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The Pension Fund Regulatory and Development Authority Act, 2013

(ACT NO. 23 OF 2013)

[*As on the* 23*th June, 2026*]

LIST OF AMENDING ACTS

1. The International Financial Services Centres Authority Act, 2019 (50 of 2019).
2. The *Jan Vishwas* (Amendment of Provisions) Act, 2026 (8 of 2026).

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LIST OF ABBREVIATIONS USED

Cl., cls.	*for*	Clause, clauses.
Ins.	,,	Inserted.
Notifn.	,,	Notification.
S., ss.	,,	Section, sections.
Sch.	,,	Schedule.
Subs.	,,	Substituted
w.e.f.	,,	with effect from.

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THE PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY ACT, 2013

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THE PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY ACT, 2013

ACT NO. 23 OF 2013

[18*th September*, 2013.]

An Act to provide for the establishment of an Authority to promote old age income security by establishing, developing and regulating pension funds, to protect the interests of subscribers to schemes of pension funds and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Sixty-fourth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. **Short title, extent and commencement.**—(*1*) This Act may be called the Pension Fund Regulatory and Development Authority Act, 2013.

(*2*) It extends to the whole of India.

(*3*) It shall come into force on such date[1] as the Central Government may, by notification in the Official Gazette, appoint:

Provided that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

2. Definitions.—(*1*) In this Act, unless the context otherwise requires,—

(*a*) "Authority" means the Pension Fund Regulatory and Development Authority established under sub-section (*1*) of section 3;

(*b*) "central recordkeeping agency" means an agency registered under section 27 to perform the functions of recordkeeping, accounting, administration and customer service for subscribers to schemes;

(*c*) "Chairperson" means the Chairperson of the Authority;

(*d*) "document" shall include any matter written, expressed or described upon any substance by means of letters, figures or marks, or by more than one of those means, in printed or in electronic version, which is intended to be used, or which may be used, by the Interim Pension Fund Regulatory and Development Authority, or Authority or an intermediary or any other entity connected with the National Pension System, for the purpose of recording that matter;

(*e*) "individual pension account" means an account of a subscriber, executed by a contract setting out the terms and conditions under the National Pension System;

(*f*) "Interim Pension Fund Regulatory and Development Authority" means the Interim Pension Fund Regulatory and Development Authority set up by the Central Government through Resolutions No. F. No. 5/7/2003-ECB&PR, dated the 10th October, 2003 and F. No. 1(6)/2007-PR, dated the 14th November, 2008;

(*g*) "intermediary" includes pension fund, central recordkeeping agency, National Pension System Trust, pension fund adviser, retirement adviser, point of presence and such other person or entity connected with collection, management, recordkeeping and distribution of accumulations;

1. 1st February, 2014,v*ide* Notification No. S.O. 302(E), dated 1st February, 2014, *see* Gazette of India, Extraordinary, Part II, sec. 3(*ii*).

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(*h*) "member" means a member of the Authority and includes its Chairperson;

(*i*) "National Pension System" means the contributory pension system referred to in section 20 whereby contributions from a subscriber are collected and accumulated in an individual pension account using a system of points of presence, a central recordkeeping agency and pension funds as may be specified by regulations;

(*j*) "National Pension System Trust" means the Board of Trustees who hold the assets of subscribers for their benefit;

(*k*) "notification" means a notification published in the Official Gazette;

(*l*) "pension fund" means an intermediary which has been granted a certificate of registration under sub-section (*3*) of section 27 by the Authority as a pension fund for receiving contributions, accumulating them and making payments to the subscriber in the manner as may be specified by regulations;

(*m*) "Pension Regulatory and Development Fund" means the fund constituted under sub-section (*1*) of section 40;

(*n)* "point of presence" means an intermediary registered with the Authority under sub-section (*3*) of section 27 as a point of presence and capable of electronic connectivity with the central recordkeeping agency for the purposes of receiving and transmitting funds and instructions and pay out of funds;

(*o*) "prescribed" means prescribed by rules made under this Act;

(*p*) "regulated assets" means the assets and properties, both tangible and intangible, owned, leased or developed by and other rights belonging to, the central recordkeeping agency;

(*q*) "regulations" means the regulations made by the Authority under this Act;

(*r*) "scheme" means a scheme of pension fund approved by the Authority under this Act;

(*s*) "Securities Appellate Tribunal" means a Securities Appellate Tribunal established under sub-section (*1*) of section 15K of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*t*) "subscriber" includes a person who subscribes to a scheme of a pension fund;

(*u*) "Subscriber Education and Protection Fund" means the fund constituted under sub-section (*1*) of section 41;

(*v*) "Trustee Bank" means a banking company as defined in the Banking Regulation Act, 1949 (10 of 1949).

(*2*) Words and expressions used and not defined in this Act, but defined in—

(*i*) the Insurance Act, 1938 (4 of 1938);

(*ii*) the Companies Act, 1956 (1 of 1956);

(*iii*) the Securities Contracts (Regulation) Act, 1956 (42 of 1956); and

(*iv*) the Securities and Exchange Board of India Act, 1992 (15 of 1992),

shall have the meanings respectively assigned to them under those Acts.

CHAPTER II

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

3. Establishment and incorporation of Authority.—(*1*)With effect from such date as the Central Government may, by notification, appoint, there shall be established, for the purposes of this Act, an Authority to be called the Pension Fund Regulatory and Development Authority.

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(*2*)The Authority shall be a body corporate by the name aforesaid, having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and to contract and shall, by the said name, sue or be sued.

(*3*)The head office of the Authority shall be in the National Capital Region referred to in clause (*f*) of section 2 of the National Capital Region Planning Board Act, 1985 (2 of 1985).

(*4*)The Authority may establish offices at other places in India.

4.Composition of Authority.—The Authority shall consist of the following Members, namely:—

(*a*) a Chairperson;

(*b*) three whole-time members; and

(*c*) three part-time members,

to be appointed by the Central Government from amongst persons of ability, integrity and standing and having knowledge and experience in economics or finance or law with at least one person from each discipline.

5. Term of office and conditions of service of Chairperson and members of Authority.—(*1*) The Chairperson and every whole-time member shall hold office for a term of five years from the date on which he enters upon his office and shall be eligible for reappointment:

Provided that no person shall hold office as a Chairperson after he has attained the age of sixty-five years:

Provided further that no person shall hold office as a whole-time member after he has attained the age of sixty-two years.

(*2*) A part-time member shall hold office as such for a term not exceeding five years from the date on which he enters upon his office.

(*3*)The salary and allowances payable to, and other terms and conditions of service of, the members other than part-time members shall be such as may be prescribed.

(*4*)The part-time members shall receive such allowances as may be prescribed.

(*5*)The salary, allowances and other conditions of service of a member shall not be varied to his disadvantage after his appointment.

(*6*) Notwithstanding anything contained in sub-section (*1*) or sub-section (*2*), a member may—

(*a*) relinquish his office, by giving in writing to the Central Government, a notice of not less than thirty days; or

(*b*) be removed from his office in accordance with the provisions of section 6.

6. Removal of members from office.—(*1*) The Central Government may remove from office the Chairperson or any other member who—

(*a*) is, or at any time has been, adjudged as insolvent; or

(*b*) has become physically or mentally incapable of acting as a member; or

(*c*) has been convicted of an offence which, in the opinion of the Central Government, involves moral turpitude; or

(*d*) has acquired such financial or other interest as is likely to affect prejudicially his functions as a member; or

(*e*) has, in the opinion of the Central Government, so abused his position as to render his continuance in office detrimental to the public interest.

(*2*) No such Chairperson or other member shall be removed under clause (*d*) or clause (*e*) of sub-section (*1*) unless he has been given a reasonable opportunity of being heard in the matter.

7. Restriction on future employment of members.—(*1*) The Chairperson and the whole-time members shall not, for a period of two years from the date on which they cease to hold office as such, except with the previous approval of the Central Government, accept—

(*a*) any employment either under the Central Government or under any State Government; or

(*b*) any appointment in any regulated entity in the pension sector.

(*2*) The Chairperson and the whole-time members of the Interim Pension Fund Regulatory and Development Authority holding the office as such before the commencement of this Act, shall not, on and after such commencement, accept any appointment in any regulated entity in the pension sector for a period of two years from the date on which they cease to hold office as such, except with the previous approval of the Central Government.

8. Administrative powers of Chairperson.—The Chairperson shall have the powers of general superintendence and direction in respect of all administrative matters of the Authority.

9. Meetings of Authority.—(*1*) The Authority shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings (including quorum at such meetings) as may be provided by regulations.

(*2*) The Chairperson or, if for any reason, he is unable to attend a meeting of the Authority, any other member chosen by the members present from amongst themselves at the meeting, shall preside at the meeting.

(*3*) All questions which come up before any meeting of the Authority shall be decided by a majority of votes by the members present and voting, and in the event of an equality of votes, the Chairperson or in his absence, the person presiding shall have a second or casting vote.

(*4*) If any member, who is a director of a company and who as such director, has any direct or indirect pecuniary interest in any matter coming up for consideration at a meeting of the Authority, he shall, as soon as possible after relevant circumstances have come to his knowledge, disclose the nature of his interest at such meeting and such disclosure shall be recorded in the proceedings of the Authority, and the member shall not take part in any deliberation or decision of the Authority with respect to that matter.

10. Vacancies, etc., not to invalidate proceedings of Authority.—No act or proceeding of the Authority shall be invalid merely by reason of—

(*a*) any vacancy in, or any defect in the constitution of, the Authority; or

(*b*) any defect in the appointment of a person acting as a member of the Authority; or

(*c*) any irregularity in the procedure of the Authority not affecting the merits of the case.

11. Officers and employees of Authority.—(*1*)The Authority may appoint such officers and other employees as it considers necessary for the efficient discharge of its functions under this Act.

(*2*) The terms and other conditions of service of officers and other employees of the Authority appointed under sub-section (*1*) shall be such as may be determined by regulations.

CHAPTER III

EXTENT AND APPLICATION

12. Extent and application.—(*1*) This Act shall apply to—

(*a*) the National Pension System;

(*b*) any other pension scheme not regulated by any other enactment.

(*2*) Every pension scheme referred to in clause (*b*) shall conform to the regulations made by the Authority within such time as may be specified in the regulations.

(*3*) Notwithstanding anything contained in sub-section (*1*), the provisions of this Act shall not apply to—

(*a*) the schemes or funds under—

(*i*) the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46of 1948);

(*ii*) the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952);

(*iii*) the Seamen's Provident Fund Act, 1966 (4 of 1966);

(*iv*) the Assam Tea Plantations Provident Fund and Pension Fund Scheme Act, 1955 (Assam Act X of 1955); and

(*v*) the Jammu and Kashmir Employees' Provident Funds Act, 1961 (Jammu and Kashmir Act XV of 1961);

(*b*) contracts referred to in sub-section (*11*) of section 2 of the Insurance Act, 1938 (4 of 1938);

(*c*) any other pension scheme, which the Central Government may, by notification, exempt from the application of this Act;

(*d*) persons appointed before the 1st day of January, 2004 to public services in connection with the affairs of the Union, or to All-India Services constituted under section 2A of the All-India Services Act, 1951 (61 of 1951);

(*e*) persons appointed to public services in connection with the affairs of any State, or such Union territories as may be specified by notification by the Central Government.

(*4*) Notwithstanding anything contained in sub-section (*3*), any State Government or administrator of a Union territory may, by notification, extend the National Pension System to its employees.

(*5*) Notwithstanding anything contained in clause (*c*) of sub-section (*3*), the Central Government may, by notification, extend the application of this Act to any other pension scheme [including any other pension scheme exempted and notified under clause (*c*) of sub-section (*3*)].

(*6*) Any person governed under any of the schemes or funds referred to in sub-section (*3*) may, at his option, also join the National Pension System.

CHAPTER IV

TRANSFER OF ASSETS, LIABILITIES, ETC., OF INTERIM PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

13. Transfer of assets, liabilities, etc., of Interim Pension Fund Regulatory and Development Authority.—On and from the date of establishment of the Pension Fund Regulatory and Development Authority,—

(*a*) all the assets and liabilities of the Interim Pension Fund Regulatory and Development Authority shall stand transferred to, and vested in, the Authority.

Explanation.—The assets of the Interim Pension Fund Regulatory and Development Authority shall be deemed to include all rights and powers, all properties, whether movable or immovable, including, in particular, cash balances, deposits and all other interests and rights in, or arising out of, such properties as may be in the possession of the Interim Pension Fund Regulatory and Development Authority and all books of account and other documents relating to the same; and liabilities shall be deemed to include all debts, liabilities and obligations of whatever kind;

(*b*) without prejudice to the provisions of clause (*a*), all debts, obligations and liabilities incurred, all contracts entered into and all matters and things engaged to be done by, with or for the Interim Pension Fund Regulatory and Development Authority immediately before that day, for or in connection with the purpose of the said Regulatory Authority, shall be deemed to have been incurred, entered into or engaged to be done by, with or for, the Authority;

(*c*) all sums of money due to the Interim Pension Fund Regulatory and Development Authority immediately before that day shall be deemed to be due to the Authority; and

(*d*) all suits and other legal proceedings instituted or which could have been instituted by or against the Interim Pension Fund Regulatory and Development Authority immediately before that day may be continued or may be instituted by or against the Authority.

CHAPTER V

DUTIES, POWERS AND FUNCTIONS OF AUTHORITY

14.**Duties, powers and functions of Authority.**—(*1*) Subject to the provisions of this Act and any other law for the time being in force, the Authority shall have the duty, to regulate, promote and ensure orderly growth of the National Pension System and pension schemes to which this Act applies and to protect the interests of subscribers of such System and schemes.

(*2*) Without prejudice to the generality of the provisions contained in sub-section (*1*), the powers and functions of the Authority shall include—

(*a*) regulating the National Pension System and the pension schemes to which this Act applies;

(*b*) approving the schemes, the terms and conditions thereof and laying down norms for the management of the corpus of the pension funds, including investment guidelines under such schemes;

(*c*) registering and regulating intermediaries;

(*d*) issuing to an intermediary, on application, a certificate of registration and renewing, modifying, withdrawing, suspending or cancelling such registration;

(*e*) protecting the interests of subscribers by—

(*i*) ensuring safety of the contribution of subscribers to various schemes of pension funds to which this Act applies;

(*ii*) ensuring that the intermediation and other operational costs under the National Pension System are economical and reasonable;

(*f*) establishing mechanism for redressal of grievances of subscribers to be determined by regulations;

(*g*) promoting professional or organisations connected with the pension system;

(*h*) adjudication of disputes between intermediaries and between intermediaries and subscribers;

(*i*) collecting data and requiring the intermediaries to collect such data and undertaking and commissioning studies, research and projects;

(*j*) undertaking steps for educating subscribers and the general public on issues relating to pension, retirement savings and related issues and training of intermediaries;

(*k*) standardising dissemination of information about performance of pension funds and performance benchmarks;

(*l*) regulating the regulated assets;

(*m*) levying fees or other charges for carrying out the purposes of this Act;

(*n*) specifying by regulations the form and manner in which books of account shall be maintained and statement of accounts shall be rendered by intermediaries;

(*o*) calling for information from, undertaking inspection of, conducting inquiries and investigations including audit of, intermediaries and other entities or organisations connected with pension funds;

(*p*) exercising such other powers and functions as may be prescribed.

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(*3*) Notwithstanding anything contained in any other law for the time being in force, while exercising the powers under clause (*o*) of sub-section (*2*), the Authority shall have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 (5 of 1908) while trying a suit, in respect of the following matters, namely:—

(*i*) the discovery and production of books of account and other documents, at such place and at such time as may be specified by the Authority;

(*ii*) summoning and enforcing the attendance of persons and examining them on oath;

(*iii*) inspection of any book, register and other document of any person or intermediary referred to in section 26, at any place;

(*iv*) issuing commissions for the examination of witnesses or documents;

(*v*) any other matter which may be prescribed.

(*4*) Without prejudice to the provisions contained in sub-sections (*1*), (*2*) and (*3*) and section 16, the Authority may, by order, for reasons to be recorded in writing, in the interest of subscribers, take any of the following measures, pending investigation or inquiry, namely:—

(*i*) restrain persons from participating in any scheme;

(*ii*) restrain any office bearer of an intermediary from acting as such;

(*iii*) impound and retain the proceeds under the scheme in respect of any activity which is under investigation;

(*iv*) attach, after passing an order, on an application made for approval, by the Judicial Magistrate of first class having jurisdiction, for a period not exceeding one month, one or more bank account or accounts of any intermediary or any person associated with the scheme in any manner involved in violation of any of the provisions of this Act or the rules or the regulations made thereunder:

Provided that only the bank account or accounts or any transaction entered therein, relating to the proceeds actually involved in the violation of any of the provisions of this Act or the rules or the regulations made thereunder shall be allowed to be attached;

(*v*) direct any intermediary or any person associated with the scheme in any manner not to dispose of or alienate an asset forming part of any activity which is under investigation:

Provided that the Authority shall, either before or after, passing such orders, under this section, give to such intermediaries or persons concerned an opportunity of being heard.

15. Power to issue directions.—Save as otherwise provided in section 14, if after making, or causing to be made, an inquiry, the Authority is satisfied that it is necessary—

(*i*) in the interests of subscribers or orderly development of National Pension System or a pension scheme to which this Act applies; or

(*ii*) to prevent the affairs of any intermediary or other persons or entities referred to in section 27 being conducted in a manner detrimental to the interests of subscribers; or

(*iii*) to secure the proper management of any such intermediary or person or entity,

it may issue such directions to such intermediaries or entities or to any person or class of persons referred to in section 27, or associated with the pension fund, as it may deem fit:

Provided that the Authority shall, either before or after passing such orders, give an opportunity of being heard to such intermediaries, entities or persons concerned.

16. Power of investigation.—(*1*) Where the Authority has a reasonable ground to believe that—

(*a*) the activities of the pension fund are being conducted in a manner detrimental to the interest of the subscriber; or

(*b*) any intermediary or any person associated with the schemes of the pension fund has violated any of the provisions of this Act or the rules or the regulations made or directions issued by the Authority thereunder,

it may, at any time, by order in writing, direct any person (hereafter in this section referred to as the Investigating Authority) specified in the order to investigate the affairs of such intermediary or persons associated with the pension fund and to report thereon to the Authority.

(*2*) Without prejudice to the provisions contained in sections 235 to 241 of the Companies Act, 1956 (1 of 1956), it shall be the duty of every manager, managing director, officer and other employee of the company, in case of a company and every intermediary or persons or entity referred to in section 27 or every person associated with the pension fund to preserve and to produce to the Investigating Authority or any person authorised by him in this behalf, all the books, registers, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.

(*3*) The Investigating Authority may require any intermediary or any person or entity associated with the pension fund in any manner to furnish such information to, or produce such books, or other documents, or record before him or any person authorised by him in this behalf as he may consider necessary if the furnishing of such information or the production of such books, or register, or other documents, or record is relevant or necessary for the purposes of its investigation.

(*4*) The Investigating Authority may keep in its custody any books, registers, other documents and record produced under sub-section (*2*) or sub-section (*3*) for six months and thereafter shall return the same to any intermediary or any person associated or entity with the pension fund by whom or on whose behalf the books, registers, other documents and record are produced:

Provided that the Investigating Authority may call for any book, register, other documents and record if they are required again:

Provided further that if the person on whose behalf the books, registers, other documents and record are produced requires certified copies of the books, registers, other documents or record produced before the Investigating Authority, it shall give certified copies of such books, registers, other documents or, as the case may be, record to such person or on whose behalf the books, registers, other documents and record were produced.

(*5*) Any person, directed to make an investigation under sub-section (*1*), may examine on oath any intermediary or any person associated with the pension fund in any manner, in relation to the affairs of his business and may administer an oath accordingly and for that purpose may require any of those persons to appear before him personally.

(*6*) Notes of any examination under sub-section (*5*) shall be taken down in writing and shall be read over to, or by, and signed by, the person examined, and may thereafter be used in evidence against him.

(*7*) If any person fails without reasonable cause or refuses—

(*a*) to produce to an Investigating Authority or any person authorised by him in this behalf any book, register, other document or record which it is his duty under sub-section(*2*) or sub-section (*3*) to furnish; or

(*b*) to furnish any information which it is his duty under sub-section (*3*) to furnish; or

(*c*) to appear before the Investigating Authority personally when required to do so under sub-section (*5*) or to answer any question which is put to him by the Investigating Authority in pursuance of that sub-section; or

(*d*) to sign the notes of any examination referred to in sub-section (*6*),

he shall be [1][liable to penalty which may extend to twenty-five crore rupees, and also with a further penalty which may extend to ten lakh rupees, for every day after the first day during which the failure or refusal continues].

1. Subs by Act 8 of 2026, s. 2 and Sch., for certain words (w.e.f. 23.06.2026).

17. Search and seizure.—(*1*) Where the Authority, in consequence of information in its possession, has reason to believe that—

(*a*) any person who has been required under sub-section (*3*) of section 16 to produce, or cause to be produced, any books, accounts or other documents in his custody or power has omitted or failed to produce, or cause to be produced, such books, accounts or other documents; or

(*b*) any person to whom a requisition to produce any books, accounts or other documents as aforesaid has been or might be issued will not, or would not, produce or cause to be produced, any books, accounts or other documents which will be useful for, or relevant to, an investigation under sub-section (*1*) of section 16; or

(*c*) a contravention of any provision of this Act has been committed or is likely to be committed by an intermediary; or

(*d*) any claim which is due to be settled by the intermediary, has been or is likely to be rejected or settled at a figure higher than a reasonable amount; or

(*e*) any claim which is due to be settled by an intermediary, has been or is likely to be rejected or settled at a figure lower than a reasonable amount; or

(*f*) any illegal fees and charges have been transacted or are likely to be transacted by an intermediary; or

(*g*) any books, accounts, papers, receipts, vouchers, survey reports or other documents, belonging to an intermediary are likely to be tampered with, falsified or manufactured,

it may authorise any officer of the Authority, not below the rank equivalent to that of a Gazetted Officer of the Government (hereafter referred to as the authorised officer), to—

(*i*) enter and search any building or place where he has reason to suspect that such books, accounts or other documents, or any books or papers relating to any claim, rebate or commission or any receipts, vouchers, reports or other documents are kept;

(*ii*) break open the lock of any box, locker, safe, almirah or other receptacle for exercising the powers conferred by clause (*i*) where the keys thereof are not available;

(*iii*) seize all or any such books, accounts or other documents, found as a result of such search;

(*iv*) place marks of identification on such books, accounts or other documents or make or cause to be made extracts or copies therefrom.

(*2*) The authorised officer may requisition the services of any police officer or of any officer of the Central Government, or of both, to assist him for all or any of the purposes specified in sub-section (*1*) and it shall be the duty of every such police officer or officer to comply with such requisition.

(*3*) The authorised officer may, where it is not practicable to seize any such book, account or other document, specified in sub-section (*1*), serve an order on the person who is in immediate possession or control thereof that he shall not remove, part with or otherwise deal with it except with the previous permission of such officer and such officer may take such steps as may be necessary for ensuring compliance with this sub-section.

(*4*) The authorised officer may, during the course of the search or seizure, examine on oath any person who is found to be in possession or control of any books, accounts or other documents, and any statement made by such person during such examination may thereafter be used in evidence in any proceeding under this Act.

(*5*) The books, accounts, papers, receipts, vouchers, reports, or other documents seized under sub-section (*1*) shall not be retained by the authorised officer for a period exceeding one hundred and eighty days from the date of the seizure unless the reasons for retaining the same are recorded by him in writing and the approval of the Authority for such retention is obtained:

Provided that the Authority shall not authorise the retention of the books, accounts, papers, receipts, vouchers, reports, or other documents for a period exceeding thirty days after all the proceedings under this Act, for which the books, accounts, papers, receipts, vouchers, reports, or other documents are relevant, are completed.

(*6*) The person from whose custody the books, accounts, papers, receipts, vouchers, reports, or other documents are seized under sub-section (*1*) may make copies thereof, or take extracts therefrom, in the presence of the authorised officer or any other person empowered by him in this behalf at such place and time as the authorised officer may appoint in this behalf.

(*7*) If a person legally entitled to the books, accounts, papers, receipts, vouchers, reports or other documents seized under sub-section (*1*) objects for any reason to the approval given by the Authority under sub-section (*5*), he may make an application to the Central Government stating therein the reason for such objection and requesting for the return of the books, accounts, papers, receipts, vouchers, report or other documents.

(*8*) On receipt of the application under sub-section (*7*), the Central Government may, after giving the applicant an opportunity of being heard, pass such order as it thinks fit.

(*9*) The provisions of the Code of Criminal Procedure, 1973(2 of 1974) relating to searches and seizures shall apply, so far as may be, to every search and seizure made under sub-section (*1*).

(*10*) The Central Government may, by notification, make rules in relation to any search or seizure under this section and in particular, and without prejudice to the generality of the foregoing power, such rules may provide for the procedure to be followed by the authorised officer,–

(*i*) for obtaining ingress into such building or place to be searched where free ingress thereto is not available;

(*ii*) for ensuring safe custody of any books, accounts, papers, receipts, vouchers, reports, or other documents seized under this section.

18. Power of Authority to ensure compliance.—If the Authority finds, after causing an inquiry to be made, that any person has violated, or is likely to violate, any provisions of this Act, or any rule or regulation made thereunder, the Authority may pass an order requiring such person to cease and desist from committing or causing such violation.

19. Management by Administrator.—(*1*) If at any time the Authority has reason to believe that the central recordkeeping agency or pension fund is acting in a manner likely to be prejudicial to the interest of subscribers, it may, after giving the central recordkeeping agency or pension fund, as the case may be, an opportunity of being heard, make a report thereon to the Central Government.

(*2*) If the Central Government, after considering the report made under sub-section (*1*) is of the opinion, that it is necessary or proper to do so, it may appoint an Administrator to manage the affairs of the central recordkeeping agency or pension fund, as the case may be, under the direction and control of the Authority, in such manner as may be specified by notification.

CHAPTER VI

NATIONAL PENSION SYSTEM

20. National Pension System.—(*1*) The contributory pension system notified by the Government of India in the Ministry of Finance *vide* notification number F. No. 5/7/2003-ECB & PR, dated the 22nd December, 2003, shall be deemed to be the National Pension System with effect from the 1st day of January, 2004, and such National Pension System may be amended from time to time by regulations.

(*2*) Notwithstanding anything contained in the said notification, the National Pension System shall, on the commencement of this Act, have the following basic features, namely:—

(*a*) every subscriber shall have an individual pension account under the National Pension System;

(*b*) withdrawals, not exceeding twenty-five per cent. of the contribution made by the subscriber, may be permitted from the individual pension account subject to the conditions, such as purpose, frequency and limits, as may be specified by the regulations;

(*c*) the functions of recordkeeping, accounting and switching of options by the subscriber shall be effected by the central recordkeeping agency;

(*d*) there shall be a choice of multiple pension funds and multiple schemes:

Provided that—

(*a*) the subscriber shall have an option of investing up to hundred per cent. of his funds in Government Securities; and

(*b*) the subscriber, seeking minimum assured returns, shall have an option to invest his funds in such schemes providing minimum assured returns as may be notified by the Authority;

(*e*) there shall be portability of individual pension accounts in case of change of employment;

(*f*) collection and transmission of contributions and instructions shall be through points of presence to the central recordkeeping agency;

(*g*) there shall not be any implicit or explicit assurance of benefits except market-based guarantee mechanism to be purchased by the subscriber;

(*h*) a subscriber shall not exit from the National Pension System except as may be specified by the regulations; and

(*i*) at exit, the subscriber shall purchase an annuity from a life insurance company in accordance with the regulations.

(*3*) In addition to the individual pension account mentioned in clause (*a*) of sub-section (*2*), a subscriber may also, at his option, have an additional account under the National Pension System having the features mentioned in clauses (*c*) to (*g*) of sub-section (*2*) and also having the additional feature that the subscriber shall be free to withdraw part or all of his money at any time from the additional account.

21. Central Recordkeeping Agency.—(*1*) The Authority shall, by granting a certificate of registration under sub-section (*3*) of section 27, appoint a central recordkeeping agency:

Provided that the Authority may, in public interest, appoint more than one central recordkeeping agency.

(*2*) The central recordkeeping agency shall be responsible for receiving instructions from subscribers through the points of presence, transmitting such instructions to pension funds, effecting switching instructions received from subscribers and discharging such other duties and functions, as may be assigned to it under the certificate of registration or as may be determined by regulations.

(*3*) All the assets and properties owned, leased or developed by the central recordkeeping agency, shall constitute regulated assets and upon expiry of certificate of registration or earlier revocation thereof, the Authority shall be entitled to appropriate and take over the regulated assets, either by itself or through an administrator or a person nominated by it in this behalf:

Provided that the central recordkeeping agency shall be entitled to be compensated the fair value, to be ascertained by the Authority, of such regulated assets as may be determined by regulations:

Provided further that where the earlier revocation of the certificate of registration is based on violation of the conditions in the certificate of registration or the provisions of this Act or regulations, unless otherwise determined by the Authority, the central recordkeeping agency shall not be entitled to claim any compensation in respect of such regulated assets.

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22. Point of presence.—(*1*) The Authority may, by granting a certificate of registration under sub-section (*3*) of section 27, permit one or more persons to act as a point of presence for the purpose of receiving contributions and instructions, transmitting them to the Trustee Bank or the central recordkeeping agency, as the case may be, and paying out benefits to subscribers in accordance with the regulations made by the Authority from time to time in this regard.

(*2*) A point of presence shall functions in accordance with the terms of its certificate of registration and the regulations made under this Act.

23. Pension funds.—(*1*) The Authority may, by granting a certificate of registration under sub-section (*3*) of section 27, permit one or more persons to act as a pension fund for the purpose of receiving contributions, accumulating them and making payments to the subscriber in such manner as may be specified by regulations.

(*2*) The number of pension funds shall be determined by regulations and the Authority may, in public interest, vary the number of pension funds:

Provided that at least one of the pension funds shall be a Government company.

Explanation.—For the purposes of this sub-section, the expression "Government company" shall have the meaning assigned to it in section 617 of the Companies Act, 1956 (1 of 1956).

(*3*) The pension fund shall function in accordance with the terms of its certificate of registration and the regulations made under this Act.

(*4*) The pension fund shall manage the schemes in accordance with the regulations.

24. Certain restrictions on foreign companies or individual or association of persons.—The aggregate holding of equity shares by a foreign company either by itself or through its subsidiary companies or its nominees or by an individual or by an association of persons whether registered or not under any law of a country outside India taken in aggregate in the pension fund shall not exceed twenty-six per cent. of the paid-up capital of such fund or such percentage as may be approved for an Indian insurance company under the provisions the Insurance Act, 1938 (4 of 1938) whichever is higher.

Explanation.—For the purposes of this section, the expression "foreign company" shall have the meaning assigned to it in clause (*23A*) of section 2 of the Income-tax Act, 1961 (43 of 1961).

25. Prohibition of investment of funds of subscribers outside India.—No pension fund shall, directly or indirectly invest outside India, the funds of subscribers.

26. Eligibility norms of the central recordkeeping agency, etc.—The central recordkeeping agency, points of presence and pension funds, shall satisfy the eligibility norms as may be specified by the regulations, including minimum capital requirement, past track-record including the ability to provide guaranteed returns, costs and fees, geographical reach, customer base, information technology capability, human resources and such other matters.

CHAPTER VII

REGISTRATION OF INTERMEDIARIES

27. Registration of central recordkeeping agency, pension fund, point of presence, etc.—(*1*) No intermediary, including a pension fund or a point of presence to the extent regulated under this Act, shall commence any activity relating to a pension fund except under and in accordance with the conditions of a certificate of registration granted by the Authority in accordance with the provisions of this Act and the regulations:

Provided that any intermediary, including any point of presence, who had been associated with a pension scheme and appointed to act as such by the Interim Pension Fund Regulatory and Development

Authority immediately before the establishment of the Authority under this Act for which no registration certificate was necessary prior to such establishment, and may continue to do so for a period of six months from such establishment or, if he has made an application for such registration within the said period of six months till the disposal of such application.

(*2*) Every application for grant of a certificate of registration under this Act shall be in such form and manner and shall be accompanied by such fees as may be determined by regulations.

(*3*) The Authority may, after considering the application and subject to such terms and conditions as it may specify, grant a certificate of registration as a central recordkeeping agency, point of presence, pension fund or such other intermediary, as the case may be.

(*4*) The Authority may, by order, suspend or cancel a certificate of registration granted under sub-section (*3*) in such manner as may be determined by regulations:

Provided that no order under this sub-section shall be made unless the person concerned has been given a reasonable opportunity of being heard.

CHAPTER VIII

PENALTIES AND ADJUDICATION

28. Penalty for failure by an intermediary or any other person to comply with provisions or this Act, rules, regulations and directions.—(*1*) Any person, who is required under this Act or any rules or regulations made thereunder,—

(*a*) to obtain a certificate of registration from the Authority for carrying on any activity under this Act, carries on such activities without obtaining such certificate of registration, he shall be liable to a penalty of one lakh rupees for each day during which the failure continues or one crore rupees, whichever is less;

(*b*) to comply with the terms and conditions of a certificate of registration fails to do so, he shall be liable to a penalty of one lakh rupees for each day during which the failure continues or one crore rupees, whichever is less;

(*c*) to furnish any information, document, books, returns or report to the Authority, fails to furnish the same within the time specified by the Authority, he shall be liable to a penalty which may extend to one crore rupees or five times the amount of profits made or losses avoided, whichever is higher;

(*d*) to maintain books of account or records, fails to maintain the same, he shall be liable to a penalty of one lakh rupees for each day during which the failure continues or five times the amount of profits made or losses avoided, whichever is higher.

(*2*) If any person, who is required under this Act or any rules or regulations made thereunder, to enter into an agreement with his client, fails to enter into such agreement, he shall be liable to a penalty of one lakh rupees for each day during which the failure continues or five times the amount of profits made or losses avoided, whichever is higher.

(*3*) If any intermediary registered with the Authority, after having been called upon by the Authority, in writing, to redress the grievances of subscribers, fails to redress such grievances within the time stipulated by the Authority, he shall be liable to a penalty of not more than one crore rupees or five times the amount of profits made or losses avoided, whichever is higher.

(*4*) If any person, who is registered under this Act as an intermediary, fails to segregate moneys of the client or clients or uses the moneys of a client or clients for self or for any other client, he shall be liable to a penalty not exceeding one crore rupees or five times the amount of profits made or losses avoided, whichever is higher.

(*5*) Whoever fails to comply with any provision of this Act, the rules or the regulations made or the directions issued by the Authority under the provisions of this Act for which no separate penalty has been provided, he shall be liable to a penalty which may extend to one crore rupees or five times the amount of profits made or losses avoided, whichever is higher.

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29. Crediting sums realised by way of penalties to Subscriber Education and Protection Fund.—All sums realised by way of penalties under this Act shall be credited to the Subscriber Education and Protection Fund established under sub-section (*1*) of section 41.

30. Power to adjudicate.—(*1*) For the purposes of adjudging under [1][sub-section (*7*) of section 16 or section 28], the Authority shall appoint any of its officers not below the rank specified by regulations to be an adjudicating officer for holding an inquiry as may be determined by regulations, after giving the person concerned a reasonable opportunity of being heard for the purpose of imposing any penalty.

(*2*) While holding an inquiry, the adjudicating officer shall have the power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document which, in the opinion of the adjudicating officer, may be useful for or relevant to the subject matter of the inquiry and if, on such inquiry, he is satisfied that the person has failed to comply with the provisions of [1][sub-section (*7*) of section 16 or section 28], he may recommend such penalty as he thinks fit in accordance with the provisions of that section, to the member in charge of investigation and surveillance.

(*3*) The penalty shall be imposed by a member other than the member in charge of investigation and surveillance:

Provided that while adjudging the quantum of penalty under [1][sub-section (*7*) of section 16 or section 28], the member shall have due regard to the following factors, namely:—

(*a*) amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(*b*) amount of loss caused to a subscriber or group of subscribers; and

(*c*) the repetitive nature of the default.

31. Attachment of assets and supersession of management of intermediary.—(*1*) Any person aggrieved may apply to the Authority for an interim measure of protection in respect of any of the following matters, namely:—

(*a*) the retention, preservation, interim custody or sale of any asset or property which is regulated by the provisions of this Act;

(*b*) securing any pension fund, moneys and other assets and properties owned by or under the control of the pension fund;

(*c*) interim injunction or appointment of an administrator; and

(*d*) such other interim measures as may appear to the Authority to be just and necessary,

and the Authority shall have power to make such orders including an order for attachment of assets of the pension fund as it deems fit in this regard.

(*2*) Where, on a complaint received by the Authority or *suo motu*, the Authority, after conducting an inquiry, comes to a conclusion that the governing board or board of directors, by whatever name called, or the persons in control of any intermediary to the extent regulated under this Act are indulging in any activity which is in contravention of the provisions of this Act or regulations, it may supersede the governing board or board of directors or management of the intermediary in accordance with the provisions of the regulations.

(*3*) In case the governing board or board of directors or management of an intermediary is superseded under sub-section (*2*), the Authority may appoint an Administrator to manage the affairs of the intermediary in accordance with the provisions contained in the regulations.

32. Offences.—(*1*) Without prejudice to any award of penalty by the member under this Act, if any person contravenes or attempts to contravene or abets the contravention of the provisions of this Act or of

1. Subs by Act 8 of 2026, s. 2 and Sch., for "section 28" (w.e.f. 23.06.2026).

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any rules or regulations made thereunder, he shall be punishable with imprisonment for a term which may extend to ten years, or with fine, which may extend to twenty-five crore rupees or with both.

(*2*) If any person fails to pay the penalty imposed by the member or fails to comply with any of the directions or orders issued by the member, he shall be punishable with imprisonment for a term which shall not be less than one month but which may extend to ten years, or with fine, which may extend to twenty-five crore rupees, or with both.

33. Power to grant immunity.—(*1*) The Central Government may, on the recommendation by the Authority, if satisfied, that any person, who is alleged to have violated any of the provisions of this Act or the rules or the regulations made thereunder, has made a full and true disclosure in respect of alleged violation, grant to such person, subject to such conditions as it may think fit to impose, immunity from prosecution for any offence under this Act, or the rules or the regulations made thereunder and also from the imposition of any penalty under this Act with respect to the alleged violation:

Provided that no such immunity shall be granted by the Central Government in cases where the proceedings for the prosecution for any such offence have been instituted before the date of receipt of application for grant of such immunity:

Provided further that the recommendation of the Authority under this sub-section shall not be binding upon the Central Government.

(*2*) An immunity granted to a person under sub-section (*1*) may, at any time, be withdrawn by the Central Government, if it is satisfied that such person had, in the course of the proceedings, not complied with the condition on which the immunity was granted or had given false evidence, and thereupon such person may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the contravention and shall also become liable to the imposition of any penalty under this Act to which such person would have been liable, had no such immunity been granted.

34. Exemption from tax on wealth, income, profits and gains.—Notwithstanding anything contained in—

(*i*) the Wealth-tax Act, 1957 (27 of 1957);

(*ii*) the Income-tax Act, 1961(43 of 1961); or

(*iii*) any other enactment for the time being in force relating to tax on wealth, income, profits or gains,

the Authority shall not be liable to pay wealth-tax, income-tax or any other tax in respect of its wealth, income, profits or gains derived.

35. Cognizance of offences by court.—(*1*) No court shall take cognizance of any offence punishable under this Act or any rules or regulations made thereunder, save on a complaint made by the Authority.

(*2*) No court inferior to that of a Court of Session shall try any offence punishable under this Act.

36. Appeal to Securities Appellate Tribunal.—(*1*) Any person aggrieved by an order made by the Authority or by an adjudicating officer under this Act may prefer an appeal before the Securities Appellate Tribunal which shall have jurisdiction over the matter.

(*2*) Every appeal under sub-section (*1*) shall be filed within a period of forty-five days from the date of receipt of the order appealed against and it shall be in such form and manner and shall be accompanied by such fee as may be prescribed:

Provided that the Securities Appellate Tribunal may entertain an appeal after the expiry of the said period, if it is satisfied that there was sufficient cause for not preferring the appeal within that period.

(*3*) On receipt of an appeal under sub-section (*1*), the Securities Appellate Tribunal may, after giving the parties to the appeal, an opportunity of being heard, pass such orders thereon as it thinks fit, confirming, modifying or setting aside the order appealed against.

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(*4*) The Securities Appellate Tribunal shall send a copy of every order made by it to the Authority, the parties to the appeal and to the adjudicating officers concerned.

(*5*) The appeal filed before the Securities Appellate Tribunal under sub-section (*1*) shall be dealt with by it as expeditiously as possible and endeavour shall be made by it to dispose of the appeal finally within six months from the date on which the appeal is presented to it.

(*6*) Without prejudice to the provisions of sections 15T and 15U of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Appellate Tribunal shall deal with an appeal under this section in accordance with such procedure as may be prescribed.

37. Civil Court not to have jurisdiction.—No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which an adjudicating officer appointed under this Act or a Securities Appellate Tribunal is empowered by or under this Act to determine and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act.

38.Appeal to Supreme Court.—Any person aggrieved by any decision or order of the Securities Appellate Tribunal under this Act may file an appeal to the Supreme Court within sixty days from the date of communication of the decision or order of the Securities Appellate Tribunal to him on any question of law arising out of such order:

Provided that the Supreme Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding sixty days.

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CHAPTER IX

FINANCE, ACCOUNT AND ADUIT

39. Grants by Central Government.—The Central Government may, after due appropriation made by Parliament by law in this behalf, make to the Authority grants of such sums of money as that Government may think fit for being utilised for the purposes of this Act.

40. Constitution of Pension Regulatory and Development Fund.—(*1*) There shall be constituted a fund to be called the Pension Regulatory and Development Fund and there shall be credited thereto—

(*a*) all Government grants, fees and charges received by the Authority;

(*b*) all sums received by the Authority from such other source as may be decided upon by the Central Government.

(*2*) The Fund shall be applied for meeting—

(*a*) the salaries, allowances and other remuneration of the Chairperson and other members and officers and other employees of the Authority;

(*b*) other expenses of the Authority in connection with the discharge of its functions and for the purposes of this Act.

41.**Constitution of Subscriber Education and Protection Fund**.—(*1*) The Authority shall establish a fund to be called the Subscriber Education and Protection Fund.

(*2*) There shall be credited to the Subscriber Education and Protection Fund the following amounts, namely:—

(*a*) grants and donations given to the Subscriber Education and Protection Fund by the Central Government, State Governments, companies or any other institutions for the purposes of the Subscriber Education and Protection Fund;

(*b*) the interest or other income received out of the investments made from the Subscriber Education and Protection Fund;

(*c*) the sums realised by way of penalties by the Authority under section 28.

(*3*) The Subscriber Education and Protection Fund shall be administered and utilised by the Authority for protection of the interests of subscribers in accordance with regulations made for the purpose.

42. Accounts and audit.—(*1*) The Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India.

(*2*) The accounts of the Authority shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the Authority to the Comptroller and Auditor-General.

(*3*) The Comptroller and Auditor-General of India and any other person appointed by him in connection with the audit of the accounts of the Authority shall have the same rights, privileges and authority in connection with such audit as the Comptroller and Auditor-General generally has in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Authority.

(*4*) The accounts of the Authority as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf, together with the audit-report thereon, shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament.

CHAPTER X

MISCELLANEOUS

43.Power of Central Government to issue directions.—(*1*) Without prejudice to the foregoing provisions of this Act, the Authority shall, in exercise of its powers or the performance of its functions under this Act, be bound by such directions on questions of policy, other than those relating to technical and administrative matters, as the Central Government may give, in writing to it, from time to time:

Provided that the Authority shall, as far as practicable, be given an opportunity to express its views before any direction is given under this sub-section.

(*2*) The decision of the Central Government, whether a question is one of policy or not, shall be final.

44. Power of Central Government to supersede Authority.—(*1*) If at any time the Central Government is of the opinion that—

(*a*) on account of circumstances beyond the control of the Authority, it is unable to discharge the functions or perform the duties imposed on it by or under the provisions of this Act; or

(*b*) the Authority has persistently defaulted in complying with any direction issued by the Central Government that the Central Government is entitled to issue under this Act or in the discharge of the functions or performance of the duties imposed on it by or under the provisions of this Act and as a result of such default the financial position of the Authority or the administration of the Authority has deteriorated; or

(*c*) circumstances exist which render it necessary in the public interest so to do,

the Central Government may, by notification and for reasons to be specified therein, supersede the Authority for such period, not exceeding six months, as may be specified in the notification:

Provided that before issuing any such notification, the Central Government shall give a reasonable opportunity to the Authority to make representations against the proposed supersession and shall consider the representations, if any, of the Authority.

(*2*) Upon the publication of a notification under sub-section (*1*) superseding the Authority,—

(*a*) the Chairperson and other members shall, as from the date of supersession, vacate their offices as such;

(*b*) all the powers, functions and duties which may, by or under the provisions of this Act, be exercised or discharged by or on behalf of the Authority shall, until the Authority is reconstituted under sub-section (*3*), be exercised and discharged by the Central Government; and

(*c*) all properties owned or controlled by the Authority shall, until the Authority is reconstituted under sub-section (*3*), vest in the Central Government.

(*3*) On or before the expiration of the period of supersession specified in the notification issued under sub-section (*1*), the Central Government shall reconstitute the Authority.

(*4*) The Central Government shall, as soon as may be, cause a copy of the notification issued under sub-section (*1*) and a full report of any action taken by it, to be laid before each House of Parliament.

45. Establishment of Pension Advisory Committee.—(*1*) The Authority may, by notification, establish with effect from such date as it may specify in the notification, a Committee to be known as the Pension Advisory Committee.

(*2*) The Pension Advisory Committee shall consist of not more than twenty-five members, excluding *ex officio* members, to represent the interests of employees' associations, subscribers, commerce and industry, intermediaries, and organisations engaged in pension research.

(*3*) The Chairperson and the members of the Authority shall be the *ex officio* Chairperson and *ex officio* members of the Pension Advisory Committee.

(*4*) The objects of the Pension Advisory Committee shall be to advise the Authority on matters relating to the making of the regulations under section 52.

(*5*) Without prejudice to the provisions of sub-section (*4*), the Pension Advisory Committee may advise the Authority on such matters as may be referred to it by the Authority and also on such matters as the Committee may deem fit.

46. Furnishing of returns, etc., to Central Government.—(*1*) The Authority shall furnish to the Central Government at such time and in such form and manner as may be prescribed, or as the Central Government may direct to furnish such returns, statements and other particulars in regard to any proposed or existing programme for the promotion and development of the pension industry as the Central Government may, from time to time, require.

(*2*) Without prejudice to the provisions of sub-section (*1*), the Authority shall, within nine months after the close of each financial year, submit to the Central Government a report giving a true and full account of its activities including the activities for promotion and development of schemes of pension funds regulated under this Act during the previous financial year.

(*3*) Copies of the reports received under sub-section (*2*) shall be laid, as soon as may be, after they are received, before each House of Parliament.

47. Members, officers and employees of Authority to be public servants.—The Chairperson and other members and officers and other employees of the Authority shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Act, to be public servants within the meaning of section 21 of the Indian Penal Code (45 of 1860).

48. Protection of action taken in good faith.—No suit, prosecution or other legal proceedings shall lie against the Central Government or the Authority or any officer of Central Government or any member, officer or other employees of the Authority for anything which is in good faith done or intended to be done under this Act or the rules or regulations made thereunder.

49. Delegation of powers.—(*1*) The Authority may, by general or special order in writing, delegate to any member, officer of the Authority or any other person subject to such conditions, if any, as may be specified in the order, such of its powers and functions under this Act (except the powers under section 52) as it may deem necessary.

(*2*) The Authority may, by a general or special order in writing, also form committees of the members and delegate to them the powers and functions of the Authority as may be specified by the regulations.

50. Offences by companies.—(*1*) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act if he proves that the offence was committed without his knowledge or that he has exercised all due diligence to prevent the commission of such offence.

(*2*) Notwithstanding anything contained in sub-section (*1*), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to, any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(*a*) "company" means any body corporate and includes a firm or other association of individuals; and

(*b*) "director", in relation to a firm, means a partner in the firm.

[1][**50A. Powers of Authority not to apply to International Financial Services Centre.—** Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Authority under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centres Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.]

51.Power to make rules.—(*1*) The Central Government may, by notification, make rules for carrying out the provisions of this Act.

(*2*) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(*a*) the salary and allowances payable to and the other conditions of service of the Chairperson and whole-time members under sub-section (*3*) of section 5;

(*b*) the allowances payable to part-time members under sub-section (*4*) of section 5;

(*c*) the additional functions which may be performed by the Authority under clause (*p*) of sub-section (*2*) of section 14;

(*d*) any other matter in respect of which the Authority may exercise the powers of a civil court under clause (*v*) of sub-section (*3*) of section 14;

(*e*) the procedure to be followed by the authorised officer under sub-section (*10*) of section 17;

(*f*) the form and manner in which an appeal may be filed before the Securities Appellate Tribunal and the fee which shall accompany such appeal, under sub-section (*2*) of section 36;

(*g*) the procedure to be followed by the Securities Appellate Tribunal in dealing with an appeal, under sub-section (*6*) of section 36;

1. Ins. by Act 50 of 2019, s. 33 and the second Schedule (w.e.f. 1-10-2020).

(*h*) the form in which annual statement of accounts shall be maintained by the Authority under sub-section (*1*) of section 42;

(*i*) the time within which and the form and manner in which returns and reports are to be made by the Authority to the Central Government under sub-section (*1*) of section 46;

(*j*) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be made, by rules.

52. Power to make regulations.—(*1*) The Authority may, by notification, make regulations consistent with this Act and the rules made thereunder for carrying out the provisions of this Act.

(*2*) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(*a*) the time and places of meetings of the Authority and the procedure to be followed at such meetings (including the quorum at such meetings) under sub-section (*1*) of section 9;

(*b*) the terms and other conditions of service of the officers and other employees of the Authority under sub-section (*2*) of section 11;

(*c*) the regulations to be made by the Authority in respect of pension schemes referred to in clause (*b*) of sub-section (*1*) of section 12 and the time within which such schemes should conform to the regulations, made under sub-section (*2*) of that section;

(*d*) the establishing of mechanisms for redressing grievances of subscribers under clause (*f*) of sub-section (*2*) of section 14;

(*e*) the form and manner in which books of account shall be maintained and statement of accounts shall be rendered by intermediaries under clause (*n*) of sub-section (*2*) of section 14;

(*f*) amendment to the National Pension System referred to in sub-section (*1*) of section 20;

(*g*) the conditions of its purpose, frequency and limits for withdrawals from individual pension account referred to in clause (*b*) of sub-section (*2*) of section 20;

(*h*) the conditions subject to which the subscriber shall exit from the National Pension System referred to in clause (*h*) of sub-section (*2*) of section 20;

(*i*) the conditions subject to which the subscriber shall purchase an annuity referred to in clause (*i*) of sub-section (*2*) of section 20;

(*j*) the duties and functions of central recordkeeping agency under sub-section (*2*) of section 21;

(*k*) the determination of compensation of fair value of the regulated assets payable to central recordkeeping agency under proviso to sub-section (*3*) of section 21;

(*l*) the manner of receiving contributions and instructions and transmitting them to the Trustee Bank or central recordkeeping agency, as the case may be, and paying out the benefits to the subscribers, under sub-section (*1*), and the regulations governing functioning of points of presence under sub-section (*2*) of section 22;

(*m*) the manner in which a pension fund may receive contributions, accumulate them and make payments to the subscriber under sub-section (*1*), the number of pension funds under sub-section (*2*), the functioning of the pension fund under sub-section (*3*), and the manner of managing the schemes by the pension fund under sub-section (*4*) of section 23;

(*n*) the form and manner in which an application for grant of certificate of registration shall be made and the fee which shall accompany such application under sub-section (*2*) of section 27;

(*o*) the conditions subject to which a certificate of registration may be granted to an intermediary under sub-section (*3*) of section 27;

(*p*) the procedure and manner of suspension or cancellation of certificate of registration of intermediaries under sub-section (*4*) of section 27;

(*q*) the procedure for holding inquiry by an adjudicating officer under sub-section (*1*) of section 30;

(*r*) the supersession of the governing board or board of directors of the intermediary under sub-section (*2*) of section 31;

(*s*) the management of affairs of the intermediary by an Administrator under sub-section (*3*) of section 31;

(*t*) the manner of administering and utilising the Subscriber Education and Protection Fund under sub-section (*3*) of section 41;

(*u*) the delegation of powers and functions of the Authority to committees under sub-section (*2*) of section 49;

(*v*) establishment, duties and functioning of the National Pension System Trust;

(*w*) any other matter which is required to be or may be specified by regulations or in respect of which provision is to be or may be made by regulations.

53. Rules and regulations to be laid before Parliament.—Every rule and every regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

54. Power to remove difficulties.—(*1*) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear it to be necessary for removing the difficulty:

Provided that no order shall be made under this section after the expiry of five years from the commencement of this Act.

(*2*) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

55. Application of other laws not barred.—The provisions of this Act shall be in addition to and not in derogation of the provisions of any other law for the time being in force.

56. Savings.—Anything done or any action taken by the Interim Pension Fund Regulatory and Development Authority and Central Government under the Resolutions of the Government of India in the Ministry of Finance number F. No. 5/7/2003-ECB&PR, dated the 10th October, 2003 and F.No.1(6)/2007-PR, dated the 14th November, 2008 and notification number F. No. 5/7/2003-ECB & PR, dated the 22nd December, 2003, shall be deemed to have been done or taken under the corresponding provisions of this Act.

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STATEMENT OF OBJECTS AND REASONS

The Central Government operationalised the New Pension System (hereafter referred to as NPS) from the 1st January, 2004 through a notification dated the 22nd December, 2003. The NPS is mandatory for new recruits to the Central Government services (except the armed forces).

2. The Government had constituted an interim pension sector regulator named as "The Interim Pension Fund Regulatory and Development Authority" through a Government Resolution in October, 2003 as a precursor to a statutory regulator. The Pension Fund Regulatory and Development Authority Bill, 2005 (hereafter referred to as PFRDA Bill, 2005) was introduced in Lok Sabha in March, 2005 to establish a statutory Pension Fund Regulatory and Development Authority. The PFRDA Bill, 2005 was referred to the Standing Committee on Finance on the 24th March, 2005 for examination and report thereon. The Standing Committee on Finance gave its recommendations on the 26th July, 2005. The Government proposed official amendments in January, 2009 to give effect to certain recommendations of the Standing Committee on Finance, but the official amendments could not be moved and the PFRDA Bill, 2005 could not be considered and passed and the same lapsed due to dissolution of the 14th Lok Sabha.

3. An early legislative mandate was considered necessary as the NPS was already in place without the statutory regulatory mechanism. However, pending the passage of the PFRDA Bill, 2005, the Interim Pension Fund Regulatory and Development Authority has created the institutional arrangement of NPS Trust, central recordkeeping agency, pension fund and a trustee bank. Twenty Seven State Governments and Union territories have adopted the NPS for their employees and are in the process of extending the NPS to their employees. Sixteen State Governments have already joined the NPS institutional architecture. The NPS has been launched for all citizens of the country including unorganised sector workers, on voluntary basis, with effect from the 1st May, 2009. It has now become necessary to replace the interim arrangements with proper infrastructure under a regulatory framework in order to avoid future complications.

4. In view of the urgency of the matter, the Pension Fund Regulatory and Development Authority Bill, 2011 is being introduced in Parliament to provide for the establishment of a statutory Pension Fund Regulatory and Development Authority (PFRDA) to promote old age income security by establishing, developing and regulating pension funds, to protect the interests of subscribers of various pension fund schemes and for matters connected therewith or incidental thereto.

5. The Pension Fund Regulatory and Development Authority Bill, 2011, inter alia, provides for—

(a) establishing a statutory regulatory body to be called the Pension Fund Regulatory and Development Authority which will undertake promotional, developmental and regulatory functions in respect of pension funds;

(b) empowering the PFRDA to regulate the National Pension System, as amended from time to time;

(c) empowering the PFRDA to perform promotional, developmental and regulatory functions relating to pension funds (including authorising and regulating intermediaries) through regulations or guidelines, prescribing the disclosure standards, protecting the interests of subscribers to schemes of pension funds;

(d) authorising the PFRDA to levy fees for services rendered, etc., to meet its expenses;

(e) empowering the PFRDA to impose penalties for any violation of the provisions of the legislation, rules, regulations, etc.

6. The Pension Fund Regulatory and Development Authority Bill, 2011 is broadly on the lines of the PFRDA Bill, 2005 as modified by the official amendments proposed to the Bill by the Government in January, 2009. The salient features of the proposed modifications in the Pension Fund Regulatory and Development Authority Bill, 2011 are as under:—

(a) the foreign investment policy for pension sector intermediaries, (including the pension funds and central recordkeeping agency) would be determined and notified outside the proposed legislation under the Foreign Exchange Management Act, 1999. This is on lines with the recent legislations in the financial sector where foreign investment is determined under the Foreign Exchange Management Act, 1999. In the PFRDA Bill, 2005, as modified by the official amendments, the foreign investment policy for pension funds and central recordkeeping agency was part of the said Bill;

(b) to make a provision for establishment of PFRDA consisting of a Chairperson, three Whole-time Members and three Part-time Members instead of a Chairperson, three Whole-time Members and two Part-time Members as proposed in the PFRDA Bill, 2005, as modified by the official amendments;

(c) to make a provision that the period of transitional arrangement for continuance of the intermediary's business would be six months till his application for registration certificate is decided by the PFRDA instead of three months as provided in PFRDA Bill, 2005;

(d) to make certain new provisions providing that, —

(i) actions done by the Interim Pension Fund Regulatory and Development Authority would also be saved;

(ii) the New Pension System as provided in the PFRDA Bill, 2005 would be renamed as the National Pension System in the Pension Fund Regulatory and Development Authority Bill, 2011;

(iii) the National Pension System Trust would be recognised as an intermediary in the Pension Fund Regulatory and Development Authority Bill, 2011;

(iv) the main features of the National Pension System would be part of the statute and the Government notification of 22nd December, 2003 introducing the NPS could be modified through the regulations under the proposed legislation;

(v) no withdrwals shall be permitted from the invidual Tier-I Pension Account, except as may be specified under the regulations; and

(vi) the provisions of clause 7 of the Pension Fund Regulatory and Development Authority Bill, 2011 relating to restriction on future employment of Members of the Pension Fund Regulatory and Development Authority would also be applied to the Chairperson and Members of the Interim Pension Fund Regulatory and Development Authority.

7. The Notes on Clauses explain in detail the various provisions contained in the Pension Fund Regulatory and Development Authority Bill, 2011.

8. The Bill seeks to achieve the above objects.

PRANAB MUKHERJEE.

NEW DELHI
The 18*th March*, 2011.