



PFRDA introduces policy reforms to promote sustainable growth of NPS

The framework seeks to address existing regulatory constraints that had limited bank participation until now

Scheduled Commercial Banks can also become sponsors of PFs;

Review of Investment Management Fee (IMF) for PFs

PFRDA appoints three new Trustees on the Board of NPS Trust

A proportion of AUM to be passed on to Association of NPS Intermediaries (ANI) to carryout NPS Outreach

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The Pension Fund Regulatory and Development Authority's (PFRDA) board has approved, in principle, a framework to permit Scheduled Commercial Banks (SCBs) to independently set up Pension Funds to manage NPS, with the objective of strengthening the pension ecosystem. This shall enhance competition and safeguard subscriber's interests. The proposed framework seeks to address existing regulatory constraints that had limited bank participation till now. By introducing a clearly defined eligibility criteria based on net worth, market capitalisation and prudential soundness in line with RBI norms, it will ensure that only well-capitalised and systemically robust banks are permitted to sponsor Pension Funds. The detailed criteria will be notified separately and will apply to both new and existing Pension Funds.

PFRDA has appointed three new Trustees on the Board of NPS Trust, pursuant to the selection process initiated by PFRDA.

The following are the new Trustees to the Board of PFRDA -

1. Shri Dinesh Kumar Khara, Former Chairman, State Bank of India
2. Ms. Swati Anil Kulkarni, Former Executive Vice President, UTI AMC - Trustee
3. Dr. Arvind Gupta, Co-Founder and Head, Digital India Foundation and Member of the National Venture Capital Investment Committee under the Fund of Funds Scheme managed by SIDBI.

Shri Dinesh Kumar Khara has also been designated as the Chairperson of the NPS Trust Board.

In order to align with evolving realities, aspirations of the public, international benchmarks and the objective of expanding coverage across corporate, retail and gig-economy segments, PFRDA has revised the Investment Management Fee (IMF) structure for Pension Funds to safeguard subscriber interests with effect from 1 April 2026. The revised slab-based IMF introduces differentiated rates for Government and Non-Government sector subscribers which shall also apply to schemes under the Multiple Scheme Framework (MSF), with MSF corpus being counted separately. The IMF for Government Sector employees under Composite Scheme or those opting for Auto Choices and Active Choice G 100s remains the same. Under Non-Government Sector, the following shall be the structure for IMF:

Slabs of AUM (in Rs. Crores)	IMF rates for Non-Government Sector subscribers (NGS)
Up to 25,000	0.12%
Above 25,000 & Up to 50,000	0.08%
Above 50,000 & Up to 1,50,000	0.06%
Above 1,50,000	0.04%

The Annual Regulatory Fee (ARF) of 0.015 per cent payable by Pension Funds to PFRDA remains unchanged; Out of which, 0.0025 per cent of AUM will be passed on to the Association of NPS Intermediaries (ANI) to support coordinated awareness, outreach and financial-literacy initiatives under PFRDA's overall guidance.

As formalization in the Financial, and Pension sectors of the Nation continue to grow and influence the financial aspirations of every Indian citizen, PFRDA expects these policy reforms to help the Subscribers and Stakeholders to access a more competitive, well-governed and resilient NPS ecosystem, leading to improved long-term retirement outcomes and enhanced old-age income security.

NB/PK

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