

National Pension System opened up for NRIs

To enable Indians living abroad to access old age income security, the Reserve Bank of India on Thursday allowed non- resident Indians (NRIs) to subscribe to the National Pension System (NPS).

“It has now been decided, in consultation with the government, to enable National Pension System (NPS) as an investment option for NRIs under FEMA, 1999,” RBI said in a notification here on Thursday.

NRIs may subscribe to the NPS governed and administered by the Pension Fund Regulatory and Development Authority (PFRDA), provided such subscriptions are made through normal banking channels and the person is eligible to invest according to the provisions of the PFRDA Act, it said.

The subscription amounts shall be paid by the NRIs either by inward remittance through normal banking channels or out of funds held in their NRE/ FCNR/ NRO account.

RBI, however, said there would be no restriction on repatriation of the annuity/ accumulated savings.

NPS was launched on January, 1 2004, with the objective of providing retirement income to all the citizens.

NPS aims to institute pension reforms and to inculcate the habit of saving for retirement amongst the citizens.

Initially, it was introduced for the new government recruits (except the armed forces). With effect from May 1, 2009, NPS is open for all citizens of the country, including unorganised sector workers, on a voluntary basis.

HOW IT WORKS

- Subscriptions should be made through normal banking channels
- The person is eligible to invest according to the provisions of the PFRDA Act

(Business Standard)