

‘NPS funds of private firms can be invested in ETFs’

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Hemant G Contractor

New Delhi, July 1:

Pension regulator PFRDA will soon allow private sector NPS monies to be invested in exchange traded funds.

This will form part of the investment guidelines to be specifically issued out for private sector schemes of National Pension System (NPS), PFRDA Chairman Hemant Contractor said here on Wednesday.

Simply put, the NPS related contributions made by employees of corporate sector (private sector) will be allowed to be invested in ETFs.

As of June 27 this year, the total assets under management in respect of private sector schemes of NPS stood at 6,272 crore.

R.V. Verma, PFRDA Member, said that the upcoming investment guidelines will specifically allow private sector NPS monies to be parked in ETFs created for disinvestment of equity stakes held by Government (like the CPSE ETF issued last year).

Private sector NPS monies would be allowed to be invested in other regular ETFs also, he added.

PFRDA had recently revised the investment guidelines for Government sector NPS (basically contributions of central government and state government employees) and allowed their NPS funds to be parked in ETFs as well.

"It is difficult to estimate the quantum of NPS monies that will flow into ETFs at this stage. It has just started for Government NPS and very soon guidelines will be issued allowing it in private NPS also", Contractor said.

Already, the Employee Provident Fund Organisation (EPFO) has decided to invest five per cent of its incremental corpus of 1,00,000 crore in ETFs in 2015-16.

To begin with, EPFO will invest part of its corpus in ETFs issued by SBI Mutual Fund.

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(This article was published on July 1, 2015)