

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:635

ANSWERED ON:02.03.2007

INVESTMENT OF PENSION FUND IN STOCK MARKET

Adsul Shri Anandrao Vithoba;Appadurai Shri M.;Das Gupta Shri Gurudas;Deora Shri Milind Murl;Prabhu Shri Suresh Prabhakar;Rajendran Shri P.;Singh Shri Chandra Bhushan;Verma Shri Ravi Prakash

**Will the Minister of FINANCE be pleased to state:**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. K. BANSAL)

- (a) whether the Union Government has decided to invest some proportion of the fund accumulated under the New Pension Scheme (NPS) in stock markets as reported in the Hindu dated January 23, 2007;
- (b) if so, details thereof alongwith the response of the State Governments in the matter;
- (c) whether the areas and pattern of investment has been finalized;
- (d) if so, details thereof; and
- (e) the steps taken/being taken by the Government to ensure that funds invested in the stock market benefit subscribers?

**Answer**

(a) & (b): The New Pension System (NPS) has been in place from 01-01-2004, for new recruits to Central Government services (except the armed forces in the first stage). Accumulations under the NPS are being credited into the public account. Measures, including consultations with State Governments, have been initiated to decide on an appropriate investment arrangement for these accumulations.

At a conference of Chief Ministers on 22nd January 2007, on the subject of pension reforms, the majority of States, except Kerala, West Bengal and Tripura supported the proposed interim investment arrangement.

(c) to (e) Government is yet to finalise the details of the mechanism for operationalising the investment of funds of subscribers. While finalising the mechanism, steps would also be taken to ensure that the funds are invested to benefit subscribers.