National Pension System in India:
Growth & Regulatory Developments

INDIA: Major Pension Schemes

For Coal Miners, Seamen, J&K, Assam Tea Plantations

Regulated by EPFO

Regulated by IRDAI

Regulated by PFRDA

Regulated by SEBI

Approved by Commissioner of Income Tax

Defined Benefit Pension

***Atal Pension Yojana**, PM Shram Yogi Maan-dhan Yojana, PM Karam Yogi Maan-dhan Yojana, PM Kisan Maan Dhan Yojana*

National Pension System (NPS), Architecture and PFRDA's Role

- NPS was introduced for Central Govt. employees , joining services on or after 1st January 2004.
- A paradigm shift from Defined Benefit (DB) to Defined Contribution (DC) Pension Scheme.
- Eased escalating fiscal stress on the Government on account of rising pension liabilities.
- Most of the State Governments have adopted NPS for their employees.

NPS Architecture and Role of PFRDA

- Pension Fund Regulatory & Development Authority (PFRDA) was established in 2013 as a regulator for NPS
- To promote old age income security by establishing, developing, and regulating Pension Funds
- To protect the interests of subscribers to schemes of Pension Funds
- The required institutional and regulatory framework has been established through various intermediaries under its regulatory ambit

Who is who - Architecture of NPS

Architecture of NPS - Govt. Sector

Pension Subscribers (APY+NPS) driven by APY and AUM driven by NPS: CAGR FY20 to FY24 Up to April 2023 : 21.9% and 29.6% respectively

(10 lakh = 1 million; 1 crore = 10 million; 1 lakh crore = 1 trillion)

Number of Subscribers driven by Non-Government Sector and AUM driven by Government Sector

(10 lakh = 1 million; 1 crore = 10 million; 1 lakh crore = 1 trillion)

Asset Class wise AUM as on 30.04.2023

(Rs. in Cr
1 crore = 10 Million)

Asset Class	AUM as on 30.04.2023
G-Sec	3,58,820
SDL	1,18,913
Corporate Bond	2,47,401
Equity	1,56,543
REITs/InvITs	1,099
Money Market Instruments	26,897
Cash & Net Current Assets	17,452
Total	**9,27,125**

AUM as on 30.04.2023

Assets under Infrastructure Investment - NPS and APY

Status of Infrastructure Investments as on 31-Mar-2023

Sector	AUM (Rs. in billions)
Infrastructure	1652.91
Corporate Debt	2444.57
Total AUM	8988.66

Infrastructure Investment vis-a-vis Corporate Debt AUM

Infrastructure Investment vis-à-vis Total AUM

Regulatory Developments under National Pension System (NPS) and Atal Pension Yojana (APY)

- Introduced 'On Tap' registration for Pension Funds
- Increased Foreign Equity aggregate holding limit from 49% to 74% in Pension Fund companies
- Increased Choices to subscriber: Asset class –wise Pension Fund and Asset allocation
- Risk Profiling was introduced under various schemes managed by Pension Funds
- Slab-wise Investment Management Fee (IMF) structure to rationalize
- Stewardship Code and Cyber Security Policy for Intermediaries
- Expanded Investment universe by allowing PFMs to invest in Top 200 equity stocks, based on market capitalization
- Introduced New asset classes like InvITs/REITs, direct investment under IPOs/FPOs

Regulatory Developments under National Pension System (NPS) and Atal Pension Yojana (APY)

- Ease of Onboarding , accumulation and exit
  - Direct Remittance (D-Remit) Facility – facilitating same day NAV
  - NPS / APY on-boarding through online Aadhaar (Digital Identity)
  - e-NPS – online Paperless on-boarding feature
  - Access to subscriber servicing using NPS app and APY app.
  - Single KYC at Exit – both for NPS and Annuity Service Provider (ASP) – through inter-regulatory coordination

ESG Initiatives & Way Forward

- Stewardship Code with ESG parameters for all Pension Funds
- Engagement with ESG Experts / ESG Rating providers
- Mandated compliance of BRSR (Business Responsibility and Sustainability Report) disclosures for Top-1000 listed companies by SEBI
- Green Bonds issuance by RBI – PFMs have shown keen interest
- ESG Taxonomy: More robust and easily accessible data on ESG parameters in future
- Green Portfolio

THANK YOU