



Stakeholder Feedback on the proposed process flow for allowing Govt Sector/Identified Corporate Subscribers to shift their Account to other sectors prior to superannuation

To

Govt sector Nodal Offices/Identified Corporates*

Issued on: 22nd Dec 2022

Last date to receive Comments/suggestions/feedback: 22nd Jan 2023

PFRDA is receiving representations/ Requests from Subscribers who wish to continue under NPS account post leaving the organization under Govt/Corporate Sector. Such Subscribers might have left the organization for any reasons other than Retirement/ Superannuation and before end of their service at the respective organizations.

1. The President of India or the Governor of a State, or the head of the organization, in respect of a body corporate or other entity under the ownership and control, either of the Central Government or any State Government or a Government company, as the case may be, *if so specifically provided in the service rules*, governing the terms of employment of the subscriber with it, reserves the right of withholding the part of pension wealth.

2. **Co contribution by the employer:** The pension accumulated through co-contributions made by the Central Government or the State Government or any entity under the ownership and control, either of the Central Government or any state government or a government company, as the case may be, as employer to the Tier-I account of the NPS (PRAN) account of the subscriber and the investment income accruing thereon,

3. **Right of Withholding:** The right of withholding is for the purpose of recovery of the whole or part of *any pecuniary loss* caused, provided such loss is established, in any departmental or judicial proceedings, initiated against such subscriber by the employer concerned.

4. **Right of Withholding only prior to Superannuation:** Such right of withholding shall have to be exercised *prior to the date of superannuation of the subscriber*, pursuant to a notice to be given to the National Pension System Trust or an entity to whom such authorization has been given, and seeking to withhold the said pension wealth of such subscriber.

5. It is important to note that the Subscribers of Govt/ Corporate Sector can shift their NPS Acct to e NPS or POP of their choice post their Retirement without the need of any approval from the associated nodal offices/Corporate.

6. Until recently, the subscribers of the Govt Sector/Identified corporate could change their sector without requiring prior authorization from the Nodal Office.

**Identified corporates are those who fulfil the norms prescribed under 6 c of Exit Regulations provided in points 1&2.*

7. **Authorization by the nodal office of Govt/ Corporate:** To comply with the provisions of Regulation 6(c) as provided above (1-4), PFRDA had informed the CRAs to modify the Inter Sector Shifting process flow such that subscribers from Govt Sector/Identified corporate may shift to other sectors prior to their superannuation, only after due authorization from their respective Nodal Office.

7. **Pending Authorization:** However, it has been noticed that there are significant delays at the end of nodal offices in processing of the Inter-Sector Shifting requests. PFRDA has been receiving requests regarding the same from the Subscribers about the delay and the inability to continue and invest in their NPS. The relevant data is provided below and many such requests are pending beyond 6 months.

Sector	0-30 days	31-90 days	91-180 days	181-365 days	More than 365 days	Grand Total
Central Govt	12	2	1	3	52	70
State Govt.	40	19	37	20	90	206
Grand Total	52	21	38	23	142	276

8. **Proposed changes in the process flow:**

The following changes in the process flow are proposed by PFRDA in the interest of Subscribers.

- A timeline of 30 Days for rejecting/approving the request of the Subscribers by the nodal offices of Govt Sector and Corporate shall be provided.
- Post-expiry of the period of 30 days and if no action is initiated, the shifting request will be processed and the subscriber will be shifted out from Govt / Corporate sector to the sector as per the choice of Subscriber.
- In case the request for shifting rejected, the same has to be on valid reasons as mentioned in Regulations 6(c) of PFRDA (Exits and Withdrawals under the NPS) Regulations, 2015.
- The reasons of rejection has to be duly informed to the Subscribers by the nodal officers/corporate along with the reasons.

Feedback / inputs / comments on the proposed process flow can be shared with PFRDA by 21.01.2023 and can be provided in the link @ <https://forms.gle/jKZ8FvbizQJFhv8F6> or emailed to nagar.manmeet@pfrda.org.in or sup-cra1@pfrda.org.in.

Or

Write to
K. Mohan Gandhi
Chief General Manager -Supervision CRA Dept
PFRDA, Chhatrapati Shivaji Bhavan, Katwaria Sarai,
B-14/A, Qutab Institutional Area Block B Rd,
Qutab Institutional Area, New Delhi, Delhi 110016