



सत्य रंजन प्रसाद
कार्यकारी निदेशक

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Executive Director

**पेंशन निधि विनियामक और
विकास प्राधिकरण**

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To

CG/SG/CAB & SABs

Sub: On need to create awareness among the Central/State Government Employees about portability of PRAN to enable them to continue with the benefits of NPS on change of job or location.

Dear Sir/ Madam,

As you are aware, the National Pension System (NPS) launched by the GOI and supervised by PFRDA, has evolved out of the very need to provide old age security to the vast multitude of Indian population. NPS is a highly innovative and sophisticated product and is based on the world's best practices in the pension sector involving disciplined saving, vigilant investment to build a sufficient retirement corpus and its judicious draw down in the post retirement phase. It was initially launched for the government and semi-government employees on January 01, 2004, marking a paradigm shift from defined-benefit to defined-contribution pension system and subsequently opened to all citizens of India.

NPS is technology driven and is portable across the geographies and employments. Thus, on changing job or location there is no implied need for an employee to exit from NPS. Despite change in employer, the NPS subscriber

can continue with his existing Permanent Retirement Account No. (PRAN) and continue making his subscriptions.

The fact must be appreciated that the broad architecture of NPS is to provide financial security and stability during the old age. Therefore, it is desirable that the subscriber remain with NPS till his superannuation and does not make premature exits on change of job or otherwise. Premature exits defeat the entire purpose of NPS to provide financial security and stability during old age when people do not have a regular source of income. However, it has come to our notice that a large number of Central Government and State Government employees, who resign from the services or change their jobs, opt for premature exit. This, *prima facie*, is on account of lack of knowledge or awareness on their part that they can continue with the NPS subscriptions in their existing PRAN and there is no need for them to compulsorily opt for premature exit.

While PFRDA has taken the cause and making efforts to make the subscribers to NPS aware of the above said facility of portability of PRAN across the geographies and employments, a need is felt that those NPS subscribers, who are under your employment, are suitably and adequately informed about the same by you as well, so that the instances of premature exit from NPS on change of job or on resignation, which are primarily on account of lack of awareness, are brought down.

In the matter, PFRDA shall be pleased to provide any clarification or guidance, if needed.

Yours sincerely,



Satya Ranjan Prasad