

## **NPS fees to be charged based on quantum of Contribution**

Wednesday, January 25, 2012

New Pension Scheme

As far as New Pension Scheme is concerned, the charges to be collected by Point of presence (Centers where NPS subscribers would pay their contribution) for the services rendered by them is until now is Rs.20 per transaction.

Because of this low rate fixed by the Pension regulation authority (PFRDA), the banks which mainly act as point of presence are reluctant in the transactions relating to NPS. As a result number of New Pension Scheme subscribers from the private sector is very meager now.

In order to make Point of presence to actively participate in the New Pension Scheme Transactions and thereby increase the number of Private NPS subscribers, PFRDA has decided to allow Point of Presence to charge fees based on the quantum of contribution /investments made the subscribers. The following Note issued by PFRDA in this regard would give more details.

These changes in the fees will be applicable only for private (Non-Government) sector NPS subscribers.

***PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY***

**16TH January' 2012**

### **PRESS RELEASE**

**Initiating the implementation of the recommendations of the Bajpai Committee to Review**

**Implementation of National Pension System (NPS) in the Private (Non-Government) Sector, Pension Fund Regulatory and Development Authority (PFRDA) has announced changes in the charge structure for the Points of Presence (POP) for Private Sector subscribers under National Pension System (NPS).**

**At present, the Points of Presence charge a flat rate of Rs. 20 for the initial subscriber registration and Rs. 20 per transaction for any contribution upload. The Bajpai Committee had observed that a flat rate structure amounts to the poor subsidizing the rich, and a more equitable structure would be charging of fees as an ad-valorem basis.**

**Based on these recommendations and the comments received from various stakeholders, PFRDA has now announced the following charge structure with immediate effect:**

**1. An Initial subscriber registration charge of Rs.100/- and an ad valorem transaction charge of 0.25% of the initial contribution amount from subscriber subject to a minimum of Rs.20 and a maximum of Rs. 25,000/-.**

**2. Any subsequent transaction involving contribution upload – 0.25% of the amount subscribed by the NPS subscriber, subject to minimum of Rs.20/- and a maximum of Rs. 25000/-.**

**3. Any other transaction not involving a contribution from subscriber – Rs 20/-**

**The above structure is applicable to both individuals and corporates in the Private (Non-Government) Sector, and is expected to sufficiently incentivise the PoPs to actively participate in the opening of NPS accounts and also provide improved services to account holders. The PoPs have the option to negotiate on the above charges with the subscribers, but within the prescribed charge structure.**