

## **NEW PENSION SCHEME FOR STAFF MEMBERS**

In terms of Memorandum of Settlement dated 27.04.2010 signed with representative Workmen Unions and Joint Note dated 27.04.2010 signed with representative Officers Organisations, employees joining the services of banks on or after 1st April, 2010 shall be eligible for the defined contributory pension scheme. The Scheme shall be regulated and administered by the Pension Fund Regulatory & Development Authority (PFRDA). There shall be no separate Provident Fund for employees joining services of the bank on or after 01.04.2010. The employees joining the services on or after 01.04.2010 shall contribute 10% of the Basic Pay and Dearness Allowance towards the defined contributory pension scheme and the bank shall make a matching contribution in respect of these employees.

### **A. NPS Structure**

#### **1. Pension Fund Regulatory and Development Authority (PFRDA)**

PFRDA is the regulator for the NPS. PFRDA is responsible for appointment of various intermediaries in the system such as Central Record Keeping Agency (CRA), Pension Fund Manager (PFM), Custodians, NPS Trustee Bank, Annuity Service Provider (ASP) etc. PFRDA shall also monitor the performance of the various intermediaries. PFRDA has a significant role to play in safeguarding the interest of subscribers. It will regulate the manner in which subscriber contributions are invested by PFM (s) and will make all efforts to ensure fair play for subscribers. It shall also ensure that all stakeholders comply with the guidelines/regulations issued by PFRDA from time to time. The PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY ACT, 2013 came into force on September 19, 2013. The Act to provide for the establishment of an Authority to promote old age income security by establishing, developing and regulating pension funds, to protect the interests of subscribers to schemes of pension funds and for matters connected therewith or incidental thereto.

#### **2. NPS Trust**

PFRDA has established the NPS Trust under Indian Trust Act, 1882 w.e.f. 27th February, 2008 and appointed NPS Board of Trustees in whom the administration of the "National Pension System" vests under Indian Law. The Trust is responsible for taking care of the funds under the NPS. The Trust holds an account with the bank which is designated as the NPS Trustee Bank.

##### **Function of NPS Trust**

- To call for any information, report etc. from PFM(s), Trustee Bank and custodian.
- To issue direction to PFM for protecting the interest of the subscriber.
- To appoint a panel of independent auditors to undertake compliance audit.
  
- To verify that Trustee Bank is performing its function as per the provisions of the agreement with NPS Trust.
- To verify that PFM(s) are strictly following the terms and conditions of investment management agreement (IMA) with NPS Trust.

#### **3. NPS Trustee Bank**

The NPS Trust holds an account with a Bank and this Bank would be designated as NPS Trustee Bank. NPS Trustee Bank will facilitate fund transfers across various entities of NPS System viz. PFM, Annuity Service Providers, Subscribers, etc. Presently **AXIS BANK** is functioning as **NPS Trustee Bank**.

Functions –

- The Bank would interface with PFMs for
  - Transfer of functions to the PFMs bank account based on the instructions received from CRA and information flow for the same.
  - Receipt of funds from the PFMs bank account to the NPS Trust Bank's account based on the instructions received from CRA and information flow for the same.