# PENSION BULLETIN

September 2024

Volume XIII

Issue IX

पेंशन निधि विनियामक और विकास प्राधिकरण
PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

September 2024

# पेंशन बुलेटिन

## सितम्बर 2024

**Volume XIII**

**Issue IX**

**September 2024**

## Acknowledgment

*The Pension Bulletin is issued monthly by the Department of Policy Research, Market Watch, and Systemic Risk under the direction of the Pension Bulletin Editorial Committee. The Committee and PFRDA are not responsible for the interpretation and opinions expressed. In the case of articles, the responsibility is that of the author and not of the PFRDA.*

*Comments and observations may please be forwarded to the department at market.watch@pfrda.org.in.*



## प्रमाणन

*पेंशन बुलेटिन प्रत्येक महीने नीति अनुसंधान, मार्केट वॉच और सिस्टमिक रिस्क विभाग द्वारा, पेंशन बुलेटिन संपादकीय समिति के निर्देशन में जारी किया जाता है। समिति और पीएफआरडीए व्याख्याओं और प्रकट किए गए मतों के लिए उत्तरदायी नहीं हैं। लेखों के मामले में, जिम्मेदारी लेखक की होती है, न कि पीएफआरडीए की।*

*तिप्पणियाँ और अवलोकन कृपया विभाग को market.watch@pfrda.org.in पर अग्रेषित किए जा सकते हैं।*

# Glossary

| | |
|---|---|
| AA | Account Aggregators |
| AIF | Alternate Investment Fund |
| DPDP Act | Digital Personal Data Protection Act, 2023 |
| APY | Atal Pension Yojana |
| ASP | Annuity Service Provider |
| AUM | Asset Under Management |
| C | Debt and Related Investments |
| CAGR | Compounded Annual Growth Rate |
| CDD | Client Due Diligence |
| CFT | Combating the Financing of Terrorism |
| CIP | Customer Identification Procedures |
| CKYCR | Central KYC Records Registry |
| CRA | Central Recordkeeping Agency |
| CPI | Consumer Price Index |
| DC | Defined Contribution |
| Debt-VRR | Debt Voluntary Retention Route |
| E | Equity and Related Instruments |
| EPF | Employees Provident Fund |
| EPFO | Employees Provident Fund Organization |
| ETF | Exchange-Traded Fund |
| EU | European Union |
| FAR | Fully Accessible Route |
| FBIL | Financial Benchmark India Pvt. Ltd. |
| FII/FPI | Foreign Institutional Investors/Foreign Portfolio Investors |
| FIP | Financial Information Providers |
| FIU | Financial Information Users |
| FSDC | Financial Stability and Development Council |
| G | Government Bonds and Related Instruments |
| G-sec | Government securities |
| GBP | Pound Sterling |
| GDP | Gross Domestic Product |
| GST | Goods and Service Tax |
| GSTN | Goods and Services Tax Network |
| IGB | Indian Government Bonds |
| INR | Indian Rupee |
| IIP | Industrial Production Index |
| IRDAI | Insurance Regulatory and Development Authority of India |
| IT Act | Information Technology Act, 2011 |
| KYC | Know Your Customer |
| LTCG | Long Term Capital Gain |
| NBFC | Non-Banking Financial Company |
| NPS | National Pension System |
| OECD | Organization for Economic Cooperation and Development |
| PIPE | Private Investment in Public Equity |
| PoP | Points of Presence |
| RBI | Reserve Bank of India |
| REIT | Real Estate Investment Trust |
| SBI | SBI Pension Funds Private Limited |
| STCG | Short Term Capital Gain |
| TATA | Tata Pension Management Limited |
| USD | United States Dollar |
| UTI | UTI Retirement Solutions Limited |
| VCF | Venture Capital Fund |
| WPI | Wholesale Price Index |

पेंशन निधि विनियामक और विकास प्राधिकरण
PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

September 2024

# Table of Contents


| S. No. | Section | Details | Page No. |
|---|---|---|---|
| I | **Economy** | | 2 |
| | **Data Table** | | 7 |
| II | **Management Speaks** | Welcome Address by Dr. Deepak Mohanty, Chairperson, PFRDA at Launch of NPS Vatsalya.<br><br>Keynote address by Dr. Deepak Mohanty, Chairperson, PFRDA at ICC Conclave on "National Pension System". | 9 |
| III | **Article** | Demographic Dividend: India's golden opportunity | 15 |
| IV | **International Section** | Pension system in Slovenia | 19 |
| V | **Did you Know?** | Poverty, Prosperity, and Planet Report: Pathways Out of the Polycrisis: World Bank Group | 23 |
| VI | **Circulars & Regulations** | Master Circular - Guidelines on Know Your Customer / Anti-Money Laundering / Combating the Financing of Terrorism (KYC/AML/CFT)<br><br>New Scheme: NPS Vatsalya | 27 |
| VII | **Events at PFRDA** | Launch of NPS Vatsalya | 31 |
| VIII | **Data Centre**<br>***(NPS & APY Statistics)*** | | 35 |
| | | Sector wise NPS Growth | |
| | | No. of NPS & APY Subscribers | |
| | | Contribution from NPS & APY Subscribers | |
| | | AUM under NPS & APY | |
| | | PFM-wise Total Assets under NPS schemes | |
| | | Scheme wise AUM under NPS | |
| | | PFM-wise Return on NPS Schemes | |

# Section 1/खंड 1

## Economy/ अर्थव्यवस्था

# Indian Economy[1]

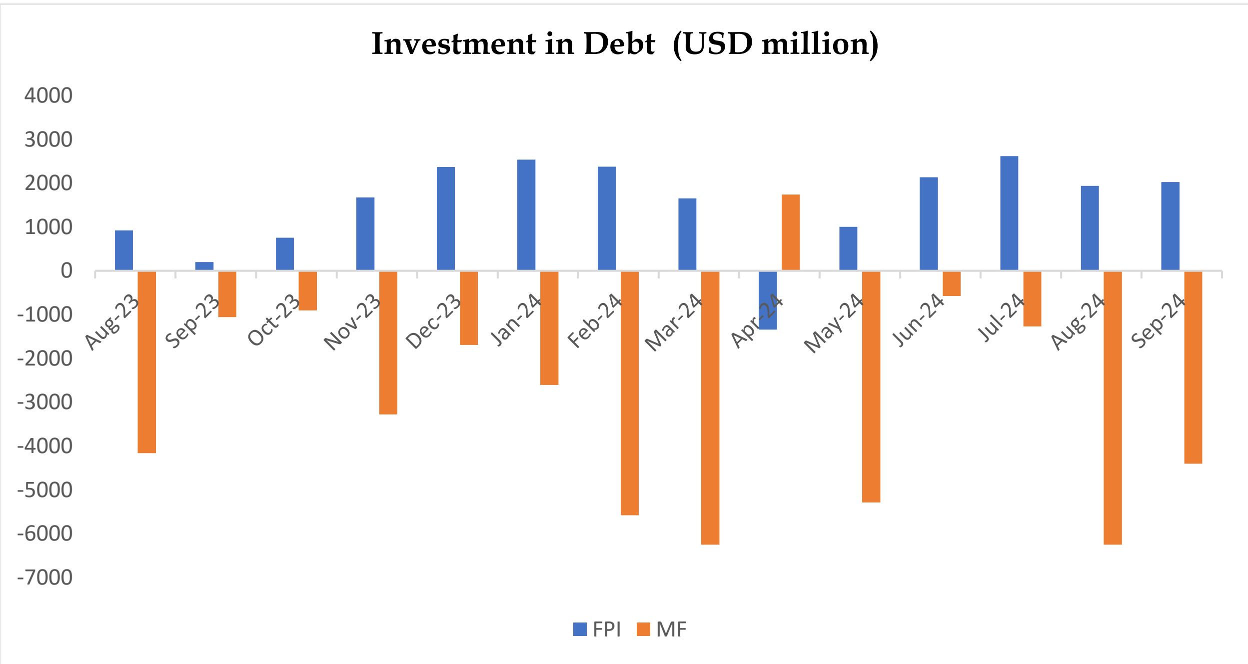
## Capital Market

In September, foreign portfolio investors (FPIs) were the net investors for the fourth consecutive month. In September, FPI investments totalled USD 9.6 billion.

USD 5.9 billion was invested in the equities market, up from USD 1.4 billion the month before. The equities segment saw the largest inflows on September 20th, totalling USD 1.8 billion, a day following the US Fed's large interest rate cut.

Domestic Institutional Investors (DIIs) decreased their investments in the Indian equity market in September. DII made a net investment of USD 4 billion, compared to USD 5.8 billion the month before.

There was net inflows of USD 2 billion in the debt segment by FPI, which was slightly higher than the USD 1.9 billion inflows from the previous month. This was primarily caused by the significant inflows into the debt category via the Fully Accessible route (FAR).



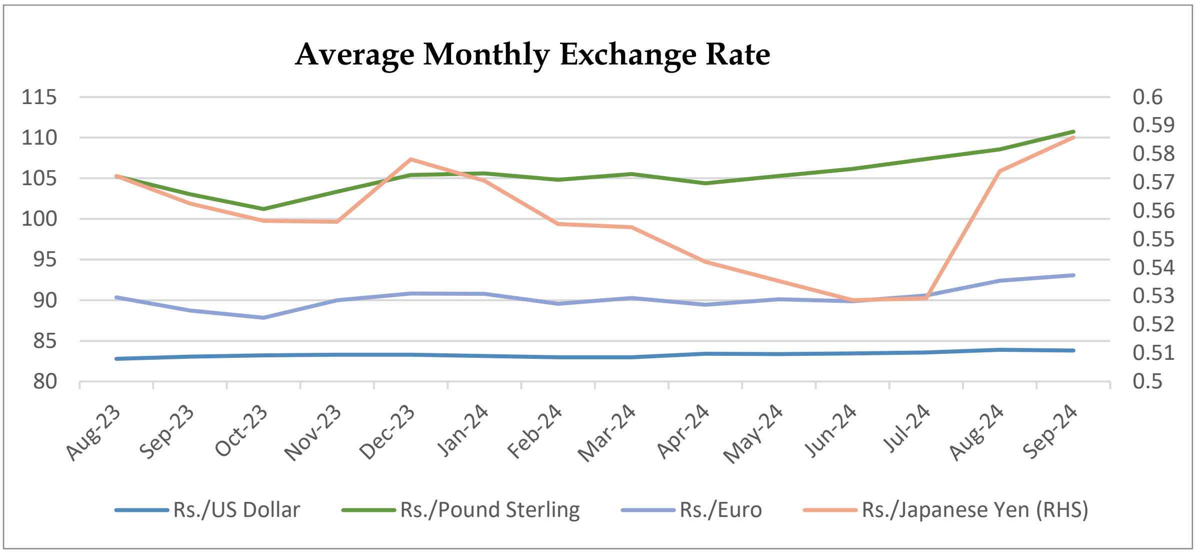

## Currency Market

After depreciating for three months vis-a-vis US dollar, the Indian Rupee (INR) recovered by 0.1% in September 2024. It strengthened over the previous month's average exchange rate of R.83.90 per USD, averaging Rs.83.79 per USD for the month. On weekly basis, the INR declined for the first two weeks of the month before rising in the third week, ahead of the US Fed rate cut on September 18.

Compared to major international currencies like the Euro (EUR) and the Pound Sterling (GBP), in

[1] The data used in this section has been taken from CMIE's Economic Outlook and MOSPI.

September 2024, the INR fell to its lowest point ever. It depreciated 2% against the Japanese yen (JPY), averaging Rs. 0.5858 against Yen. There was depreciation of 2% against the GBP, averaging Rs. 110.74 during the month. INR fell by 0.7 to a record low against EUR, averaging Rs. 93.07.




## Commodity Price

The average price of an Indian basket of crude oil dropped for the second consecutive month. In September, it dropped by 5.7% to USD 73.7 per barrel against a drop of 7.1% in the previous month. In September 2024, the average monthly price of USD 73.7 per barrel was the lowest since January 2022. Throughout the month, the price varied daily between a wide range of USD 71 - 77.2 per barrel. Drop in oil prices is due to China, the world's largest oil importer, having lower-than-expected demand. However, prices majorly recorded a reversal in the second half of the month after the US Federal Reserve cut its key interest rate by 50 bps.

Price of London Bullion rose by 4 per cent in September at a record high of USD 2,567.1 per troy ounce in September rising for the third consecutive month. The price had increased by 3 per cent in the previous month. On September 26, the price hit a record high of USD 2,664 per troy ounce. For the month, the price of gold ranged in between USD 2,479 - 2,664 per troy ounce. The steady increase in gold prices received a significant boost following the rate cut in US Federal Reserve benchmark interest rate on September 18.

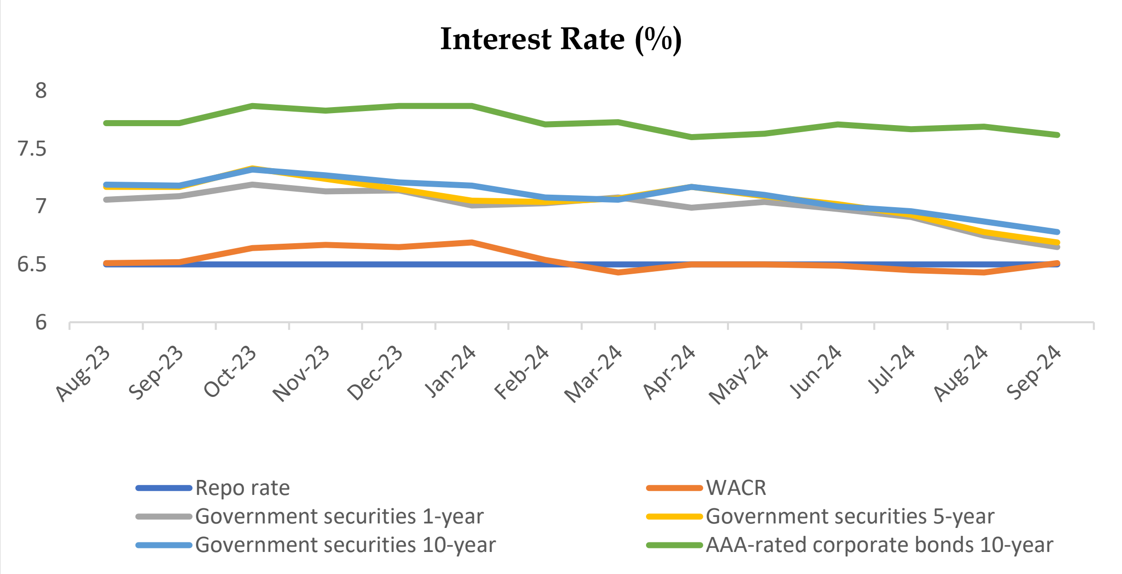
On the domestic front, gold prices in the BSE spot market averaged Rs.72,786 per 10 grams in September, up 3.4 per cent from previous month.

## Bond Market

G-sec yields declined for the third consecutive month in September 2024. G-sec rates for one year fell 10 basis points (bps) to an average of 6.65%. Three- and five-year G-sec yields fell to 6.69 percent, down 7 bps and 9 bps, respectively, from the previous month. The benchmark 10-year G-sec yield fell 9 bps to 6.78 percent over the month.

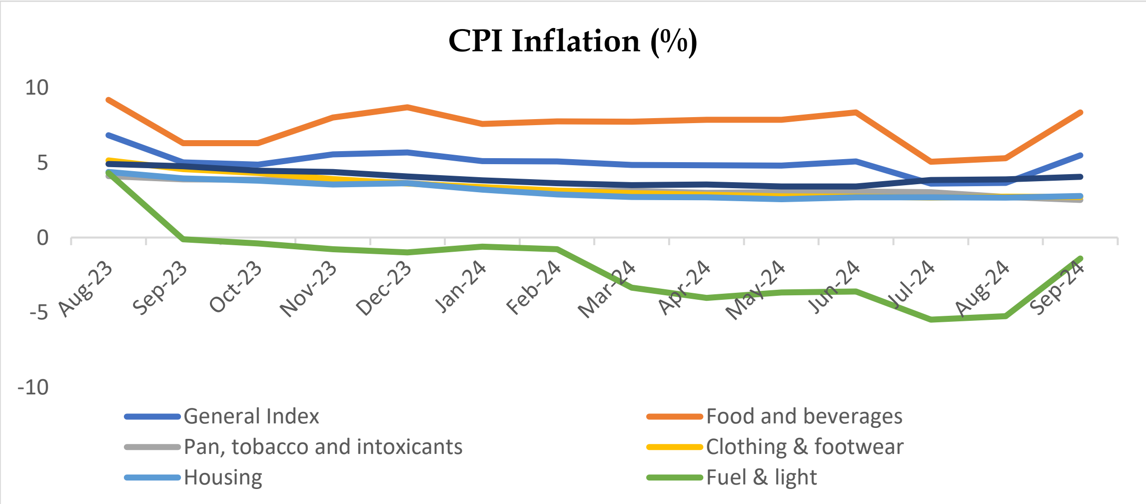
Yields on AAA-rated corporate bonds for one-year and three-year increased by three basis points, respectively, to average 7.84 and 7.73 percent. Yields on five-year AAA-rated bonds' rates were constant at 7.53%. The yield on 10-year corporate bonds, on the other hand, decreased four basis points to an average of 7.64 percent in September.

The risk premiums increased for all bond maturities. Three-year bonds had a slight increase in spread from 95 bps to 104 bps, while one-year bonds saw an increase from 106 bps to 119 bps. Five-year bonds' risk premium increased from 74 basis points to 84 basis points. The risk premium for 10-year bond increased slightly from 82 basis points to 86 basis points in September.




**CPI Inflation**

Year-on-year inflation rate based on All India Consumer Price Index (CPI) for the month of September, 2024 is 5.49% compared to 3.65 % in the previous month. Year-on-year inflation rate based on All India Consumer Food Price Index (CFPI) number is 9.24% (Provisional) for the month of September, 2024. Corresponding inflation rate for the month of August was 5.66 %.

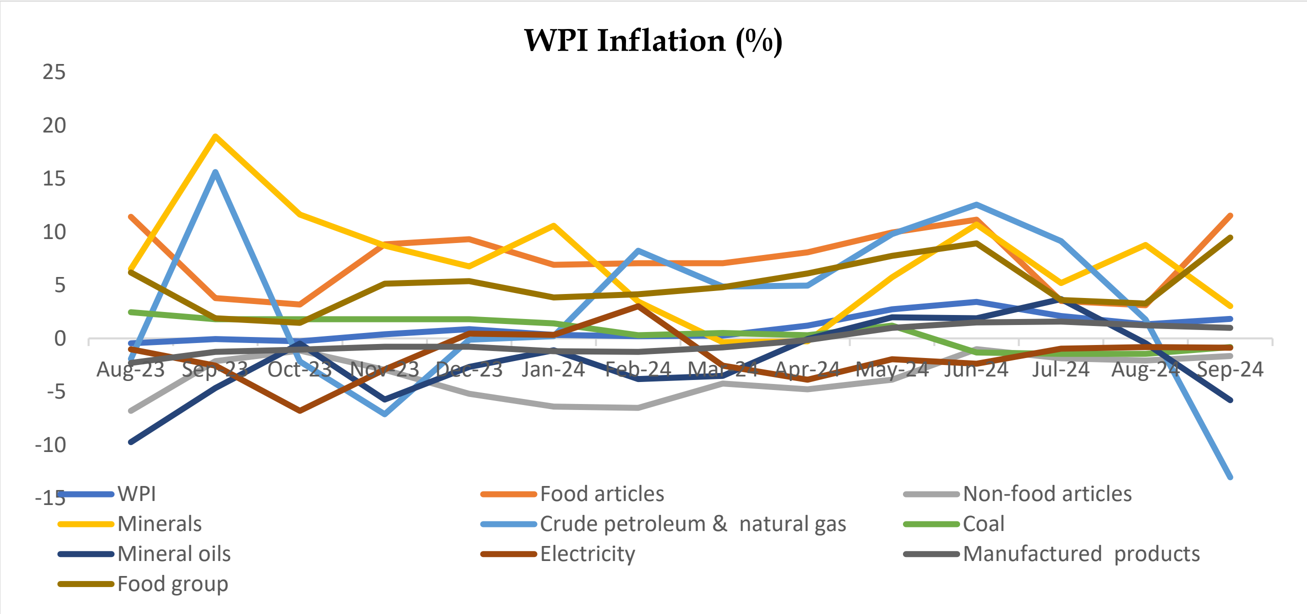



**WPI Inflation**

The annual rate of inflation based on all India Wholesale Price Index (WPI) number is 1.84% (Provisional) for the month of September, 2024 (over September, 2023). Positive rate of inflation in September, 2024 is primarily due to increase in prices of food articles, food products, other manufacturing, manufacture of motor vehicles, trailers & semi-trailers, manufacture of machinery & equipment, etc.

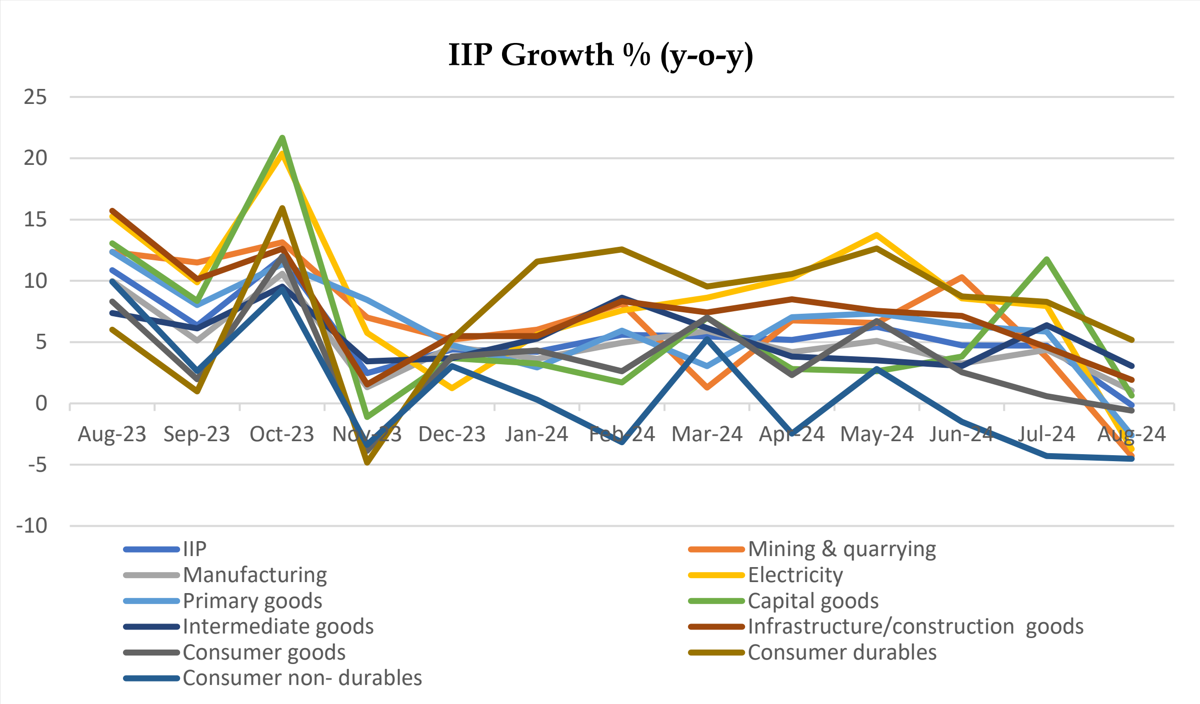
Index for Primary Articles increased by 6.59 in September, 2024 over September 2023. Prices of minerals (3.03%), non-food articles (-1.64%) and food articles (11.53%) increased in September, 2024 as compared to September 2023. The prices of crude petroleum and natural gas (-13.04%) declined in September, 2024 as compared to September 2023. Fuel & Power index declined by 4.05 % in September, 2024 from over September 2023. Index for Manufactured Products increased by 1.00 % September, 2024 over the previous year.

The annual rate of inflation based on WPI Food Index stood at 9.47% in September, 2024 against 3.26% in August, 2024.




**Index of Industrial Production**

The IIP growth rate for the month of August 2024 is (-)0.1 percent which was 4.7% in the month of July 2024. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of August 2024 are (-)4.3 percent, 1.0 percent and (-)3.7 percent respectively.
The corresponding growth rates of IIP as per Use-based classification in August 2024 over August 2023 are (-)2.6 percent in Primary goods, 0.7 percent in Capital goods, 3.0 percent in Intermediate goods, 1.9 percent in Infrastructure/ Construction Goods, 5.2 percent in Consumer durables and (-)4.5 percent in Consumer nondurables. Based on use-based classification, top three positive contributors to the growth of IIP for the month of August 2024 are –Intermediate goods, Consumer durables and Infrastructure/ Construction Goods.


IIP Growth % (y-o-y)
25
20
15
10
5
0
-5
-10
Aug-23
Sep-23
Oct-23
Nov-23
Dec-23
Jan-24
Feb-24
Mar-24
Apr-24
May-24
Jun-24
Jul-24
Aug-24
IIP
Mining & quarrying
Manufacturing
Electricity
Primary goods
Capital goods
Intermediate goods
Infrastructure/construction goods
Consumer goods
Consumer durables
Consumer non- durables

Data Table

**Economic Indicators**

| Indicators | Sep-23 | Aug-24 | Sep-24 | YoY change (% / bps) |
|---|---|---|---|---|
| FPI Equity Investments (USD billion) | -2.27 | 1.39 | 5.94 | 361.67 |
| Rupees per dollar | 83.05 | 83.9 | 83.79 | 0.89 |
| Rupees per Pound Sterling* | 103.03 | 108.57 | 110.74 | 7.48 |
| Rupees per Euro* | 88.74 | 92.41 | 93.07 | 4.88 |
| Rupees per Japanese Yen* | 0.5626 | 0.5739 | 0.5858 | 4.12 |
| Gold (USD/troy ounce)* | 1917 | 2468 | 2567.1 | 33.91 |
| Crude Oil (USD/Barrel)* | 93.5 | 78.2 | 73.7 | -21.18 |
| Weighted Average Call rate (%) | 6.52 | 6.43 | 6.51 | -1 |
| Market repo rate (%) | 6.50 | 6.50 | 6.50 | 0 |
| G sec 1-year (%) | 7.09 | 6.75 | 6.65 | -44 |
| G sec 10-year (%) | 7.18 | 6.87 | 6.78 | -40 |
| AAA rated corporate bond 10-year (%) | 7.72 | 7.69 | 7.62 | -10 |
| CPI Inflation (%) | 5.02 | 3.65 | 5.49 | 47 |
| WPI Inflation (%) | -0.07 | 1.31 | 1.84 | 191 |
| IIP# (%) | 10.9 | 4.7 | -0.1 | -1100 |

*# IIP data as on Aug 2023, July 2024 and Aug 2024 respectively.*

** Average Monthly Exchange Rate*

# Section 2/खंड 2

# Management Speaks/ प्रबंधन का वक्तव्य

## Welcome Address at the Launch of NPS Vatsalya[2]

Hon'ble Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman Ji; Minister of State for Finance Shri Pankaj Chaudhary ji; Secretary, Financial Services Shri Nagaraju Maddirala ji; distinguished guests and children present here, and at different locations across the country, it is my proud privilege to welcome you to today's event which marks the birth of a pension scheme for our children, NPS Vatsalya.

Pension, meaning a steady flow of income through one's life time, is a necessity for financial security and dignity at old age. However, the financial provision for that ought to be ideally made when one is young and working.

In popular perception, pension was a privilege of government employment. It is no longer so with the introduction of the National Pension System (NPS) in 2004, first for the government employees, and then extended to private corporates including the common person, and now to children with the launch of NPS Vatsalya. Thus, any one from infancy to 70-years old can join NPS.

Once a child attains the age of majority NPS Vatsalya seamlessly gets converted into a regular NPS, and on employment it could be ported to work place NPS. Thus, providing continuity to one's retirement account. The financial threshold level of entry has also been kept low to make it accessible to all strata of our society: with an annual contribution of just Rs. 1000, one could open and continue NPS Vatsalya. It will have all the features of NPS such as investment choices between equity and debt and selection of Pension Fund. One could easily open an NPS Vatsalya account through bank branches and directly through online mode, e-NPS.

NPS is a low cost prudently regulated pension scheme. It has made a steady progress with an accumulated corpus of over Rs.13 lakh crore. It provides competitive returns. For instance, the equity component of NPS scheme has given a compound annual growth rate (CAGR) of 14.2 percent return since inception. Similarly, the NPS scheme for central government employees, which is a mix of both debt and equity, has given a CAGR of 9.6 percent return since inception. This performance can be attributed to favourable financial market conditions and various strategic initiatives of PFRDA designed to enhance subscriber experience and safeguard their investments. But most importantly, it is the hard work put in by all our intermediaries, including the front-line staff of banks, which brings us this success.

Notwithstanding the progress so far, the pension system in our country is still evolving and we have a long distance to cover. It is pertinent to mention that the pension assets, covering major schemes including Employees' Provident Fund Organisation (EPFO), are around 17 percent of our GDP with NPS at 4.5 percent of GDP. In comparison, the average pension assets in Organisation for Economic Co-operation and Development (OECD) countries were over 80 percent of their GDP. Pension assets are long-term assets. If we could tap into our pension potential, we could reap immense benefit in terms of investment and economic growth.

Viewed in our broader demographic and economic context, NPS Vatsalya would not have

[2] Welcome address by Dr. Deepak Mohanty, Chairperson, Pension Fund Regulatory and Development Authority (PFRDA) at program on launch of NPS Vatsalya at Vigyan Bhawan, New Delhi, September 18, 2024.

come at a more propitious time. We are the most populous young country on the face of the planet with a population of over 140 crores, in a median age of 28.4 years, and an estimated 31 percent of our population being under 18 years of age. Our ability to financially empower our children is expected to rise as we transition from a lower middle-income country to an upper middle-income country on way to a high-income country over the coming decades.

In the matter of pension an early start is a head start: small amounts squirreled away could yield substantial corpus by harnessing the power of compounding. People often have various financial priorities and may not always consider retirement planning until later in life which often results in inadequate old age income. Thus, there was a felt need for a pension scheme inculcating a culture of early saving and investment.

It is the Government's forward-thinking approach, under the overarching objective of provision of social security for all, that we are here today for the launch of NPS Vatsalya. It enables us to tap into the power of compound interest, potentially leading to substantial wealth accumulation over time securing the financial future of our younger generation.

We at PFRDA are committed to ease the onboarding process by leveraging digital technology, protecting the interests of subscribers, and fostering trust in the pension ecosystem through continuous improvements in security, transparency and operational efficiency.

Once again, my gratitude to Hon'ble Finance Minister; Minister of State for Finance; Secretary, Financial Services, all our invitees here and participating from remote locations and children for making the occasion memorable in our quest for personal financial well-being and economic progress.

Thank you!

*****

## Keynote address in the session on "National Pension System (NPS) for Corporate employees"[3]

I thank the Indian Chamber of Commerce (ICC) for this opportunity to be in the midst of such distinguished gathering. I propose to focus on the National Pension System for the corporate employees.

**NPS is for all**

In popular perception, pension was a privilege of government employment. It is no longer so with the introduction of the National Pension System (NPS) in 2004, first for the government employees, and then extended to private corporates including the common person, and now to children with the scheme of NPS Vatsalya, which was recently launched by the Government. NPS Vatsalya can be seamlessly ported to workplace pension on the child coming of age and joining the workforce, thereby providing continuity to retirement savings account. Thus, any one from infancy to 70-years old can join NPS. As the vesting period is enlarged, one could harness the power of compounding to accumulate substantial corpus providing adequate pension on one's retirement.

It is understandable that not all NPS subscribers, for example a child, will have regular income. Similarly, informal workers or workers engaged in seasonal work, for instance agriculture, may have irregular income. Even in these cases, NPS can be considered an appropriate product as only with an annual contribution of Rs. 1000, NPS account remains active.

NPS is a low cost prudently regulated pension scheme. It has made a steady progress with an accumulated corpus of over Rs.13 lakh crore. It provides competitive returns. For instance, the equity component of NPS scheme has given a compound annual growth rate (CAGR) of 14.2 percent return since inception, Corporate bond 9.1 percent and Government securities 8.9 percent. Similarly, the NPS scheme for central government employees, which is a mix of both debt and equity, has given a CAGR of 9.6 percent return since inception. This performance can be attributed to favourable financial market conditions and the skills of fund managers besides regulations to enhance subscriber experience and safeguard their investments. The returns that I mentioned are average return across pension funds, and we have 11 of them. The subscriber has the freedom to choose any one or more of them. In that sense the subscriber is in a competitive market place to make informed choice. It is, therefore, important for the fund managers to provide competitive returns commensurate with the market and the benchmark set by the regulator.

**Who will provide retirement benefits?**

The term "retirement benefit or pension" carries different meanings to the diverse set of workforces. Individuals with a secure financial future post-retirement are more likely to maintain their lifestyle while providing for contingencies. Hence, adequacy of pension, i.e. the replacement rate, becomes an important metric. According to ILO Convention 102, a desirable replacement rate (pension) could be pegged at 40 percent of last pay (after 30 years of work life).

In India, there is a significant proportion of workforce engaged in the unorganized and informal sector and they do not have access to occupational pension as in the organized sector. Savings by them for old age is a necessity. Government does provide some social security assistance to underprivileged and low-income

[3] Keynote address by Dr. Deepak Mohanty, Chairperson, Pension Fund Regulatory and Development Authority (PFRDA) at ICC Conclave on "National Pension System" organised by Indian Chamber of Commerce at Mumbai, September 27, 2024.

individuals. But that may not be adequate without one's own savings.

The nature of employment is also changing. The rise of the gig economy and digital platforms has transformed the nature of work in India. Freelancing, online marketplaces, and app-based services have provided new avenues for employment, especially for young people and those seeking flexible work arrangements. At the same time, this trend also raises the question about social protection in the digital age.

In a scenario of employer-employee relationship, the boundaries are defined. If an employer has more than 20 employees and pays upto Rs. 15,000 salary, the employer is duty bound under the Employees' Provident Fund Organisation (EPFO) Act, to contribute towards Provident Fund (PF) and Employees' Pension Scheme (EPS). However, over Rs. 15,000 of salary, the employer has a choice: either to adopt PF & EPS voluntarily or establish a Trust (recognised by EPFO or approved by the commissioner of income tax) or adopt National Pension System (NPS) or offer a combination of two or more schemes. It is often seen that employers do not segregate their employees in terms of salary for providing retirement benefit, and apply a common scheme for all their employees.

Globally, largely non-government employers have transited from offering their employees Defined Benefit (DB) to Defined Contributions (DC) pensions. In India, the mandatory Employees' Pension Scheme (EPS) of EPFO offers a hybrid scheme of Defined Contributions with Defined Benefit, subject to monetary ceilings. It is important for the employers to consider the financial wellbeing of its employees once they formally leave the organisation. A survey by Willis Towers Watson indicated that a probable replacement rate of 30 percent may be achieved through PF & EPS and by adding Approved Superannuation Fund it improves to 46 percent and to top it up with NPS the resultant replacement rate may become 63 percent.

In this context, adoption of multiple retirement schemes by an employer can deliver the desired replacement rate to its employees for enabling them to lead a dignified life after superannuation. In the voluntary segment, NPS can be considered an appropriate choice for employers and employees. NPS is portable, transparent and flexible in terms of contributions and investment choices, offers market linked returns and can be accessed anytime digitally. Its low-cost feature amplifies the accumulation of a higher corpus as compared to other competing financial products.

At present, NPS has 1.5 crore subscribers: 94 lakh government and 59 lakh private subscribers. On a voluntary basis, both private citizens and corporates have enrolled with NPS. Private sector NPS assets have also shown a robust growth in the recent years. The corpus from the private sector is about Rs 2.7 lakh crore.

There were 17,633 corporates with over 21 lakh subscribers in NPS. This coverage is small. For example, it is only 2.5 percent of EPFO coverage in terms of number of establishments. Even in the corporate sector most of the subscribers are from public sector banks and other central public sector enterprises. The employees form the private corporate covered under NPS were 12.6 lakh. The take up rate among the private corporates employees remains low. For instance, the take up rate, among top 10 private corporates registered under NPS was only 8 percent implying that many employers were not taken NPS for various reasons despite many advantages of NPS, most important being it provides continuity to one's retirement account. It is both employment natural and residency neutral as Non-Resident Indians (NRIs) and Overseas Citizen of India (OCI) can continue in NPS. Employees with short stints abroad could continue their NPS account.

Contribution to NPS is also tax efficient both for the employer and employee. The Union Budget 2024-25 raised deduction of expenditure by employers (Section 36 of Income Tax Act) towards NPS contribution from 10 percent to 14 percent of the employee salary. Similarly, deduction of this amount upto14 percent of salary from income of employees (under section 80CCD of Income Tax Act) is allowed under the new tax regime. Both the corporate and employees benefit from this provision by subscribing to NPS.

**Conclusion**

Let me conclude. Only one pension product may not be enough for a sustainable post retired life. Despite, a decent annual rate of growth of corporates joining the NPS, take up rate of their employees joining the Scheme is only around 11percent. This coverage may not improve significantly without a nudge from the employer side. The employers need to increasing their engagement with Points of Presence (PoPs) and conduct more awareness sessions on NPS. Corporates could take initiative to encourage employees to open NPS accounts by contributing a certain minimum amount. This may nudge the employees to contribute themselves when they see the performance of the scheme.

Thank you.

*****

# Section 3/खंड 3

# Article/लेख

# Demographic Dividend: India's golden opportunity[4]

**What is Demography?**

Study of human population (size, structure, distribution) with coaction of birth, migration, and aging.

**What is Demographic Transition?**

The demographic transition theory is a generalised description of the changing pattern of mortality, fertility and growth rates as societies move from one demographic regime to another (UNFPA).

**What is Demographic Dividend?**

The demographic dividend is the accelerated economic growth that can result from a rapid decline in a country's fertility and the subsequent change in the population age structure (World Bank).

The concept of demographic transition, emphasizes the shifts in age structures and their impact on economic growth potential, commonly known as the demographic dividend. To realize a demographic dividend, a country must undergo a demographic transition – a shift from high fertility and mortality to low fertility and mortality.

| Parameters | Stage 1 | Stage 2 | Stage 3 | Stage 4 | Stage 5 | |
|---|---|---|---|---|---|---|
| Birth Rate | High | High | Falling | Low | Low, potentially falling further | |
| Death Rate | High | Falling rapidly | Falling slowly | Low | Low | |
| Population Change | Stable or slowly increasing | Rapidly increasing | Increase slows down | Falling and then stable | Little change, possibly a decline | |
| Population Pyramid | Broad base, indicating high birth rates, and rapidly tapering off, showing high death rates at all age levels | Broad base, but the sides gets straighter as death rates fall, showing a younger population structure. | Narrower base compared to Stage 2, indicating a decline in birth rates, and a more uniform shape as the population ages | Narrow base and a more cylindrical shape, showing a stable population with low birth and death rates | Narrow base with a wider top, indicating an aging population. | |

There exists global variation in demographic stages and the potential for economic growth driven by changes in age structure. The demographic transition model demonstrates the shifts in population growth patterns as societies develop. Initially, high birth and death rates keep the population growth stable. With development, death rates fall, leading to rapid population growth, followed by a decline in birth rates which eventually stabilizes the population. Countries in the pre-dividend and early-dividend stages need to focus on reducing fertility and mortality rates while investing in education, health, and job creation to fully

[4] *The author of the article is Sh. Mohit Yadav, Dy. General Manager, PFRDA. The views expressed in the article are personal and do not necessarily represent that of the Authority.*

harness the benefits of a demographic dividend. Countries in the late-dividend stage should implement policies to sustain and maximize the economic benefits of their demographic transition. Post-dividend countries face different challenges, primarily related to an aging population, and need policies to support older populations while maintaining economic stability.

India entered the demographic dividend opportunity window in 2005-06 and will remain there till 2055-56. With a population of around 1.4 billion, India is now the world's most populous country and close to 70% of people in the working-age range of 15-64 years. Demographic tailwinds offer a major boost to India's economy. However, India has reached the current TFR of 2.03 at a relatively low per capita income when compared to the experience of major developed economies but similar to that of other Asian countries.

| **Key Statistics** |
|---|
| ▪ Median age of population: 28 years<br>▪ Birth Rate: 2.03 births per woman (2021)<br>▪ Death Rate: 9 per 1000 people (2022)<br>▪ Infant Mortality Rate (per 1000 live births): 28 (2020)<br>▪ Maternal Mortality Rate (per lakh live births): 97 (2020)<br>▪ Fertility Rate: 2.03 births per woman (2021)<br>▪ Life expectancy at Birth: 67 yrs (2021)<br>▪ Life expectancy at 60: 18 yrs (2021)<br>▪ Old Age Dependency Ratio: 16<br>▪ Female Labour Force Participation Rate: 37%<br>▪ GDP Per Capita (USD): 2730 |
| Source: Various |

The evolving landscape of India's population, with projections indicates significant shifts in fertility rates, age structures, workforce participation alongwith inter-state disparity. The population paradox prevalent in India, where disparities in growth rates and age distributions among states provides a complex picture. This paradox not only poses challenges in terms of resource allocation and policy formulation but also unveils unique opportunities for tailored interventions to harness the demographic dividend effectively.

| **Inter-state trends** |
|---|
| ▪ Share of the elderly population would be substantial in most of the states in the coming decades with one in five persons being elderly in the southern states by 2036. |
| ▪ States ahead in the demographic transition will see a continued deceleration in population growth and reach near-zero growth rates by 2031-41 (Tamil Nadu, Andhra Pradesh, Karnataka, Kerala, Telengana, Himachal Pradesh, West Bengal, Punjab and Maharashtra). |
| ▪ States lagging behind in the demographic transition will also witness a marked slowdown in population growth during 2021-41. (Chattisgarh, Uttar Pradesh, Rajasthan, Madhya Pradesh). |
| ▪ Southern and western India have a higher percentage of older population than the rest of the country. Rural-Urban differentials indicate that ageing is more pronounced in rural areas in these regions with more than 10 percent of the rural population being 60+ years in 2011. |
| *Source: India Ageing Report, 2023* |

These trends underscore the importance of strategic planning and policy interventions to leverage the demographic dividend effectively. There is a need for targeted interventions to address issues such as dependency ratio shifts, uneven demographic transitions, and low female labor force participation. By focusing on these areas, India can capitalize on its demographic dividend window, enhancing labor productivity, reallocating resources efficiently, and promoting sustainable development goals.

The World Bank Group and the United Nations Population Fund provides valuable insights and data on aging populations, demographic trends, and strategies for harnessing the demographic dividend for sustainable growth.

It is significant to understand and adapt to demographic changes for long-term economic growth and social development. A collaborative approach needs to be envisaged between stakeholders, including government bodies, international organizations, and research institutions, to navigate the complexities of demographic transitions and harness the demographic dividend for a prosperous future.

*****

**References**:


- Demographic Change and Development: A Global Typology, Policy Research Working Paper, World Bank Group (2016)
- Demographic transition: Why is rapid population growth a temporary phenomenon? : Max Roser (2019)
- Economic Survey 2018-19 Volume 1, Chapter 7: Demography of India to 2040: Planning public good provision for the 21st century
- Report of the Technical Group on Population Estimates, National Population Commission (2020)
- Demographic Dividend Atlas, United Nations Population Fund (UNFPA) (2020)
- India Aging Report 2023, Caring for our elders: Institutional responses. International Population Sciences Institute and United Nations Population Fund 2023
- Economic Survey 2023-24
- United Nations, World Population Prospects (2024)
- World Bank, Achieving the Demographic Dividend, An operational tool for Country-specific investment decision-making in pre-dividend countries.
- UNFPA, PAPP101 - S01: Demography on the world stage; The demographic transition


*****

# Section 4/खंड 4

# International Section/ अंतर्राष्ट्रीय खंड

# Pension System in Slovenia

The pension system in the Republic of Slovenia is based on intergenerational solidarity. Individuals in employment make payments to the pension and disability insurance scheme and, on this basis, are provided with an income in the form of pensions during retirement due to old age or disability when they are no longer earning income from employment or from the performance of any other activity. To secure its sustainability, the pension system is continuously adapted according to legislative requirements.

The pension system consists of the public pension scheme, occupational pensions and voluntary individual schemes. Occupational schemes are funded, defined contribution and voluntary except for civil servants and persons employed in hazardous and arduous occupations, for whom mandatory occupational pensions top up the universal scheme.

Slovenia runs a three-tier pension system with a first pillar mandatory PAYG scheme. The second pillar consists of occupational pensions that are mandatory for certain sectors and voluntary for others. Voluntary personal savings constitute the third pillar.

First-tier benefits provide older people with basic income security with the aim of ensuring that elementary needs are fulfilled. There are three types of first-tier benefits:

- Basic pensions are pension schemes in which the benefit is not tied to previous earnings. Entitlement to a basic pension is either non-contributory based on years of residence or contributory based on years of contributions, irrespective of the level of contributions paid.
- Minimum pensions refer to the minimum of a specific earnings-related pension scheme or of all schemes combined, to which people become eligible if they reach a certain amount of years of contributions. People who have built up an earnings-related pension that is below the minimum pension level, and fulfil the qualification requirements for the minimum pension, are provided a topup to the level of the minimum pension.
- Social assistance or safety-net benefits are means-tested benefits that provide an income top-up to those who do not have sufficient pension entitlements to fulfil basic needs.

Slovenian first-tier benefits consist of a combination of protection mechanisms in the contributory earnings-related pension scheme and social assistance benefits. Within the contributory scheme, the minimum and guaranteed pensions provide income floors that increase with the length of the contribution period from at least 15 years. Women older than 63 years and men older than 65 who have insufficient means to fulfil basic needs can claim financial social assistance and supplementary allowance. Access to social assistance benefits is restricted by a means test and only available to people who cannot receive support from their partner or children, but the benefit levels are higher than those provided by minimum and, until 2021, guaranteed pensions under the contributory pension scheme.

**Compulsory insurance scheme**

In accordance with the applicable pension and disability legislation, pension and disability insurance in the Republic of Slovenia is compulsory and applies uniformly to all insured persons. It covers persons employed with organisations and other employers, persons pursuing an independent economic or professional activity, farmers and farm household members, and persons who pay contributions to the pension scheme on their income from their copyright, contract or other work which is subject to personal income tax.

Participation in the compulsory insurance scheme may also be made voluntarily.

Insured persons performing work that is particularly demanding and harmful to health or work they can no longer perform professionally once they reach a certain age are additionally insured under a system of compulsory occupational insurance that guarantees them the right to occupational pensions. Contributions to the compulsory occupational insurance scheme are paid for such persons by employers.

**Additional savings for old age**

To continue to have a standard of living comparable to that they enjoyed during their period of employment, citizens are advised to make additional savings for old age. To that end, they may be insured, collectively or individually, under supplementary pension insurance. Persons insured under supplementary pension insurance have the right to a supplementary old-age pension and an early supplementary pension in the form of a pension annuity. This scheme involves them saving money in personal savings accounts to secure additional income after retirement under the compulsory pension and disability insurance scheme.

**Eligibility conditions to public pension**

Eligibility to an old-age pension requires being 60 or older and having worked, and contributed, for at least 40 years. This period of paying contributions whilst working is called the "pensionable service without purchase" in the Slovenian pension law and it includes all work-related periods for which contributions have been paid, e.g. dependent employment, self-employment, agricultural activity, unemployment spells or parental leave, but it does not include the insurance periods based on either purchased periods or voluntary contributions. Alternatively, one can claim an old-age pension at age 65 with at least 15 years of insurance period. "Insurance period" is a broader term and it includes all periods for which contributions have been paid. Based on having children, military service or having started the career before the age of 18, the age condition can be lowered to 56 and 58 for women and men with 40 years of pensionable service without purchase, respectively, while 38 years of pensionable service without purchase grant eligibility in those cases from age 61. It is also possible to purchase up to 5 years of insurance, but the purchased contributions are not used to relax age requirements.

**Public pension entitlements**

The Slovenian public pension scheme covers all workers and is mandatory, defined benefit and pay-as-you-go. Public pensions are administered by a governmental agency named Pension and Disability Insurance Institute (ZPIZ). The benefits are earnings-related and calculated by multiplying total accruals by the reference wage. Earnings are adjusted every year by multiplying gross earnings by the ratio of net average wages divided by gross average wages; this ratio was equal to 64.63% in 2019. Hence, "adjusted" earnings are conceptually close to net earnings; they are exactly equal to net earnings at the average wage. Pension entitlements require at least 15 years of contributions.

All pensioners receive an additional payment once a year, called the annual allowance. Part-time workers acquire pension rights proportionally to their working hours (*relative to full-time working hours of 40 hours per week*). Working part time affects pension entitlement through lower accruals, but not through the reference wage.

**Minimum pension**

The contributory pension scheme also contains some features to reduce financial vulnerability in old age, notably the minimum pension and the guaranteed pension. In the case of low earnings during the whole career, the reference wage is set at a minimum of 76.5% of the net average wage, thereby effectively providing a floor to the earnings-related pension, i.e. minimum pension. This minimum pension is by definition unrelated to past earnings and increases with the pensionable service from 22.6% of net average wage after a full-time career of 15 years to 48.6% after 40 years.

**Survivor pensions**

Survivor pensions are paid to widows and widowers and to other dependent family members, including children and parents. From 2022, claiming pensions after the death of a spouse will be possible from the age of 58 and being at least 53 when the death occurred. The right to a survivor pension applies also after a divorce if the deceased person paid alimony. Survivor pensions equal to 70% of the deceased's pension but it is eligible only if the survivor does not work and does not receive an own pension. The survivor having an own pension can choose to combine it with the survivor pension, which in that case is reduced to 15% of the deceased's pension subject to a ceiling of 11.7% of the minimum reference base, or to forego the own pension and receive the full survivor pension of 70%.

**Payment of pensions**

Rights under compulsory, occupational and supplementary insurance are unalienable rights and as such cannot be transferred or inherited. The payment of pensions and other remuneration under compulsory insurance to beneficiaries is provided directly by the Republic of Slovenia, while in cases of occupational and supplementary pension insurance, the State ensures the provision of such forms of insurance and supervises the operation of institutions responsible for their provision.

All activities related to compulsory pension and disability insurance are carried out through the Pension and Disability Insurance Institute of Slovenia, which has 15 regional units and offices.

*****

**References**:

- OECD (2022), OECD Reviews of Pension Systems: Slovenia, OECD Reviews of Pension Systems, OECD Publishing, Paris,
- Republic of Slovenia: https://www.gov.si/en/policies/employmentlabour-and-pensions/retirement/
- Pension Funds Online: https://www.pensionfundsonline.co.uk/content/country-profiles/slovenia

# Section 5/ खंड 5

# Did You Know?

# क्या आप जानते हैं?

## POVERTY, PROSPERITY AND PLANET REPORT 2024: Pathways Out of the Polycrisis[5]

The World Bank's 2024 report *Pathways Out of the Polycrisis* provides a comprehensive assessment of the interconnected crises currently affecting global poverty, inequality, and environmental sustainability. These crises, termed the "polycrisis," highlight the need for integrated policy approaches to simultaneously address these issues in a world marked by economic slowdown, increased fragility, and climate risks.

**What is Polycrisis?**

The term polycrisis refers to multiple, interconnected global challenges that have compounded over the last few years, particularly since the COVID-19 pandemic. These crises include slow economic growth, rising inequality, increased environmental hazards, and heightened geopolitical tensions. As these crises are interlinked, solutions must account for trade-offs and synergies across different policy areas. The report identifies poverty, prosperity, and planetary health as the three pillars for sustainable development, emphasizing the importance of addressing them in unison to make progress.

**What are the key findings of the Report?**

**i) Progress on Global Poverty Reduction**

**a)** One of the most critical findings of the report is that global poverty reduction has slowed to a near standstill. As of 2024, approximately 8.5 percent of the world's population—692 million people—lives in extreme poverty, defined as living on less than \$2.15 per day. This marks a modest recovery from the COVID-19 pandemic, which led to a significant rise in poverty levels, but the progress remains slower than pre-pandemic trends. The report warns that, at the current rate of progress, the global goal of reducing extreme poverty to 3 percent by 2030 is unlikely to be met. In fact, projections indicate that it may take until 2050 to achieve this target.

**b)** The challenges of poverty reduction are most acute in Sub-Saharan Africa, which accounts for 67 percent of the world's extreme poor despite having only 16 percent of the global population. Fragile and conflict-affected areas also exhibit persistently high levels of poverty. The report notes that in these regions, poverty rates remain higher than they were five years ago, and progress has been significantly hindered by economic stagnation, conflict, and climate-related shocks.

**c)** Beyond extreme poverty, the report also addresses broader definitions of poverty. Approximately 44 percent of the global population—3.5 billion people—live on less than \$6.85 per day, a poverty line that better reflects living standards in upper-middle-income countries. This broader measure of poverty has remained virtually unchanged since 1990 due to population growth, further underscoring the need for targeted policy interventions to lift people out of poverty.

**ii) Shared Prosperity and Rising Inequality:**

a) In addition to poverty, the report highlights the stalled progress in shared prosperity, which refers to income growth among the poorest 40 percent of a population. Shared prosperity is crucial for reducing inequality and fostering inclusive growth. However, the COVID-19 pandemic disrupted progress in this area, particularly in low-income and middle-income countries. Many of these countries experienced slower economic

[5] Summary of Poverty, Prosperity and Planet: Pathways Out of the Polycrisis, a report released by the World Bank.

growth and worsening income distribution, with the poorest segments of society being disproportionately affected.

b) The report introduces the Global Prosperity Gap, a new measure of shared prosperity. This gap tracks the income disparity between the poorest 40 percent of people and the rest of the population. Since 2020, this gap has widened in many countries due to uneven recovery from the pandemic. Countries with historically high levels of inequality, such as those in Latin America and Sub-Saharan Africa, have seen particularly slow progress in reducing income disparities.

c) The report emphasizes that addressing inequality requires comprehensive approaches that go beyond income redistribution. Structural inequalities related to education, health, and access to infrastructure must also be addressed to create equal opportunities for economic mobility. The report calls for investments in human capital, labor market reforms, and progressive fiscal policies to ensure that economic growth benefits the poorest segments of society.

**iii) Climate Risks and the Need for a Livable Planet**

**a)** The third major pillar of the report focuses on ensuring a livable planet by addressing climate change and environmental sustainability. Climate-related risks, such as extreme weather events, disproportionately affect poorer countries and communities, exacerbating existing inequalities. The report highlights that nearly one in five people globally are at risk of experiencing welfare losses due to extreme weather events, and these risks are most pronounced in regions like Sub-Saharan Africa and South Asia.

**b)** The report calls for urgent action on two fronts: reducing vulnerability to climate risks and accelerating efforts to mitigate climate change by lowering greenhouse gas (GHG) emissions. Vulnerability can be reduced by improving infrastructure, expanding social protection systems, and enhancing risk management strategies. For example, investing in resilient infrastructure, such as flood defenses and climate-smart agriculture, can help protect vulnerable communities from the impacts of extreme weather events.

**c)** At the same time, preventing the escalation of future climate hazards requires transitioning to low-carbon economies. The report underscores the need for significant reductions in GHG emissions, particularly in high-income and upper-middle-income countries, which are responsible for the bulk of global emissions. While low-income countries contribute only a small share of global emissions, they are often the most vulnerable to climate-related risks. The report argues that these countries should focus on economic growth and poverty reduction while avoiding carbon-intensive development pathways.

**d)** The report also explores the trade-offs and synergies between economic growth and environmental sustainability. It highlights the importance of policies that can simultaneously promote growth and reduce emissions, such as improving energy efficiency, investing in renewable energy, and reducing air pollution. In many cases, policies that address local environmental hazards, such as air pollution, can yield multiple benefits, including improved health outcomes and reduced vulnerability to climate risks.

**What are the recommendations of the Report?**

**i) Differentiated Policy Approaches**

a) Given the diverse challenges faced by countries at different stages of development, the report advocates for differentiated policy approaches. For low-income countries, the priority should be on poverty reduction and fostering long-term economic growth. These countries must focus on building human, financial, and physical capital to create jobs, improve education and health outcomes, and expand access to essential services like electricity and clean water.
b) In middle-income countries, the focus should shift to inclusive growth that reduces vulnerability to climate risks. These countries have made significant progress in reducing extreme poverty, but they face challenges in sustaining this momentum and addressing rising inequality. The report calls for policies that enhance the productive capacity of poorer households while managing the environmental impact of economic growth.
c) For high-income and upper-middle-income countries, the report stresses the importance of accelerating climate mitigation efforts. These countries account for the majority of global GHG emissions and have a critical role to play in achieving global climate goals. The report emphasizes the need for managing the social costs of transitioning to low-carbon economies, such as job losses in carbon-intensive sectors and higher energy prices. Social safety nets and job retraining programs will be essential to support vulnerable populations during this transition.

**ii) International Cooperation and Financing**

The report concludes by calling for increased international cooperation and financing to address the polycrisis. The financing gap for sustainable development is growing, particularly in low-income countries, which face rising debt burdens and limited access to affordable financing. The report estimates that an additional $4 trillion in annual investments will be needed to meet the Sustainable Development Goals (SDGs) by 2030.

International financial institutions, multilateral development banks, and private sector actors must work together to mobilize resources for sustainable development. The report also calls for innovative financing mechanisms, such as green bonds and carbon pricing, to raise funds for climate action and poverty reduction.

*****

# Section 6/ खंड 6

## Circulars/Regulations/Guidelines

## परिपत्र/विनियम/दिशानिर्देश

This master circular consolidates the existing instructions on the subject of "Guidelines on Know Your Customer / Anti-Money Laundering / Combating the Financing of Terrorism (KYC/AML/CFT)" at one place.

The obligation to establish an anti-money laundering mechanism and formulate and implement a Client Due Diligence (CDD) Programme applies to Reporting Entities (REs) as per provisions of Section 12 and Section 12AA of the PML Act and Rule 9 of the PML (Maintenance of Records) Rules, 2015.

All REs shall take steps to implement provisions of the PML Act and the PML Rules, Section 51A of the Unlawful Activities (Prevention) Act, 1967(UAPA) as amended from time to time.

Every reporting entity, has to establish and implement policies, procedures, internal controls and formulate and implement a Client Due Diligence (CDD) Programme that effectively serves to prevent and impede Money Laundering (ML) and Terrorist Financing (TF).

The Reporting entities are required to perform the CKYCR related functions such as filing, retrieval, and utlisation of the KYC records with the Central KYC Records Registry.

For the purpose of verification of identity of a client or on-going due diligence (Para, the reporting entity shall seek the KYC

Identifier from the client or retrieve the KYC Identifier, if available, from the Central KYC Records Registry and proceed to obtain KYC records online by using such KYC Identifier and shall not require a client to submit the same KYC records or information or any other additional identification documents or details, unless as specified.

A Reporting Entity after obtaining additional or updated information from the client during verification of identity of a client (Para 8.2) or On-going due diligence (Para 8.2.3), within seven (7) days or within such period as may be notified by the Central Government, furnish the updated information to the Central KYC Records Registry which shall update the existing KYC records of the client and the Central KYC Records Registry shall thereafter inform electronically all reporting entities who have dealt with the concerned client regarding updation of KYC record of the said client.

If any update in the KYC record of an existing client is received by reporting entity from Central KYC Records Registry as per Para 12.4, the RE shall retrieve the updated KYC records from the Central KYC Records Registry and shall update the KYC record maintained by the reporting entity.

*****

| Circular No: PFRDA/2024/16/PDES/01 | |
|---|---|
| 18 September 2024 | NPS Vatsalya Scheme Details |

The NPS Vatsalya scheme, launched under India's National Pension System (NPS), is a child-focused pension initiative designed to foster long-term savings and financial security from a young age. Aimed at parents who wish to invest in their children's futures, this scheme allows guardians to open accounts for minors, with minimum monthly contributions starting at ₹1,000. There is no upper limit, giving families flexibility to contribute as per their financial capabilities. Highlights of the scheme is given below:

**Eligibility for NPS Vatsalya**:

- All minor citizens (age below 18 years).
- Account can be opened in the name of minor and operated by parent or guardian. Minor will be the beneficiary.

**Procedure for opening of account:**

- Scheme can be opened through various Points of presence regulated by PFRDA such as major banks, India Post, Pension Funds and Online platform (e-NPS).

**Documents Required:**

To open an NPS Vatsalya account, the following documents are necessary:

- Proof of Date of Birth for the Minor: This can be provided through a Birth Certificate, School Leaving Certificate, Matriculation Certificate, PAN, or Passport.
- KYC of the Guardian: The guardian must submit proof of identity and address, which can include Aadhaar, Driving License, Passport, Voter ID card, NREGA Job Card, or National Population Register documents.
- Permanent Account Number (PAN) of the Guardian or Form 60 declaration, as per Rule 114B.

**Contributions:**

The NPS Vatsalya scheme allows for flexible contributions to the account:

- Account Opening Contribution: A minimum of ₹1,000 is required to open the account, with no upper limit.
- Subsequent Contributions: A minimum of ₹1,000 per annum is required, and there is no maximum limit on the amount that can be contributed.

**Investment Choices :**

There are three key investment choices:

- Default Choice: The Moderate Life Cycle Fund (LC-50), which allocates 50% of the investment to equity.

- Auto Choice: Under the Auto Choice option, guardians can select from three Lifecycle Funds based on their risk tolerance. The Aggressive LC-75 allocates up to 75% of the investment in equity, suitable for those with a higher risk appetite. The Moderate LC-50 allocates 50% in equity, offering a balanced approach. For those seeking a more conservative strategy, the Conservative LC-25 allocates 25% in equity, minimizing risk while still providing growth potential.

- Active Choice: Under the Active Choice option, guardians have full control over how they allocate funds across four asset classes. They can invest up to 75% in equity for higher growth potential, up to 100% in corporate debt for stability, up to 100% in government securities for safety, and up to 5% in alternate assets for diversification. This option allows guardians to tailor the investment strategy based on their financial goals and risk preferences.

**Transition Upon Attaining Legal Adulthood (18 Years)**

- When the minor reaches the age of 18, the NPS Vatsalya account undergoes a seamless transition to the NPS Tier-I (All Citizen) model. As part of this process, a fresh KYC must be completed within three months from the date of turning 18. Once the account transitions, the features, benefits, and exit norms applicable under the NPS Tier-I All Citizen Model will come into effect, providing continued financial security and investment opportunities for the individual.

*****

# Section 7/ खंड 7

# Events at PFRDA

# पीएफआरडीए में कार्यक्रम

# Union Finance Minister Smt. Nirmala Sitharaman launches NPS Vatsalya Scheme

Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman launched the National Pension System Vatsalya (NPS Vatsalya) scheme, 'a pension scheme for minors' at New Delhi on 18th Sep 2024. The NPS Vatsalya was announced by the Union Finance Minister in the Union Budget 2024-25 on 23rd July, 2024.


Union Minister of State for Finance Shri Pankaj Chaudhary; Shri Nagaraju Maddirala, Secretary, Department of Financial Services (DFS); and Dr. Deepak Mohanty, Chairman, Pension Fund Regulatory Authority (PFRDA) were also present besides senior officials from DFS and PFRDA along with school children, their parents and other esteemed guests.

The launch of NPS Vatsalya was simultaneously organised at 75 locations throughout the country, with distribution of over 250 PRAN to minor subscribers. At all the locations, school-going children enthusiastically attended the event.

During the event, Union Finance Minister also launched an online platform for subscribing to NPS Vatsalya. Smt. Sitharaman also released a brochure, detailing the features of the NPS Vatsalya scheme.


Smt. Sitharaman and Shri Chaudhary also distributed permanent retirement account number (PRAN) cards to minor subscribers who had come from different parts of the country.

In her keynote address at the launch, Union Finance Minister Smt. Nirmala Sitharaman said that the scheme will be an important constituent towards fulfilling vision of the Prime Minister, Shri Narendra Modi, in creating Viksit Bharat@2047.

Smt. Sitharaman said that NPS Vatsalya is a significant step in Government's endeavour to promote long-term financial planning and security for all the citizens. Besides securing the future of subscribers, NPS Vatsalya is based on the principle of intergenerational equity by providing cover to older and young members of the family. It is envisaged that NPS Vatsalya scheme will inculcate the habit of savings among young subscribers and large wealth can be accumulated through power of compounding. The Union Finance Minister emphasised that the scheme will allow dignified life to people in their old age.

Commending the success of Atal Pension Yojana, the Union Finance Minister said, "Since its inception in 2015, 6.90 crore people have subscribed to the Atal Pension Yojana and the corpus worth Rs 35,149 crore has been accumulated."

Underling the competitive returns in NPS scheme since its inception, Smt. Sitharaman said, "For the Government Sector, NPS, on average, has given returns of 9.5% Compound Annual Growth Rate (CAGR) since its inception."

In his address on the occasion, Union Minister of State for Finance Shri Pankaj Chaudhary said that NPS Vatsalya scheme is a significant step by the Government towards inclusive economic development and all the institutions involved in scheme implementation were urged to ensure maximum coverage and saturation of the scheme.

In his address on the occasion, Shri Nagaraju Maddirala, Secretary, DFS, underscored the imperative of collaborative approach by stakeholders including banks for effective implementation and outreach of the NPS Scheme.

Shri Maddirala said that efforts are being made to include more workers from the informal sector into the pension fold. Comprehensive financial education and literacy campaigns by DFS targeted towards pensions are implemented to raise awareness about the importance of retirement planning and the benefits of participating in pension schemes.

Shri Maddirala said, "The pension sector in India is at a crucial juncture. Recent reforms have expanded the scope of pension coverage, aiming to create a more inclusive system by offering more products through higher number of channels. We endeavour to build a more inclusive and sustainable pension system by keep reforming and be receptive of subscriber feedback and concerns."

In his address at the launch, Dr. Deepak Mohanty, Chairperson, PFRDA, said, "It is the Government's forward-thinking approach, under the overarching objective of provision of social security for all, that NPS Vatsalya is launched today. It enables us to tap into the power of compound interest, potentially leading to substantial wealth accumulation over time securing the financial future of our younger generation."

In the matter of pension an early start is a head start: small amounts squirreled away could yield substantial corpus by harnessing the power of compounding. People often have various financial priorities and may not always consider retirement planning until later in life which often results in inadequate old age income. Thus, there was a felt need for a pension scheme inculcating a culture of early saving and investment.

*****

# Section 8/ खंड 8

## NPS/ APY Statistics

## एनपीएस/एपीवाई आँकड़े

# I. Sector Wise Growth / क्षेत्रवार वृद्धि

The total number of subscribers, contributions, and assets under management for the NPS and APY as on September 30th, 2024, are as under. The below data is a compilation of data from the three CRAs registered with PFRDA.

**i.No. of Subscribers:** The number of subscribers in various schemes under the NPS and APY rose to 783.41 Lakh by the end of September 2024 from 675.20 Lakh in September 2023 showing a year-on-year (Y-o-Y) growth of 16.03 %.

Table 1: NPS & APY growth in Subscribers base as on 30th September 2024/ 30 सितम्बर 2024 तक एनपीएस और एपीवाई के अभिदाताओं की संख्या में वृद्धि

| S.N. / क्रम संख्या | Sector / क्षेत्र | No. of Subscribers (in lakh) / अभिदाताओं की संख्या (लाख में) | | | YoY (%) / वार्षिक वृद्धि (%) | Share (%) / हिस्सेदारी (%) |
|---|---|---|---|---|---|---|
| | | 30-Sep-23 | 31-Mar-24 | 30-Sep-24 | | |
| i | CG | 24.79 | 26.07 | 26.72 | 7.79 | 3.41 |
| ii | SG | 62.93 | 65.96 | 67.52 | 7.29 | 8.62 |
| | **Sub Total** | 87.72 | 92.03 | 94.24 | 7.43 | 12.03 |
| iii | Corporate | 18.39 | 19.48 | 21.45 | 16.64 | 2.74 |
| iv | All Citizen | 30.94 | 35.64 | 38.30 | 23.79 | 4.89 |
| v | Vatsalya | | | 0.34 | 0.00 | |
| | **Sub Total** | 49.33 | 55.12 | 60.09 | 21.81 | 7.67 |
| vi | NPS Lite | 33.24 | 33.28 | 33.43 | 0.57 | 4.27 |
| vii | APY | 504.91 | 555.12 | 595.65 | 17.97 | 76.03 |
| viii | **Grand Total** | **675.20** | **735.56** | **783.41** | 16.03 | 100 |

*Source: CRAs*

**ii. Contribution:** As on 30th September 2024, total contribution for both NPS and APY stood at Rs. 9,36,719 crores showing a Y-o-Y growth of 22.86 %.

**iii. Assets under Management:** As of 30th September 2024, the combined pension assets under management for both the NPS and the APY stood at Rs 13,37,534 crores showing a year-on-year growth of 31.39%.

Table 2: NPS & APY growth in Contribution as on 30th September 2024/ 30 सितम्बर 2024 तक एनपीएस और एपीवाई के कॉन्ट्रिब्यूशन में वृद्धि

| S.N./ क्रम संख्या | Sector / क्षेत्र | Contribution (Rs. in crore) / योगदान (रु. करोड़ में) | | | YoY (%) / वार्षिक वृद्धि (%) | Share (%) / हिस्सेदारी (%) |
|---|---|---|---|---|---|---|
| | | 30-Sep-23 | 31-Mar-24 | 30-Sep-24 | | |
| (i) | CG | 2,00,379 | 2,19,498 | 2,39,882 | 19.71 | 25.61 |
| (ii) | SG | 3,79,250 | 4,20,085 | 4,59,405 | 21.14 | 49.04 |
| | **Sub Total** | **5,79,629** | **6,39,583** | **6,99,287** | | 74.65 |
| (iii) | Corporate | 1,01,016 | 1,16,097 | 1,32,075 | 30.75 | 14.10 |
| (iv) | All Citizen | 44,652 | 52,950 | 58,151 | 30.23 | 6.21 |
| (v) | Vatsalya | | | 11 | | |
| (vi) | Tier-II | 7,299 | 8,069 | 9,036 | 23.80 | 0.96 |
| (vii) | TTS | 13 | 16 | 18 | 38.46 | 0.00 |
| | **Sub Total** | **1,52,980** | **1,77,132** | **1,99,291** | | 21.28 |
| (viii) | NPS Lite | 3,271 | 3,359 | 3,452 | 5.53 | 0.37 |
| (ix) | APY* | 27,622 | 31,098 | 34,689 | 25.58 | 3.70 |
| | **Grand Total** | **7,63,502** | **8,51,172** | **9,36,719** | 22.69 | 100.00 |

** Fig does not include APY Fund Scheme*
*Source: CRAs*

Table 3: NPS & APY growth in AUM as on 30th September 2024/ 30 सितम्बर 2024 तक एनपीएस और एपीवाई के एयूएम में वृद्धि

| S.N. / क्रम संख्या | Sector / क्षेत्र | AUM (Rs. in crore) / एयूएम (रु. करोड़ में) | | | YoY (%) / वार्षिक वृद्धि (%) | Share (%) / हिस्सेदारी (%) |
|---|---|---|---|---|---|---|
| | | 30-Sep-23 | 31-Mar-24 | 30-Sep-24 | | |
| (i) | CG | 2,87,319 | 3,22,215 | 3,60,153 | 25.35 | 26.93 |
| (ii) | SG | 5,08,083 | 5,82,673 | 6,61,606 | 30.22 | 49.46 |
| | **Sub Total** | **7,95,402** | **9,04,888** | **10,21,759** | 28.46 | 76.39 |
| (iii) | Corporate | 1,38,187 | 1,66,729 | 1,99,250 | 44.19 | 14.90 |
| (iv) | All Citizen | 43,978 | 54,396 | 62,863 | 42.94 | 4.70 |
| (v) | Vatsalya | -- | -- | 11 | -- | -- |
| (vi) | Tier-II | 4,552 | 5,413 | 6,590 | 44.77 | 0.49 |
| (vii) | TTS | 14 | 18 | 19 | 35.71 | 0.00 |
| | **Sub Total** | **1,86,731** | **2,26,556** | **2,68,733** | 43.91 | 20.09 |

| | | | | | | |
|---|---|---|---|---|---|---|
| (viii) | NPS Lite | 5,190 | 5,560 | 5,967 | 14.97 | 0.45 |
| (ix) | APY | 30,652 | 35,647 | 41,076 | 34.01 | 3.07 |
| | **Grand Total** | **10,17,975** | **11,72,651** | **13,37,535** | **31.39** | **100.00** |

*Source: CRAs*

## II. PFM-wise Assets under NPS schemes / पीएफएम के अनुसार एनपीएस योजनाओं के अंतर्गत संपत्तियाँ

Table 4: Pension Fund-wise Assets under Management (in crore) as on September 2024/
सितम्बर 2024 को पेंशन फंड के अनुसार एयूएम (करोड़ में)

| **Pension Fund** | **AUM (Rs. In Crore)** | | | **YoY (%)** | **% share** |
|---|---|---|---|---|---|
| | **28-Sep-23** | **31-Mar-24** | **30-Sep-24** | | |
| **SBI** | 3,80,639.00 | 4,33,384.62 | 4,83,149.09 | 26.93 | 36.10 |
| **LIC** | 2,84,647.62 | 3,22,161.92 | 3,58,148.05 | 25.82 | 26.76 |
| **UTI** | 2,68,865.25 | 3,02,676.57 | 3,35,930.00 | 24.94 | 25.10 |
| **ICICI** | 20,274.20 | 28,419.13 | 39,292.83 | 93.81 | 2.94 |
| **Kotak** | 3,470.63 | 4,705.99 | 5,870.21 | 69.14 | 0.44 |
| **HDFC** | 58,356.63 | 76,954.78 | 1,02,326.32 | 75.35 | 7.64 |
| **Aditya Birla** | 1,046.33 | 1,508.72 | 2,543.24 | 143.06 | 0.19 |
| **Tata** | 209.36 | 834.71 | 3,624.21 | 1631.09 | 0.27 |
| **Max Life** | 409.22 | 576.37 | 1,263.49 | 208.76 | 0.09 |
| **Axis** | 623.41 | 2,197.45 | 5,533.02 | 787.54 | 0.41 |
| **DSP** | - | 115.66 | 796.54 | NA | 0.06 |
| **Total** | **10,18,541.66** | **11,73,535.92** | **13,38,477.00** | **31.41** | 100.00 |

*Source: NPS Trust*

**Includes APY Fund Scheme figures.*

## III. Scheme Wise AUM under NPS / एनपीएस के अंतर्गत योजनावार एयूएम

Table 5: Scheme-wise Assets under Management (in Crores) as of September 2024/ सितम्बर 2024 को योजनावार एयूएम संपत्तियाँ (करोड़ में)

| Scheme | | AUM (Rs. In Crore) | | | Growth (%) | | % share |
|---|---|---|---|---|---|---|---|
| | | 28-Sep-23 | 31-Mar-24 | 30-Sep-24 | YOY | Over Mar 24 | |
| **CG** | | 2,76,485.01 | 3,03,144.53 | 3,25,106.75 | 17.59 | 7.24 | 24.31 |
| **SG** | | 5,03,278.93 | 5,73,527.22 | 6,42,592.30 | 27.68 | 12.04 | 48.04 |
| **Corporate CG** | | 66,513.40 | 77,174.94 | 88,287.29 | 32.74 | 14.40 | 6.60 |
| **TIER I** | **A** | 316.29 | 411.38 | 515.48 | 62.98 | 25.30 | 0.04 |
| | **E** | 56,029.65 | 76,999.16 | 1,04,348.28 | 86.24 | 35.52 | 7.80 |
| | **C** | 26,840.70 | 34,012.02 | 44,654.30 | 66.37 | 31.29 | 3.34 |
| | **G** | 48,103.99 | 60,750.99 | 78,385.08 | 62.95 | 29.03 | 5.86 |
| **NPS Lite** | | 5,190.14 | 5,559.67 | 5,966.72 | 14.96 | 7.32 | 0.45 |
| **TIER II** | **E** | 2,029.88 | 2,573.34 | 3,261.28 | 60.66 | 26.73 | 0.24 |
| | **C** | 940.52 | 1,035.34 | 1,187.25 | 26.23 | 14.67 | 0.09 |
| | **G** | 1,581.35 | 1,797.97 | 2,126.19 | 34.45 | 18.25 | 0.16 |
| | **TTS** | 14.34 | 17.51 | 19.33 | 34.81 | 10.41 | 0.00 |
| **APY** | | 30,652.33 | 35,647.67 | 41,076.76 | 34.01 | 15.23 | 3.07 |
| **Tier II Composite** | | - | - | 1.62 | - | - | - |
| **Total Asset** | | **10,17,976.53** | **11,72,651.75** | **13,37,528.63** | **31.39** | **14.06** | **100.00** |

*Source: NPS Trust*

*Minor difference in AUM provided in Table 3 is due to difference in the methodology of calculation of PFs and CRA.*

## IV. PFM-wise Return on NPS Schemes / पीएफएम के अनुसार एनपीएस योजनाओं पर लाभ

Table 6: Returns since inception (in %) as on 30th September 2024/ आरंभ से लाभ (% में) 30 सितम्बर 2024

| Pension Funds | | SBI | LIC | UTI | ICICI | KOTAK | HDFC | Aditya Birla | TATA | Max Life | Axis | DSP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CG | | 9.79% | 9.64% | 9.61% | | | | | | | | |
| SG | | 9.53% | 9.62% | 9.59% | | | | | | | | |
| Corporate-CG | | 9.62% | 9.72% | | | | | | | | | |
| TIER I | A | 8.99% | 7.55% | 6.54% | 7.34% | 7.21% | 8.67% | 6.60% | 8.76% | -0.68% | 6.77% | 4.86% |
| | E | 12.23% | 14.77% | 14.09% | 14.02% | 13.42% | 16.61% | 15.97% | 26.64% | 22.65% | 24.98% | 29.71% |
| | C | 9.57% | 9.04% | 8.74% | 9.58% | 9.28% | 9.32% | 8.45% | 7.48% | 7.69% | 8.17% | 7.15% |
| | G | 9.18% | 9.95% | 8.43% | 8.64% | 8.65% | 9.24% | 8.26% | 9.46% | 9.93% | 9.87% | 10.96% |
| TIER II | E | 12.40% | 12.96% | 12.88% | 12.78% | 13.00% | 15.11% | 16.05% | 26.54% | 25.79% | 25.67% | 25.70% |
| | C | 9.18% | 8.58% | 8.75% | 9.41% | 8.64% | 8.67% | 7.96% | 7.93% | 8.34% | 7.35% | 8.57% |
| | G | 9.20% | 10.16% | 8.92% | 8.70% | 8.42% | 9.36% | 7.66% | 9.66% | 8.54% | 9.12% | 7.45% |
| | TTS | 6.97% | 9.08% | 7.50% | 8.28% | 9.07% | 7.57% | 9.22% | 12.45% | 7.14% | 6.42% | 4.34% |
| NPS Swavalamban | | 9.93% | 9.98% | 9.92% | | 9.87% | | | | | | |
| APY | | 9.21% | 9.52% | 9.47% | | | | | | | | |
| Tier II Composite | | 1.40% | 2.29% | 3.57% | 3.07% | | | | | | | |

*Source: NPS Trust*

| | | |
|---|---|---|
| Atal Pension Yojana | nps national pension system #ZaruriHai | nps Vatsalya |