STUDY NOTES · BASIC CONCEPT

What does Pension Fund Regulatory and Development Authority (PFRDA) do?

Indian Economy

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What does Pension Fund Regulatory and Development Authority (PFRDA) do?

PFRDA is the statutory regulator of the pension sector in India.

It regulates and develops pension systems to ensure old-age income security.

Legal Basis

- PFRDA Act, 2013
- Became a statutory body in 2014
- Headquarters: New Delhi

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Objectives of PFRDA

- Regulate pension funds
- Protect subscribers' interests
- Promote pension coverage, especially in the unorganised sector
- Ensure transparency and efficiency in pension systems

Functions of PFRDA

Regulates:

- National Pension System (NPS)
- Atal Pension Yojana (APY)

Registers and regulates:

- Pension Fund Managers (PFMs)
- Central Record Keeping Agencies (CRAs)
- Custodians, Trustees

Issues guidelines on:

- Investment norms
- Risk management

- Subscriber protection
- Promotes financial literacy related to pensions

Pension Schemes under PFRDA

1. National Pension System (NPS)

- Started: 2004 (for govt employees)
- Open to all citizens (since 2009)
- Defined Contribution Scheme
- Market-linked returns
- Two tiers:
- Tier I – Mandatory, retirement account
- Tier II – Voluntary, savings account

Atal Pension Yojana (APY)

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- Launched: 2015
- For unorganised sector workers
- Guaranteed pension:
- ₹1,000 to ₹5,000 per month
- Government co-contribution (for eligible subscribers)

Structure of PFRDA

- Chairperson
- 3 Whole-time Members
- 3 Part-time Members
- Appointed by Central Government

Investment Regulation

Pension funds invest in:

- Government securities
- Corporate bonds
- Equity (limited exposure)
- Ensures:
    - Safety
    - Diversification
    - Long-term returns