

PFRDA Issues Revised Set of Guidelines for Registration of Pension Fund Managers to Manage National Pension System for the Non-Government and Private Sector

The Pension Fund Regulatory and Development Authority (PFRDA) today issued a revised set of guidelines for registration of Pension Fund Managers (PFMs) to manage the National Pension System (NPS) for the non-government and private sector.

The revised guidelines, available on PFRDA's website www.pfrda.org.in, have done away with the earlier bidding process, wherein a pre-determined number of slots were bid for by the PFMs, and the fees charged by them for managing the pension funds had to be uniform for all players. The earlier process has now been replaced by a system which lays down the eligibility criteria for registration as PFMs, and all interested players desiring to enter the pension industry, can register as PFMs subject to their fulfilling the eligibility criteria. There is no limitation on the number of PFMs. Further, the PFMs are now allowed to prescribe their own fee charges, subject to an overall ceiling to be laid down by PFRDA. It is expected that this would provide for an economically viable business model for the PFMs attracting a fresh set of entrants into the pension industry, and the resultant competition would ensure market driven fee structures, which would work to the advantage of the pension subscribers.

The PFMs would also be expected to market the National Pension System (NPS) to the potential subscribers, deciding their own marketing and distribution channels as per their business perceptions.

It may be recalled that the NPS has not achieved any significant progress in the private sector, despite passage of considerable time, and these guidelines have been awaited by the industry for quite some time. The changes are as per the recommendations of the Bajpai Committee, set up by PFRDA to go into the reasons for the slow progress of NPS in the private sector. The final guidelines have been issued subsequent to intensive discussions with all stakeholders, including existing and potential Pension Fund Managers as also suggestions received from pension subscribers.