addition to other objectives, aims to address apprehensions regarding safety and yield under the NPS. He stated that the salient provisions of the Act related to subscriber interest include choice of pension fund manager and investment schemes to the subscriber, availability of minimum assured return schemes to be notified by the PFRDA and the option of investment only in government securities. Subscribers with greater risk appetite had the option of investing in equities and other areas. However, there was a cap placed on these options to prevent excessive risk taking. The Union Finance Minister Shri P. Chidambaram was addressing the Fourth Meeting of the Consultative Committee attached to the Ministry of Finance here.

Observations related to the need to keep inflation in check to ensure good real returns, focusing on the unorganized sector, including agricultural labour, ensuring that pension fund managers were of the highest ability and standing and the need for suitable publicity to create awareness about NPS, were made by members.

Shri Chidambaram replied to the various suggestions and queries of the members and explained how the Act and efforts of the Government since 2003-04 had tried to address these concerns. He mentioned that these initiatives were relatively recent in origin. Hence, work on the NPS was still a work in progress that would, however, achieve these various objectives over time. He mentioned that at present the total pension funds under NPS were to the tune of Rs. 37,000 Crore. He stated that investment of these funds would be made in accordance with the law passed by Parliament and the PFRDA remained accountable to Parliament through various provisions in the Act. The Finance Minister stated that there was a need to extend the reach of the NPS and give it wider publicity, to enable more and more people to join the NPS, especially in the unorganized sector.

Members of the Consultative Committee Shri Arvind Kumar Chaudhary, Shri Narahari Mahato, Shri Partap Singh Bajwa, Shri Prabhatsinh Chauhan, Shri S.P.Y. Reddy, Prof. Saugata Roy, Shri Suresh C. Angadi and Shri W. Bhausaheb Rajaram, all Members of Lok Sabha; Shri Ajay Sancheti, Shri Amar Singh, Smt. Rajani Patil, Shri Rajeev Chandrasekhar, Shri Sabir Ali, Dr. Ashok Sekhar Ganguly, Shri Murli S. Deora (Permanent Special Invitee), all Members of Rajya Sabha attended the aforesaid Consultative Committee Meeting. The meeting was also attended amongst others by the Minister of State for Finance

(Revenue) Shri Jesudasu Seelam, Finance Secretary, Shri R.S. Gujral, Revenue Secretary, Shri Sumit Bose, Secretary, Financial Services, Shri Rajiv Takru, Secretary, Economic Affairs, Dr. Arvind Mayaram, Secretary, Disinvestment, Shri Ravi Mathur, Chairperson CBEC, Ms. Praveen Mahajan, Chairman CBDT along with senior officers of Ministry of Finance.
