



GOVERNMENT OF KERALA
Abstract

Pension- Implementation of National Pension System in Local Self Government Institutions-National Pension System architecture-Role of Central Record Keeping Agency, Pension Fund Managers, Trustee Bank, Accounting procedure and allocation of PRAN -Sanction accorded -Orders issued.

FINANCE (PENSION-A) DEPARTMENT

G.O. (P) No. 152/2014/Fin.Dated, Thiruvananthapuram, 29.04.2014.

- Read: 1. G.O. (P) No. 20/2013/Fin dated 07.01.2013.
2. G.O. (P) No. 208/2013/Fin dated 07.05.2013.
3. Circular No. 07/2014/Fin dated 06.02.2014.
4. Circular No. 19/2014/Fin dated 25.02.2014.

ORDER

Government of India have implemented a defined contribution Pension Scheme known as National Pension System for its employees with effect from 01.01.2004. The State Government have also adopted the scheme for the employees who are appointed in service on or after 01.04.2013 for whom; Part III Kerala Service Rules would have been applicable otherwise and to all PSUs where pensionary benefits as per Part III, KSRs are granted.

The scheme is being implemented on the lines of the architecture made and regulated by the Pension Fund Regulatory & Development Authority (PFRDA), an authority established by the Government of India to lay down the architecture, regulate the pension system and related matters. The Supervision of the scheme functioning and performance of all intermediaries will be done by the National Pension System Trust (NPS Trust), a trust constituted as per the provisions of the Indian Trust Act 1882, under overall guidance and supervision of PFRDA. The records of the NPS including the contributions, investments, balances and annuity for each employee will be maintained by NSDL-e-Governance Infrastructure Limited, an agency

appointed by PFRDA which functions as the Central Record Keeping Agency (CRA) in the NPS.

The Rules and Regulations for the management of the NPS implemented for State employees will entirely be governed as per the directions of Government of India and Rules, Regulations, Circulars and Orders etc. issued by PFRDA from time to time.

Scheme in brief

I. The National Pension System (NPS) will work on a defined contribution basis and will have two Tiers-viz. Tier-I and Tier-II.

(a) In Tier I, the employee shall make a mandatory contribution of 10% of the sum of his/her Basic pay and Dearness Allowance {10% of (Basic pay +DA)} whereas basic pay includes all pay as per Rule 12(23) of Part I, KSR. This shall be deducted from his/her salary every month by the Drawing and Disbursing officer (DDO) concerned. The employer will also make equal matching contribution. The amount so deducted from the salary of the employee together with the matching employer contribution will be transferred to a pension account in order to invest the same as per the directions/Regulations of Government of India/Pension Fund Regulatory and Development Authority (PFRDA). The entire amount (employee contribution + matching employer contribution + investment returns) will be kept in pension Tier-I account.

(b) In addition to the Tier I account, each employee can have a voluntary Tier-II account. Employer shall not make any contribution into this account. Tier-II contribution will be kept in a separate account where the employee shall be free to withdraw part or the entire money at any time. This withdrawable account shall not constitute pension investment and would attract no special tax treatment.

II. An employee can exit at the time of superannuation or after the age of 60 years from Tier-I of the scheme. At exit, it would be mandatory for him/her to invest at least 40% of the pension wealth to purchase an annuity. The subscriber would be able to purchase the annuities directly from the empanelled Annuity Service provider(s) as per their choice of annuity that is

available in the market/with the Annuity Service Provider's (ASP's) empanelled by PFRDA which will provide pension for the lifetime of the employee. The individual shall receive a lump-sum of the remaining portion wealth which he/she would be free to utilize in any manner. Other pensionary benefits applicable to the employee would be as per the guidelines issued by PFRDA from time to time.

III. Role of Central Record Keeping Agency

- a. Creation of subscriber Data base.
- b. Generation of Unique Permanent Retirement Account Number (PRAN)
- c. Consolidation of Pension Contribution Information
- d. Consolidation and grouping of investment preference on the basis of schemes and Pension Funds. (PFs)
- e. Reconciliation of pension fund reports received from Trustee Account with Pension Fund Contribution Information Report.
- f. Generation of reports on errors and Discrepancies.
- g. Consolidation of grievance and complaints of Subscribers.
- h. Addressing grievances and complaints for the corresponding service provider.
- i. Preparation of Action Taken Report on the grievance and complaints of the subscriber/investor.
- j. Receiving reports on investments made by each PF in different schemes and send Instruction to Trustee Bank to remit amount for clearing.
- k. Sending instruction to Trustee Bank to remit withdrawal fund to subscriber's account and remit remaining amount to Annuity Provider's account against the annuity scheme.

IV. The investment of the pension funds will be made as per the directions/Regulations of Government of India/Pension Fund Regulatory and Development Authority (PFRDA) from time to time. Presently 85% of the pension fund will be invested in Government securities/Debt securities etc and 15% of the pension funds will be invested in equities and equity linked mutual funds. The pension funds of the employees will be managed by Pension Fund Managers (PFMs) nominated by the Central

Government/PFRDA. The charges of the Pension Fund Managers (PFMs) and custodian shall be borne by the employees through appropriate deductions from the investments done by PFMs. For the present, the State Government will allocate the pension corpus of the NPS between the three Pension Fund Managers viz. SBI Pension Funds Pvt. Ltd., UTI Retirement Solutions Ltd and LIC Pension Fund Ltd., the three PFRDA approved Fund Managers in Government sector, in such proportion as to be decided by the State Government from time to time. In future, Option will be given to individual employees to choose PFM or a combination of PFMs, and their preferred investment pattern as per the guidelines of PFRDA.

V.Axis Bank has been appointed as the Trustee Bank by PFRDA. It will handle the flow of funds from the Local Self Government institutions to the PFMs. Stock Holding Corporation of India Limited (SHCIL) has been appointed as the custodian of the investments made by the PFMs.

In the circumstances Government are pleased to issue the following guidelines in order to operationalize National Pension System in Local Self Government institutions.

1) Appointment of State Nodal Officer

Additional Secretary (Pension), Finance Department will be acted as the State Nodal Officer (SNO) for the NPS related activities in Local Self Government Institutions.

(2) Submission of Letter of Consent & Master creation form

The Local Self Government Institutions need not sign separate agreement with NSDL & NPS Trust. A letter of consent (LoC) from the DTA (ie. Director of Panchayat and Director of Urban Affairs as the case may be) is required to be forwarded to the State Nodal Officer for onward transmission to PFRDA along with registration form (Master creation form) for joining NPS. These forms can be downloaded from the CRA website www.npscra.nsdl.co.in/state-forms.php. Once registered, the Local Self Government Institutions can functionalize NPS for its employees.

(3) Registration of Administrative Offices

The Local Self Government Institutions shall register the offices which shall be functioning as

1. Directorate of Treasuries & Accounts (DTA) ie the Director of Panchayats and the Director of Urban Affairs as the case may be.
2. District Treasury offices (DTO) i.e, the Administrative office to perform the day-to-day activities on behalf of the subscribers.
3. Drawing and Disbursing offices (DDO) i.e, the Administrative office responsible for collection and forwarding of subscriber details like registration, maintenance, contribution etc.

All these offices shall be registered on the basis of submission of physical application forms to CRA available in the NSDL website (www.npscra.nsd.co.in).

4) Appointment of Designated Office to interface with CRA

The DTA shall be acted as a single point contact to interface with CRA for all the issues relating to operationalization of NPS architecture.

(5) Model of Contribution upload

The model of remitting the pension contributions to the trustee bank (Axis Bank) and uploading contribution details to the Central Record Keeping agency (CRA) shall be a Centralized one, wherein all the Local Self Government Institutions shall be the nodal offices. The data and funds from the nodal offices shall be transferred to the DTA. The DTA shall consolidate and upload this contribution details to the CRA and transmit the contributions to the Trustee bank.

(6) Upload of monthly Contributions

The Contributions through salary deductions shall become due from the salary of the month following the month in which the employee has appointed into the Service. In the case of employees who have already been appointed in to the service or who will be appointed into the service up to the date of completion of required infrastructure facilities in Local Self Government Institutions for the purpose, the deduction of contributions to

the NPS shall commence from the salary of the succeeding month of the month in which the registration of the employees with CRA is completed. Those employees who have started subscription to Tier-I account, working in Panchayat Directorate/Deputy Directorates/Performance Audit wings etc. can continue the subscription when transfers to other Local Self Government Institutions since portability of PRAN (Permanent Retirement Account Number) is allowed.

It shall be the responsibility of the DDOs/Appointment Authority to ensure the registration of employees with CRA has been taken place within 30 days of appointment to avoid undue residual of backlog contribution. In case, the registration is delayed due to any justifiable and lawful reason, the contributions shall commence from the salary of the month, in which the registration of the employee with the CRA is completed. In such cases, the arrears will be deducted as per the guidelines issued for the deduction of employee's backlog contribution.

(7) Backlog Contributions

The DTA shall make necessary arrangements to transfer the backlog contribution in respect of employees as well as the employer as 'arrears' in the CRA system in accordance with the guidelines issued in this regard.

(8) Transfer of Fund and Data

The DDOs in Local Self Government Institutions are entrusted with the responsibility of deducting the contribution of employees under Tier-I account from the salary, drawing the equal matching employer contribution and transfer the data and fund to the DTA. The DDOs shall transfer the contribution details to the DTA online and remit the employee contribution together with the employer contribution in favour of DTA in the bank account to be opened exclusively for this purpose (with a bank having core banking facility) on the same day of the drawal of salary. The subscription towards employee contribution is to be shown under the 'Recoveries' column of the salary bill and the subscription towards employer contribution is to be made in Form number TR-42. The schedule showing the employee / employer contribution under Tier-I (Annexure I,II,III) shall be attached with the bills.

The DDO shall keep the employee/ employer contribution records and shall make necessary entries in the accounting system.

The DTA shall confirm the matching of the data and funds received from the DDOs and consolidate the contribution details and upload it to the CRA and transmit the contributions of the employees and the matching employer contributions credited in the bank account of the DTA to the Trustee bank. For transferring data, the DTA shall prepare the SCF (subscribers contribution file-soft copy format of details of employees and employer contribution) and validate it by running it through the file validation utility (FVU) of the CRA. This SCF shall be uploaded to the NPSCAN (National Pension System Contributions Accounting Network) system of the CRA, and generate CSF (contribution submission form). Using this CSF, the DTA shall make payment of the contributions to the trustee bank. The DTA shall arrange payment to the trustee bank in favour of the NPS account along with the Transaction ID of the Subscribers' Contribution details uploaded to CRA on the next day itself (T+1). The schedule showing the employee/employer contribution remittance under Tier-I of all Local Self Government Institutions included in the transaction (Annexure IV) shall be kept by the DTA.

The DTA shall keep the following records.

- a) Trustee Bank payment records and supporting schedules.
- b) Records in respect of SCF and CSF
- c) Daily/monthly statements of transfers of funds to the Trustee bank.
- d) All other records as per the provisions of relevant Rules and other Government orders issued from time to time.

(9) Infrastructure Requirement

The DTA shall ensure that the Local Self Government Institutions have the required infrastructure facilities and are technically equipped to handle the functions with respect to CRA system. For this, the DTA will make necessary arrangements in the Local Self Government Institutions in collaboration with the software service providers of Local Self Government Institutions. The officials handling the functions with respect to the CRA system needs to be adequately trained.

(10) Billing of CRA charges

The CRA shall be paid fee* for their services at the following rates

| | | |
|-----|--|-----------------------|
| i | Permanent Retirement Account (PRA) opening charges | Rs. 50 per account |
| ii | Annual PRA maintenance | Rs. 190 per account |
| iii | Transactions charges | Rs. 4 per transaction |

*Exclusive of Service Tax and other taxes as applicable.

The bill for the CRA charges with regard to the services rendered for the employees shall be raised against the DTA. The DTA shall meet the expenditure on this account by debit to the respective head(s) of account under the Major Head -'2071' with consent of Finance (NPS-Cell) Department. The CRA charges initially paid by the State Government will be reimbursed by the DTA from the Grant-in-Aid released by the State to the respective Local Self Government Institutions and credited to State Government accounts under the respective head(s) of account under the Major Head '0071'.

(11) Registration of Subscribers

The employees of the Local Self Government Institutions covered under NPS shall be registered on the basis of submission of physical application forms (Form S1) available in the NSDL website to the CRA Facilitation Centers (FC). The procedure to be followed for the registration process is detailed in subsequent paras. For more details regarding the process of registration, the Local Self Government Institutions can refer to the Standard Operating Procedures (SOP) available in the CRA website.

(12) Submission of PRAN Forms and allocation of PRAN to the subscriber

All employees who are covered under NPS in Local Self Government institutions shall give his/her personal/employment/nomination details to the Appointing Authority/DDO concerned, as the case may be at the time of joining service. The Appointing Authority/DDO shall collect these details at the time of each employee joining the service and make required entries in the 'STHAPANA' application & generate the PRAN form (S1) available in 'STHAPANA' there under. The Appointing Authority/DDO shall take printout

of the PRAN form of the employee concerned in duplicate which will be given to the employee for verification, affixing of photo (3.5cm* 2.5cm) and signature. The scheme details in Section D of the PRAN form need not be filled till such time when the facility of option to choose PFM or a combination of PFMs, and the preferred investment pattern is given to the subscribers. The employee shall verify and confirm the correctness of all information, particularly the mandatory information such as date of birth, date of appointment, employment details, personal details ,nomination details etc. On being satisfied, he/she shall return the duly filled/signed PRAN form in duplicate to the Appointing Authority/DDO who will affix his seal and signature in the printed form. After completing these formalities, the Appointing Authority/DDO shall send one copy of the PRAN form to the CRA Facilitation Centers (CRA-FC) for obtaining PRAN (Permanent Retirement Account Number) and the other copy to the DTA concerned. In Panchayat Institutions, the Deputy Director of Panchayat concerned shall collect the PRAN from the Panchayats and forwarded to CRA-FC. The DDOs/Appointing Authorities shall ensure that not more than one PRAN form is generated for an employee so that the chance of issue of multiple PRAN for same employee is eliminated. The DTA shall ensure that no employee shall hold more than one PRAN at any cause. The DDOs/Appointing Authority shall ensure that the PRAN forms are forwarded to CRA-FC within seven days from the date of joining of the employee. On receipt of PRAN kit from CRA, the DDO/Appointing Authority will make necessary entry of the Permanent Retirement Account Number (PRAN) in 'STHAPANA' and distribute the kits among the Employees without delay. On receipt of PRAN, the Drawing and Disbursing Officer shall start recovery of the NPS contribution from the salary of the employees.

The above procedure should be followed by those employees who have already forwarded PRAN forms to Finance Department as well. The employees in Panchayat department who have joining in service in Panchayat Directorate/Deputy Directorates/Performance Audit wings etc. shall follow the procedure envisaged in the circular read as third above to obtain the

PRAN. The employees who were in service in Central Government / Central PSUs/Banks etc. and who have a PRAN shall only need to follow the procedure for shifting as envisaged in the circular read as fourth above.

Any undue delay/lag in the submission/forwarding of PRAN forms by the subscriber/Appointment Authority/DDOs and the transfer of funds to the DTA or Trustee bank will be viewed seriously and action will be taken against the responsible officers.

The procedure to be followed in the case of deduction and payment of backlog contributions will be issued separately.

(13) All the NPS related Rules/Regulations/Orders/Circulars etc. issued by PFRDA from time to time shall be applicable to all Local Self Government Institutions. The Director of Panchayats and Director of Urban Affairs shall work instantly on implementation strategy with the help of software service providers in consultation with Finance (NPS-Cell) and NSDL.

(14) The contact details of PFRDA, NPS Trust, NSDL and CRA-FC are as follows.

PFRDA/NPS Trust -1st Floor, ICADR Building, Plot No.6, Vasant Kunj Institutional Area, Phase II, New Delhi- 110070

Central Recordkeeping Agency- NSDL e-Governance Infrastructure Ltd. ,1st floor, Times Tower, Kamala Mills Compound, Senapathi Bapat Marg, Lower Parel, Mumbai- 400 013

Central Record keeping Agency-(Facilitation Centers)

1.Integrated Enterprises(India)Ltd,41/426, "SEEMA", Near Hotel Abad Metro, Rajaji Road, Ernakulam, Kochi.PIN-682035

Phone: 0484-2371494, 0484-2384735

E-mail: cochinets@integratedindia.in

2.Alankit Assignments Ltd, A.C.T Chamber, 1st floor, MKK Nair Road, Kochi.PIN-682025

Phone: 9747412862

E-mail: prakashum@alankit.com

3.Karvy Data Management Services Ltd, Cheruparampath Road, 1st Cross Road, Kadavanthra, Ernakulam.PIN-682020

Phone: 0484-2310884

E-mail: tincochin@karvy.com

4. Alankit Assignments Ltd, T.C 40/366, Srinivas & Krishna, 2nd Puthen Street, Thiruvananthapuram. PIN-695009

Phone: 0471-2472888

E-mail: skcatvm@yahoo.co.in

5. Karvy Data Management Services Ltd, Second Floor, Akshaya Tower, Sasthamangalam, Thiruvananthapuram. PIN-695010

Phone-0471-2725989

E-mail: tintvm@karvy.com

By Order of the Governor,

V. SOMASUNDARAN
Additional Chief Secretary (Finance)

The Director (Services), Department of Personnel and Training, Ministry of Personnel, Public Grievances and Pension, Government of India

The Principal Accountant General (G&SSA) Kerala, Thiruvananthapuram.

The Principal Accountant General (A&E), Kerala, Thiruvananthapuram.

The Accountant General (E&RSA), Kerala, Thiruvananthapuram.

The Director of Panchayat Department

The Director of Urban Affairs Department

All Heads of Departments

All Departments and Sections of the Secretariat

The Director of Treasuries, Thiruvananthapuram

The Secretary, Kerala Public Service Commission, Thiruvananthapuram (with CL)

The Registrar, Kerala Administrative Tribunal, Thiruvananthapuram (with CL)

The Registrar, Kerala Lok Ayukta, Thiruvananthapuram

The Secretary, Ombudsman for Local Self Government Institutions, Thiruvananthapuram

The Advocate General, Kerala, Ernakulam (with CL)

The Additional Secretary to the Chief Secretary to Government

All Additional Chief Secretaries/ Principal Secretaries/ Secretaries/ Special Secretaries/Additional Secretaries/Joint Secretaries/ Deputy Secretaries/Under Secretaries to Government

The Secretary to Governor, Raj Bhavan, Thiruvnanthapuram

The Private Secretary to the Speaker/Deputy Speaker of the Kerala Legislative Assembly

The Private Secretaries to the Chief Minister and other Ministers

The Private Secretary to the Leader of Opposition

The State Election Commissioner, Kerala, Thiruvananthapuram

The Chief Information Commissioner, Kerala, Thiruvananthapuram (with CL)

All District Treasury Officers/Sub Treasury Officers
The Director, Information and Public Relations, Thiruvananthapuram
✓ The Nodal Officer, www.finance.kerala.gov.in
Stock File/Office Copy

Forwarded /By Order

Baijorai

Accounts Officer

SNO. Reg. No: 3101092

(For DDO use only)

Annexure I

(vide G.O (P) No. 152/2014/Fin Dated 29.04.2014)

National Pension System (NPS) to Non Gazetted Officers in Local Self Government Institutions

Schedule of Recovery (Regular Contribution) from the pay bill in for the month of20.... towards Employee Contribution under Tier - I

Name of Office:
DTA Reg. No:
DTO Reg. No:
DDO Reg. No:

Name of Department :
Bill No:

| Sl.No | PEN/Employee No | PRAN | Name of Officer | Designation | Item | Basic Pay | Others if any | DA | Total | Amount of Employee Contribution | | | Remarks |
|---------------------|-----------------|------|-----------------|-------------|--------|-----------|---------------|------|-----------------|---------------------------------|------------------------|--------------------------|---------|
| | | | | | | (Rs) | (Rs) | (Rs) | (7+8+9) (Rs) | Towards salary (Rs) | Towards Arrear (Rs) | Total (11+12) (Rs) | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| | | | | | Salary | | | | | | | | |
| | | | | | Arrear | | | | | | | | |
| Grand Total: | | | | | | | | | | | | | |

Grand Total (as in column 13) Rs(in Figures)

Rupees(in words)

Signature of the DDO with name designation and date

SNO. Reg. No: 3101092

(For SDO only)

Annexure II

(vide G.O (P) No. 152/2014/Fin Dated 29.04.2014)

National Pension System (NPS) to Self Drawing Officers in Local Self Government Institutions

Schedule of Recovery(Regular Contribution) from the pay bill of Shri./Smtin for the month of 20 towards Employee Contribution under Tier -I

Name of office :
DTA Reg. No:
DTO Reg. No:
DDO Reg. No:

Name of Department :
SDO Code:
PEN/Employee No :

| Sl. No | PRAN | Name of Officer | Designation | Item | Basic Pay | Special Pay /AGP | PP | SP in lieu of Higher Time Scale | Others if any | DA | Total | Amount of Employee Contribution | | | Remarks |
|---------------------|------|-----------------|-------------|--------|-----------|------------------|------|---------------------------------|---------------|------|-------------------------|---------------------------------|------------------------|--------------------------|---------|
| | | | | | (Rs) | (Rs) | (Rs) | (Rs) | (Rs) | (Rs) | (6+7+8+9+10+11) (Rs) | Towards salary (Rs) | Towards Arrear (Rs) | Total (13+14) (Rs) | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | | Salary | | | | | | | | | | | |
| | | | | Arrear | | | | | | | | | | | |
| Grand Total: | | | | | | | | | | | | | | | |

Grand Total(as in column 15) Rs(in Figures)

Rupees(in words)

Signature of the Self Drawing Officer
with name, designation and date

Annexure III
(vide G.O (P) No. 152/2014/Fin Dated 29.04.2014)

National Pension System (NPS) to Non Gazetted Officers & Self Drawing Officers in Local Self Government Institutions

Schedule (Regular Contribution) showing the details of Employer contribution in respect of NGOs/SDOs in..... for the month of 20..... under Tier - I

Name of Office :
DTA Reg. No :
DTO Reg. No :
DDO Reg. No :

| Sl. No | PENEmployee No | PRAN | Name of Officer | Designation | Item | Basic Pay | Special Pay /AGP | PP | SP in lieu of Higher Time Scale | Others if any | DA | Total | Amount of Employee Contribution | | | Amount of Employer Contribution | | | Total | Remarks |
|--------|----------------|------|-----------------|-------------|--------|-----------|------------------|------|---------------------------------|---------------|------|--------------------------|---------------------------------|---------------------|-----------------------|---------------------------------|---------------------|-----------------------|---------------|---------|
| | | | | | | (Rs) | (Rs) | (Rs) | (Rs) | (Rs) | (Rs) | (7+8+9+10+11+12) (Rs) | Towards salary (Rs) | Towards Arrear (Rs) | Total (14+15) (Rs) | Towards salary (Rs) | Towards Arrear (Rs) | Total (17+18) (Rs) | 16+19 (Rs) | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| | | | | | Salary | | | | | | | | | | | | | | | |
| | | | | | Arrear | | | | | | | | | | | | | | | |

Employees Contribution Total (as in column 16) Rs(in Figures)

Rupees(in words)

Employer Contribution Total (as in column 19) Rs(in Figures)

Rupees.....(in words)

Grand Total (as in column 20) Rs(in figures)

Rupees(in words)

Grand Total:

Signature of DDO with name, designation and date

