



पेंशन निधि विनियामक और विकास प्राधिकरण
PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

CIRCULAR

PFRDA/2025/09/REG-PF/01

Date: 16th Sep 2025

To

All Pension Funds
All Central Recordkeeping Agencies
NPS Trust
All Points of Presence
Trustee Bank
Other stakeholders of NPS

Subject: Introduction of Multiple Scheme Framework (MSF) for Non-Government Sector Subscribers under NPS – Section 20(2) of PFRDA Act 2013

The Non-Government Sector (NGS) has emerged as a vibrant and dynamic pillar of the NPS, demonstrating consistent progress in both participation and asset growth. This sector reflects the growing confidence of India's private workforce—including corporate employees, professionals, self-employed individuals, and digital economy (platform-based) workers—in securing their financial future through the NPS. While the journey so far has been highly encouraging, the true potential of this vast and diverse segment offers even greater opportunities for expansion and deeper engagement.

Recognizing the need to strengthen India's pension landscape and to bring within its ambit a wider spectrum of contributors, the PFRDA is pleased to introduce the *Multiple Scheme Framework (MSF)*. This framework has been developed under the enabling provisions of Section 20(2) of the PFRDA Act, 2013, which permits subscribers to access multiple schemes under the NPS. The reform is a significant step forward in expanding the outreach of NPS in the NGS, allowing greater flexibility, more personalized retirement solutions, and alignment with global best practices in pension system design.

2. Section 20 of PFRDA Act 2013

The framework is firmly anchored in the PFRDA Act, 2013, which establishes the statutory foundation for NPS. Section 20 of the Act provides for the creation of individual pension accounts, the portability of such accounts, the availability of multiple schemes and Pension Funds, and the requirement of annuity purchase at exit to ensure lifelong income. In addition, the PFRDA (Pension Fund) Regulations, 2015 require Pension Funds (PFs) to operate within the boundaries of prudential investment norms, to make full disclosures of risks and returns, and to maintain technological readiness for servicing subscribers.

The introduction of *MSF envisages a pension system offering multiple choices*, transparency, and efficiency. By bringing this framework into operation, the Authority is ensuring that innovation in pension design is balanced by strong safeguards for subscribers.

3. Key Features of the Framework

The Multiple Scheme Framework is built upon a new architecture where a subscriber, identified uniquely through a Permanent Account Number (PAN) across CRAs, will be able to hold and manage multiple schemes within the NPS through PRAN at each CRA. This is a departure from the earlier structure where a subscriber could operate only a single investment choice per tier and associated with one CRA. By enabling multiple schemes under one identity of PAN, the *framework removes constraints on diversification and provides subscribers with greater scope for aligning their investments with their evolving retirement and wealth building goals.*

Under MSF, PFs are permitted to design schemes that are tailored to specific subscriber persona. These may include schemes for self-employed professionals, digital economy (platform-based) workers, or corporate employees where employer co-contributions are facilitated. Each scheme may have at least two variants, one moderate and one high-risk, with equity allocation allowed up to one hundred percent in the high-risk category. PFs may also, at their discretion, introduce low-risk variants.

The exit provisions, including annuitization requirements, will continue to be governed by the PFRDA (Exits and Withdrawals under the NPS) Regulations. The framework also introduces a transparent and consolidated reporting system at CRA, enabling subscribers to monitor their holdings both at the individual scheme level and in aggregate, through their PRAN. *The accounts held by the Subscribers with more than one CRA can be accessed through Account Aggregator System through PAN and the annual Statement delivered by the designated CRA.*

The cost structure has been designed to remain low, in keeping with NPS principles. The *total charges are capped at 0.30 percent of Assets Under Management (AUM) annually*, with an additional incentive of *0.10 percent allowed for PFs that attract more than eighty percent new subscribers* to a scheme. This incentive is available for three years from the launch of a scheme or until it reaches fifty lakh subscribers, whichever is earlier. The detailed framework with parameters and contours for Section 20(2) Schemes applicable for NGS is attached as Annexure-I. CRA Annual charges for each scheme will continue to be collected by CRA as per prevailing norms as amended from time to time.

4. Benefits to Stakeholders

For subscribers, the MSF represents a major expansion of choice and personalization. *It enables them to balance conservative and aggressive strategies within the same PRAN, to plan for different life stages with tailored schemes*, and to access transparent and low-cost retirement savings products. For PFs, the framework opens opportunities for *product innovation and market expansion*, allowing them to design schemes suited to diverse groups and to compete on performance and service quality.

For the NPS ecosystem as a whole, the framework deepens outreach, enhances inclusivity, and strengthens the credibility of NPS as a globally benchmarked pension system. The illustrative chart containing PAN and PRAN under the proposed new framework attached for reference (Annexure II)

5. Operational and Compliance Provisions

The implementation of MSF will require coordinated system-level enhancements across PFs, CRAs, the Trustee Bank (TB), and Points of Presence (PoPs). The PAN will function as the unifying identifier, while the PRAN will continue as the operational account for transactions. The CRAs will be responsible for enabling multi-scheme operations whereas the TB will adapt its systems to segregate and transfer contributions in line with subscriber choices, while PoPs will upgrade their Subscriber interfaces for onboarding, switching, and exit services.

All schemes introduced by PFs under this framework will require prior approval from PFRDA. PFs must comply strictly with the Authority's investment norms, maintain transparent disclosures through a

standardized “*NPS Scheme Essentials*” document, and ensure benchmarking of schemes against relevant market indices. There is no change in existing schemes as on date, which will now be collectively referred to as “Common Schemes”.

This circular shall take effect from 1st Oct 2025, *International Day of Older Persons* and the day observed as *NPS Diwas*. All stakeholders are advised to make the necessary preparations for timely implementation and to submit progress reports to the Authority as required.

Chief General Manager
Regulation Fund Management Dept.

**Framework for new schemes designed by PFs under Section 20(2) under
Multiple Scheme Framework (MSF)**

| Parameter | Specification | Regulatory Context / Details |
|---------------------------------|---|--|
| End to End value to subscribers | Planning the retirement corpus by investing and ensuring its payout at different stages of life of a subscriber | <ol style="list-style-type: none"> 1. PFs may offer options for subscribers to invest and withdraw within the extant regulations and guidelines, including service related to income pay-outs, annuities and succession planning instruments depending on the level of awareness of each subscriber such that appropriate products are offered by the PF or in partnership with other service providers. 2. PFs are encouraged to offer additional benefits (with extra cost) after appropriately disclosing and explaining those benefits to subscribers on an integrated platform over which they are fully responsible and contractually obligated. |
| Market expansion | Tier I and Tier II schemes can be submitted with annual enrolment targets | <ol style="list-style-type: none"> 1. Available to all new and existing subscribers through both Tier I (retirement-focused) with a vesting period and Tier II (voluntary savings) wherein vesting period is optional. 2. At the end of every 12-month period from date of approval of a scheme, a report will be furnished based on data held at the CRA, to monitor addition of subscribers and to ascertain that funds from existing Schemes have not shifted to any new scheme launched under this framework, except from Tier II. |
| Scheme Types | Persona-Targeted Design | <p>PFs may design schemes for specific range of age of subscribers or segments or occupational (various Persona) categories such as:</p> <ol style="list-style-type: none"> 1. Digital-economy workers (Platform-based) 2. Self-employed / Entrepreneurs / Professionals / Consultants / Media professionals 3. Corporate employees with provision for employer co-contribution and employee contribution in flexible combinations, etc. |
| Risk-based Scheme Design | Moderate and High | <ol style="list-style-type: none"> 1. Each category shall have two risk variants - Moderate and High. Risk-profiling of subscribers shall be based on income or socio-economic parameters to enable informed scheme selection. 2. PFs shall establish an audit mechanism through sample checks to mitigate mis-selling and maintain an audit trail for inspections. 3. High-risk schemes may have equity exposure up to 100%. 4. Introduction of Low-Risk variant is left to the choice of the PFs. |

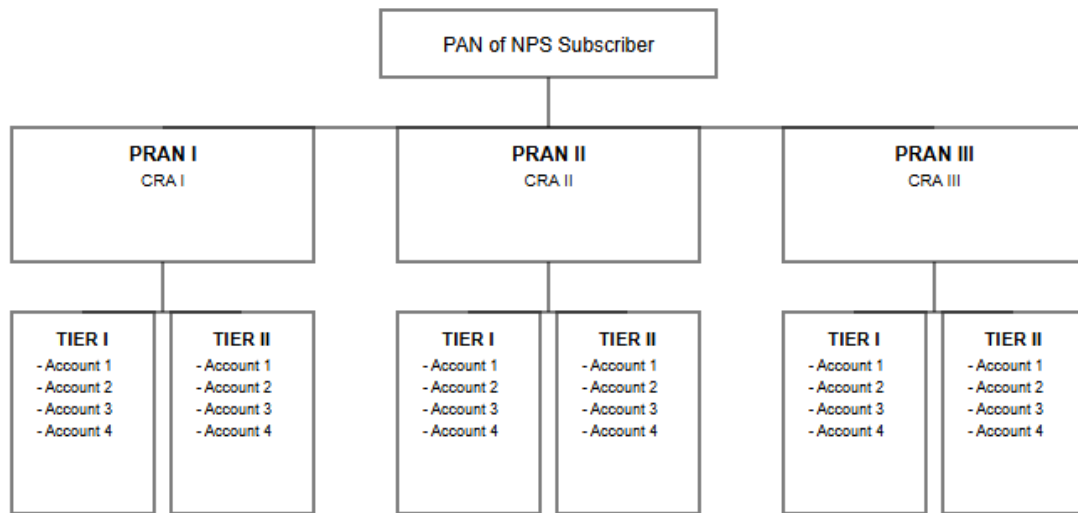
| Parameter | Specification | Regulatory Context / Details |
|--------------------------|------------------------------|--|
| Scheme Naming Convention | Standardized and Transparent | <ol style="list-style-type: none"> 1. Scheme names must compulsorily include the word “NPS” and indicate the scheme objective e.g., Growth, Wealth Builder, Power of Compounding, Pension, Pay-out etc. 2. PFs may include their own brand name. 3. Words that are vague or with multiple meanings should be avoided since Pension products are to be differentiated from other financial services products. |
| Exit Provisions | As per PFRDA Regulations | Exit, withdrawal, and annuitization provisions shall continue to be governed by the PFRDA (Exits and Withdrawals) Regulations, as amended from time to time. |
| Switching Options | Permitted | <ol style="list-style-type: none"> 1. During the vesting period since performance of the schemes may lead to decision of switching, Subscribers are permitted to switch from a scheme launched under this framework to Common Schemes only but not to another scheme approved under Section 20(2). 2. However, the Subscribers who invest in schemes of PFs can move their funds across the schemes under Section 20(2) upon completion of vesting period of 15 years or upon time of normal exit as defined by Exit Regulations of PFRDA. |
| Charges/ Fee | Consolidated | <ol style="list-style-type: none"> 1. Total charges upto 0.30% of the AUM p.a. may be levied and recovered from the scheme launched under this framework, by the respective PF. 2. The above charges shall include the IMF payable to PF which shall be as prescribed by PFRDA, distribution and awareness charges to the PoP as determined by the PF, as prescribed by PFRDA. 3. Custodian charges, CRA charges and NPS Trust charges as prescribed by PFRDA shall be over and above the mentioned charges. 4. PFs shall be entitled to an additional incentive of 0.10% of AUM p.a for schemes launched under this framework if 80% of the subscribers that are subscribing to the scheme are new enrolments under NPS. 5. The additional incentive will be ascertained based on the review to be conducted by PFRDA at the expiry of each period of 12 months from the date of approval. 6. This incentive will be available for a period of three years from the date of approval of a scheme or till the scheme enlists fifty lakh subscribers, whichever is earlier. |
| Vesting Period | Scheme-specific | Minimum vesting period of 15 years, subject to option to exit at age 60 or at the time of retirement. |

| Parameter | Specification | Regulatory Context / Details |
|-----------------------------|------------------------------|---|
| Investment Framework | Regulatory Compliance | <ol style="list-style-type: none"> 1. All schemes must adhere to NPS investment norms applicable, prescribed by PFRDA from time to time 2. Investment Guidelines issued by PFRDA for non-Government sector shall be applicable (PFRDA/Master Circular/2025/03/PF-02 dated 28th March 2025) as amended from time to time, including asset allocation limits, issuer exposure norms, and credit safeguards. 3. Permissible allocations in each Asset class: As per investment guidelines |
| Risk Assessment | Mandatory Risk-o-meter | <ol style="list-style-type: none"> 1. Each scheme shall display a risk-o-meter. 2. PFs must maintain a risk management framework for identification, monitoring, and mitigation of risks. In case of upward risk reclassification, PFs shall align within six months. |
| Tax Benefits | As per Income Tax Act | Tax incentives will be applicable as under the Income Tax Act, 1961 |
| Engagement with Subscribers | Ongoing Communication | <ol style="list-style-type: none"> 1. PFs shall be provided with the demographic information of those subscribers who had invested in their schemes for targeted communication and to build value based relationship. 2. PFs shall maintain regular, targeted communication with subscribers regarding scheme features and developments. 3. Current CRA communication processes will continue in parallel. |
| Performance Benchmarking | Transparent Standards | Each scheme shall be benchmarked against relevant market indices (e.g., equity indices, bond indices, or composite benchmarks) to ensure transparent performance disclosure. |
| Documentation | Standardized Format | <p>A comprehensive information document titled “NPS Scheme Essentials” must be published, covering:</p> <ol style="list-style-type: none"> 1. Scheme name 2. Objectives 3. Asset allocation 4. Risks 5. Vesting provisions 6. Switching 7. Exit options 8. Fee & charge structure 9. Benchmarking framework 10. Details of Fund Manager |
| Approval Process | PFRDA Authorization | Every new scheme shall require prior approval of PFRDA under Section 20(2) of the Act. |
| Performance Monitoring | Existing Oversight Framework | 1. Schemes will be monitored by PFRDA and NPS Trust under the established supervisory framework, with |

| Parameter | Specification | Regulatory Context / Details |
|-----------------------------|-----------------------|---|
| | | <p>periodic 12-month reviews in addition to the extant framework.</p> <p>2. The role of NPST under the existing framework shall continue for the proposed framework</p> |
| Winding up of Schemes by PF | Choice to Subscribers | <p>1. In case of winding up of any scheme by PFs, the choice shall be provided to the Subscribers to migrate to any Common or Section 20(2) scheme.</p> <p>2. Those Subscribers who do not exercise their choice, would be migrated to Tier I under Auto Choice LC 50 of the same PF.</p> |

Annexure II

Architecture of Multiple Scheme Framework (MSF)



Accounts can be one or more under Active, Auto Choices and Schemes of PFs. Exit from one or more Account as per Exit and Withdrawal Guidelines of PFRDA