



PFRDA issues NPS Vatsalya Scheme Guidelines 2025 to strengthen long-term financial security for Minors

Guidelines lay down eligibility, contribution, withdrawal and transition provisions to facilitate early pension savings for children

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The Pension Fund Regulatory and Development Authority (PFRDA) has issued the NPS Vatsalya Scheme Guidelines 2025, providing comprehensive information on the National Pension System Vatsalya (NPS Vatsalya). NPS Vatsalya is a contributory savings and long term financial security scheme designed exclusively for minors.

NPS Vatsalya was announced in the Union Budget for FY 2024-25 and subsequently launched on 18 September, 2024 by the Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman. The scheme enables parents and legal guardians to systematically build long-term savings for their children from an early age, with a provision to shift to the National Pension System upon attaining majority.

In line with the amendments notified to the PFRDA (Exits and Withdrawals under NPS) Regulations, 2015, the NPS Vatsalya Guidelines lay down flexible provisions for long-term financial security of minors, while ensuring continuity of savings on attaining majority.

Key features of NPS Vatsalya are as under:

Eligibility

- Open to all Indian citizens, including NRI/OCI, below 18 years of age
- Minor is the sole beneficiary
- Account opened in the name of the minor and operated by the guardian

Contribution

- Minimum initial and annual contribution: ₹250
- No maximum limit on contribution
- Contributions can also be gifted by relatives and friends.

Pension Fund Selection

- Guardian can choose any one Pension Fund registered with PFRDA

Partial Withdrawal Provisions

- Allowed after completion of three years from account opening
- Up to 25% of own contributions (excluding returns)

- Permitted for education, medical treatment and specified disabilities
- Allowed twice before 18 years and twice between 18-21 years, subject to conditions

Upon on Attaining Majority

- Fresh KYC mandatory on attaining 18 years
- Options available till 21 years:
 - Continue under NPS Vatsalya, or
 - Shift to NPS Tier I (All Citizen Model or any other applicable model), or Exit with:
 - Up to 80% as lump sum
 - Minimum 20% to be annuitised
 - Full withdrawal permitted if corpus is ₹8 lakh or less

The Guidelines introduce a targeted incentivisation framework for community-level workers such as Anganwadi workers, ASHAs and Bank Sakhis, recognising their role in creating awareness and facilitating onboarding, especially in rural and semi-urban areas.

NPS Vatsalya aims to nurture a culture of savings, promote financial literacy from an early age and strengthen long-term financial planning, aligned with the national vision of Viksit Bharat@2047. The Guidelines seek to bring clarity, transparency, and uniformity for all stakeholders, while supporting the broader objective of creating a pensioned and financially secure society.

For further details, stakeholders may refer to the NPS Vatsalya Scheme Guidelines 2025.

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