

NATIONAL PENSION SYSTEM

NPS Lite - Making pension possible for small investors

National Pension System (NPS) is an initiative of Pension Fund Regulatory and Development Authority (PFRDA), the apex body established by Government of India to regulate and develop the pension sector in India. NPS has been extended to all citizens of India with effect from 1st May 2009. To extend the coverage of NPS to the weaker and economically disadvantaged sections of the society with their limited investment potential, PFRDA has launched NPS- Lite which specifically targets the marginal investors and promotes small savings during their productive life. It aims at building up a corpus sufficient enough to buy an annuity for their old age.

2. "NPS-Lite Model" is designed to ensure ultra-low administrative and transactional costs, so as to make such small investments viable. NPS-Lite works on a "group" model. It also aims at harnessing the outreach and capacity of the Government operated schemes, NGOs, MFIs, NBFCs etc. in targeting and servicing the old age savings needs of low income workers. Each eligible group or "Aggregator" in NPS Lite model will be responsible for grass-root level enrolments, ongoing collection, re-conciliation and transfer of individual contributions as well as for ongoing services and information delivery.

3. "Swavalamban Scheme**" of Govt of India, which grants an incentive of Rs 1000 to all eligible NPS accounts shall be available to all NPS Lite accounts as well, if they meet the prescribed criteria.

Distinguishing Features of NPS Lite:

- *Focussed*- For economically disadvantaged sections of the society and marginal investors
- *Voluntary* - Open to eligible* citizens of India, in the age group of 18–60 years. Subscriber is free to choose the amount he/she wants to invest every year.
- *Simple* – Eligible individuals in the unorganized work force can open an account through their Aggregator and get an Individual subscriber (NPS – Lite) Account.
- *Safe* - Regulated by PFRDA, with transparent investment norms and regular monitoring and performance review of fund managers by NPS Trust.
- *Economical* – Ultra-low cost structure with no minimum amount required per annum or per contribution.
- *Portable* – Subscriber can operate account from anywhere in the country, even with change of location, employment or Aggregator.

*For eligibility and other conditions of NPS Lite, please refer to Regulations on NPS Lite and other information given below.

** Eligibility and other conditions for "Swavalamban Scheme" have been laid down in the Operating Guidelines of Swavalamban Scheme issued by Deptt. of Financial Services, Govt of India vide their letter no. 13/10/2006-PR dated 21st June 2010.