



**MINISTRY OF HOME AFFAIRS**  
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No. 600/PrAO(Admn)/NPS/PFRDA/2016-17/ 6646-80

Dated:- 19/8/16

**OFFICE MEMORANDUM**

Subject:- National Pension System (NPS) and its implementation.

The undersigned is directed to forward herewith a copy of PFRDA letter No. PFRDA/19/CG/1/139 dated 01.08.2016 along with 'Subscriber Information Broucher for Government Subscribers' on the subject cited above. PFRDA has explained various issues related to NPS which would be useful for the subscribers as well as the person dealing with NPS in your office.

It is therefore requested to circulate the broucher amongst the subscribers of your office and also to CDDOs for onward circulation amongst their subscribers. Further it is requested to update the contact details in the CRA system for better communication flow.

Encl:- As above.

(Madan Lal)

Sr. Accounts Officer

To,  
All PAOs

Copy to:-

- ✓ 1. SO(IT), MHA with the request to upload the OM and the Broucher on MHA website
- ✓ 2. PS to PCCA, PS to CCA, PA to CA(HQ), PA to CA (NKS),

## QUICK LINKS

Particulars	Contact Details
For viewing your Statement of Transaction (SOT)	Login through your I-Pin in CRA website <a href="https://cra-nsdl.com/CRA/">https://cra-nsdl.com/CRA/</a>
For updating your PRAN details	Subscriber can update his mobile no., email id, resetting of IPIN & TPIN through his login. For Other modifications Fill up Form S2 and submit the same to your Nodal office (DDO & onward forwarding to the PAO /DTO)  <i>Forms S2 available at CRA Website -&gt; Subscriber Corner -&gt; Forms</i>
For opening Tier II Accounts	Contact PFRDA registered POP-SPs, list available at CRA website. or e-NPS portal available on NPS Trust website
For Lodgment of Grievance	Raise the grievance/complaint through CRA Call centre using your T-PIN or through the CRA website using your I-PIN under CGMS Or PAO/ DTO may be contacted through DDOs to resolve the grievance if possible at their end or may lodge the grievance on your behalf in Central Grievance Management System (CGMS) Or Send a duly filled Form G1 (available at CRA website) to CRA for lodging a grievance  <i>Form G1 available at CRA Website -&gt; Subscriber Corner -&gt; Forms</i>
Withdrawal & Exit Processing	You may contact:  NPS Claim Processing Cell, Central Record Keeping Agency, NSDL e-Governance Infrastructure Limited, 1 <sup>st</sup> Floor, Times Tower, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. Tel: 022-24994512, 022-24994862 022-40904242 (Board)
Annuity Service Providers	List and Contact Details of ASP's available at CRA Website URL: <a href="https://www.npscra.nsdl.co.in/annuity-service-providers.php">https://www.npscra.nsdl.co.in/annuity-service-providers.php</a>

## CONTACT DETAILS

### PFRDA

[www.pfrda.org.in](http://www.pfrda.org.in)

#### Address

Pension Fund Regulatory and Development Authority, B-14/A, Chhatrapati Shivaji Bhavan, Qutab Institutional Area, New Delhi, -110016

Tel: +91-11-26517501/03, Fax: +91-11-26517507

NPS Information Desk / PFRDA Call Centre  
1800 110 708

### NPS TRUST

[www.npstrust.org.in](http://www.npstrust.org.in)

#### Address

National Pension System Trust, Third Floor, B-14/A, Chhatrapati Shivaji Bhavan, Qutab Institutional Area - 110016

Tel: +91-11-26514032

## CRA CONTACT DETAILS

#### Website

[www.npscra.nsdl.co.in](http://www.npscra.nsdl.co.in)

#### Address

NSDL e-Governance Infrastructure Limited, 1st Floor, Times Tower, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. Tel: (022) 4090 4242

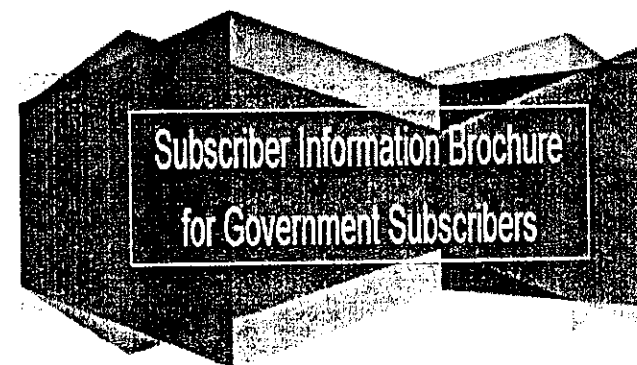
CRA Call Centre  
1800222080



सत्यमेव जयते



Government of India  
National Pension System



National Pension System (NPS) is a contributory pension system whereby contributions from subscribers along with matching contributions from respective governments as an employer, are collected and accumulated in an individual pension account of the employee. NPS uses a system of Government/ Autonomous Bodies' Nodal offices, a Central Recordkeeping Agency (CRA) and designated Pension Funds (PFs), as specified by the respective regulations to achieve synergy and maximum efficiency in operations.

NPS is mandatory to all employees joining services of Central Government (except Armed Forces) and Central Autonomous Bodies on or after 1st January 2004.

Almost all State Governments have adopted NPS architecture and have implemented NPS mandatorily through Gazette Notifications for the State Government/ Autonomous body employees joining on or after their respective cut-off dates.

As a subscriber, you have to submit NPS registration form to your employer on the date of joining itself, it will help in timely generation of PRAN and initiation of uploads in your NPS account.

As a subscriber under NPS you are provided with an individual pension account identified by Permanent Retirement Account Number (PRAN) which is unique & portable across locations and employments. The Card provided to you contains your name, PRAN no., Father's name, date of birth, Photograph and Signature/ Thumb impression.

Along with your PRAN card you are also provided with Internet Personal Identification Number (I-PIN) and Tele-query Personal Identification Number (T-PIN) through which you can access your pension account via internet (through CRA website <https://cra-nsdl.com/CRA/> or telephonically at CRA Helpline (1800222080), respectively.

#### Benefits of NPS:

- **Dual benefit of Low Cost & Power of Compounding:** The pension wealth accumulates over a period of time till retirement; grows with a compounding effect and the account maintenance charges are also low.
- **Tax Benefits:** (i) **On Employee's contribution:** Employee's own contribution is eligible for tax deduction under sec 80 CCD (1) of Income Tax Act up to 10% of salary (Basic + DA). This is within the overall ceiling of Rs. 1.50 Lacs under Sec. 80 CCE of the Income Tax Act.  
(ii) **On Employer's contribution:** Up to 10% of Basic & DA (no monetary ceiling) under 80CCD (2) This rebate is over and above 80 CCE limit of Rs 1.50 lacs.

(iii) From F.Y. 2015-16, subscriber is being allowed tax deduction in addition to the deduction allowed under Sec. 80CCD(1) for contribution in his NPS account subject to maximum of Rs. 50,000/- under Sec. 80CCD 1(B). At present, At the time of exit, the amount utilized for purchase of annuity is tax exempted. From 1<sup>st</sup> April, 2016, 40% of the total accumulated corpus under NPS has been made tax free.

- **Safety:** Regulated by the Pension Fund Regulatory & Development Authority (PFRDA) and introduced by the Government of India & respective states.
- **Transparency:** Through online access to your pension account & disclosure of information by PFM's in their annual reports.
- **Portability:** Across all geographical locations and employments across India, PRAN is portable across all the sectors by submitting Inter Sector Shifting form (ISS-1) it means same PRAN may be used with new employer or may be used in the individual capacity, if not employed.

**Types of Account:** under NPS, two types of accounts are available to you i.e., Tier I & Tier II

- **Tier I account** – where you and the Government contribute funds into your individual account. As a subscriber you contribute 10% of your Basic Pay and DA into your Tier-I account on a mandatory basis every month, which is invested along with the matching contribution from the employer. The regular NPS contributions and the accumulated amounts are reflected in your PRAN while you are in service and shall be used at retirement for procurement of your pension.
- **Tier II account** – a voluntary savings account from which you are free to withdraw the savings at your own choice any time. An active Tier I account is a pre requisite for opening of a Tier II. It should have Minimum contribution Rs 250 & have minimum balance of Rs 2000/- as on 3<sup>1st</sup> March. Furthermore, since Tier II is a voluntary savings account, the government does not contribute any amount into your Tier II account and no tax benefits are available for the contributions made. Subscriber can choose PFM and decide investment pattern (Active or Auto choice). At present, It can be opened through Point of Presence (PoPs) (POP-SP- list available at CRA website [www.npscra.nsdl.co.in](http://www.npscra.nsdl.co.in)) and e-NPS. eNPS is the online portal (<https://enps.nsdl.com>) of NPS Trust. Tier-II account can also be opened through e-NPS. Govt Subscriber can also deposit their additional contributions through e-NPS online.

**Facilities to NPS Subscribers:** Central Recordkeeping agency provides following set of IT and system enabled services to the subscriber:

a) SMS alerts on: Subscriber registration, Credit/Debit of units in the subscriber account, Fund value in subscriber's account

(quarterly alert), Withdrawal. b) Email alerts on: Subscriber registration, Credit/Debit of units in the subscriber account, Change in subscriber details, nomination details and any other activity related to subscriber details, Grievance log & Resolution, Withdrawal. c) Centralized Grievance Management System (CGMS) with a pre-determined turnaround time for resolution of grievances related to different services. d) Periodic consolidated SOT (Statement of Transactions). e) Subscriber awareness programmes at various locations and centers. f) Subscriber can update his/her mobile no & email id by login in CRA system through his I-Pin. g) Subscriber can change his/her I-Pin through OTP process.

**Investments of NPS Contributions:** Your contributions are routed to pension funds for investments across different asset class, as per the investment guidelines prescribed by Authority time to time. At present, contributions are being allocated to three Pension Funds (PFs) viz SBI Pension Funds Private Limited, UTI Retirement Solutions Limited and LIC Pension Fund Limited which are being invested by each pension funds as per investment guidelines issued by Authority vide circular - PFRDA/2015/16/PFM/7 dated 03-06-2015 applicable w.e.f 10-06-2015 in the following asset classes :1. Government securities and Related investment (upto 50%),2. Debt instrument & related investment(upto 45%),3.Equities & related investment (upto 15%),4.Short term debt instruments & related investments (upto 5%) 5. Asset backed, Trust structured & miscellaneous investments (upto 5%).

**Statement of Transaction (SOT):** This contains the details of transactions carried out in your pension account. It contains details of contribution amount invested and units allocated during the financial year, unit holdings as on date across all PFs and any changes in your PRAN details. You can access your SOT through CRA website using your I-PIN. Also, the CRA sends a copy of the SOT annually to your mailing address registered with CRA.

**Grievance Redressal:** You can raise the grievance/complaint through CRA Call centre using your T-PIN or through the CRA website using your I-PIN under CGMS (Central Grievance Management System). A duly filled Form G1 (available at CRA website) may also be sent to CRA for lodging a grievance. You can also contact your Nodal office for resolving your grievance; the Nodal office may lodge the grievance on your behalf in CGMS. If grievance is not resolved by the end of 30 days, the complainant may file a representation with the NPS Trust. If grievance is not resolved by the end of 30 days from the date of representation to NPS Trust, appeal may be filed with Ombudsman.

**Withdrawal & Exit:** The Exit & Withdrawal under NPS shall be in accordance with PFRDA(Exit & Withdrawals under NPS) Regulation 2015. It is advised that one should go through said regulation thoroughly for the proper understanding of the same and these regulation are available on our website at [www.pfrda.org.in](http://www.pfrda.org.in). However, for the sake of clarity the salient feature of the said regulation are provided below for enabling subscriber to understand implication:

**A. On attaining the age of superannuation (retirement):**

(i) Upon attaining the age of superannuation as prescribed by the service rules applicable to him or her, retires, then at least 40% out of the accumulated pension wealth of such subscriber shall be mandatorily utilized for purchase of annuity providing for a monthly or any other periodical pension and the balance of the accumulated pension wealth, after such utilization, shall be paid to the subscriber in lump sum. The Subscriber may choose to purchase an annuity for an amount greater than 40 percent also.

(ii) **Deferment of lump sum:** The lump sum can be deferred which can be withdrawn at any time between superannuation and 70 or every year till age of 70 years, subscriber has to give in writing in the specified form at least fifteen days before the attainment of age of superannuation, provided the subscriber agrees to bear the maintenance charges like CRA, PFM etc.

(iii) **Deferment of annuity:** Annuity purchase can also be deferred for maximum period of 3 years. Subscriber has to give in writing in the specified form at least fifteen days before the attainment of age of superannuation. If the death of the subscriber occurs before such due date of purchase of an annuity after the deferment, the annuity shall mandatorily be purchased by the spouse.

(iv) **Corpus <= Rs. 2.00 Lakh:** Option to withdraw complete pension wealth (Only in superannuation cases).

**B. Exit before attaining the superannuation age or voluntary retirement :**

(i) **Before attaining the age of superannuation or voluntary retirement**, 80% out of the accumulated pension wealth of such subscriber shall be mandatorily utilized for purchase of default annuity providing for a monthly or any other periodical pension and the balance of the accumulated pension wealth, after such utilization, shall be paid to the subscriber in lump sum.

(ii) **Corpus <= Rs. 1.00 Lakh :** If the accumulated pension wealth of the subscriber is equal to or less than one lakh rupees, such subscriber shall have the option to withdraw the

entire accumulated pension wealth without purchasing any annuity .

(iii) If the accumulated pension wealth of the subscriber is more than one lakh rupees but the age of the subscriber is less than the minimum age required for purchasing any annuity from any of the empanelled annuity service providers as chosen by such subscriber, such subscriber shall continue to subscribe to the National Pension System, until he or she attains the age of eligibility for purchase of any annuity

**C. Death before superannuation:**

(i) The subscriber who, before attaining the age of superannuation, dies, then at least 80% out of the accumulated pension wealth of the subscriber shall be mandatorily utilized for purchase of annuity similar to default annuity and balance pension wealth shall be paid as lump sum to the nominee or nominees or legal heirs, as the case may be, of such subscriber

(ii) **Corpus <= Rs. 2.00 Lakh :** If amount in the PRAN of the subscriber at the time of his death is equal to or less than two lakh rupees, the nominee or legal heirs as the case may be, shall have the option to withdraw the entire accumulated pension wealth without requiring to purchase any annuity and upon such exercise of this option the right of the family members to receive any pension or other amounts under the National Pension System shall extinguish.

(iii) If the subscriber or the family members of the deceased subscriber, upon his death, avails the option of additional relief on death or disability provided by the Government, the Government shall have right to adjust or seek transfer of the entire accumulated pension wealth of the subscriber to itself. The subscriber or family members of the subscriber availing such benefit shall specifically and unconditionally agree and undertake to transfer the entire accumulated pension wealth to the Government.

**D. Partial Withdrawals from NPS before Exit :** A subscriber shall be permitted to withdraw not exceeding twenty-five percent (25%) of the contribution made by him individual pension account (PRAN) for any of the following purposes only:

- a) For Higher education of his/her children including a legally adopted child.
- b) For the marriage of his/her children, including a legally adopted child.
- c) For the purchase/construction of residential house or flat. In case, the subscriber already owns either individually or in the joint name a residential house or flat, other than ancestral property, no withdrawal under these regulations shall be permitted.

d) Treatment for prescribed illnesses – suffered by subscriber, his legally wedded spouse, children including a legally adopted child and dependent parents.

The above withdrawal shall be subject to the condition that:

a) The subscriber should have been in NPS for at least ten years from the date of his or her joining.

b) Subscriber shall be allowed to withdraw a maximum of three (3) times from the scheme and not less than a period of 5 years should have elapsed from the last date of such withdrawal. However, the mandatory requirement of 5 years having elapsed between two withdrawals shall not apply in case of "treatment for prescribed illnesses" or in case of Withdrawal arising out of exit from National Pension System due to the death of the subscriber. Detailed guidelines on the partial withdrawal has been issued vide circular no-PFRDA/20016/7/exit /2 dated 21-03-2016 :

- **Online Exit withdrawal-** In order to simplify and streamline the exit and withdrawal claims, PFRDA has introduced the online facility for withdrawal process. The circular dated 12.11.2015 in relation to the same is uploaded on PFRDA's website.

**Annuity:** Annuity provides for monthly pay-outs to the individual in lieu of the lump sum amount paid to the Annuity Service Provider (ASP) from NPS scheme as per percentage specified by the subscriber at the time of exit.

**Default Annuity:** If subscriber is not able to decide the type of annuity, an option of default annuity has been provided. In this annuity, annuity is paid to subscriber, spouse, mother & father of the subscriber in this sequence with provision for return of purchase price of the annuity to the nominee in case of death of all above.

There are following other variants of annuity, if subscriber is not opting for default annuity:

- (i) Annuity for life – no return of purchase price.
- (ii) Annuity guaranteed for 5, 10, 15 or 20 years and for life thereafter
- (iii) Annuity for life with return of purchase price on death
- (iv) Annuity for life increasing at simple rate of 3% p.a.-- payment of annuity ceases on death.
- (v) Annuity for life with a provision for 50% of the annuity to the spouse of the annuitant for life on death of the annuitant.

**Annuity Service Provider and Annuity Scheme** shall be provided strictly in accordance by choice made by the subscriber at the time of exit from NPS. The details of the empanelled ASPs, types of annuity offered and annuity calculators are available at web link on CRA website.