

नेशनल पेंशन सिस्टम ट्रस्ट
(एन. पी. एस. ट्रस्ट)
National Pension System Trust
(NPS Trust)



वित्तीय वर्ष
2013-14
की
वार्षिक रिपोर्ट
खाते

*Annual Report &
Audited Accounts for
the
Financial Year 2013-
14*

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नेशनल पेंशन सिस्टम ट्रस्ट (एन. पी. एस. ट्रस्ट) का ट्रस्टी बोर्ड (दिनांक 12 जून 2014 को)
Board of Trustees of National Pension System Trust (NPS Trust) as on 12th June 2014



श्री ज्ञानेन्द्र नाथ बाजपेई, अध्यक्ष व ट्रस्टी
Shri Ghynendra Nath Bajpai, Chairman & Trustee



श्री सय्यद शहबुद्दीन , ट्रस्टी
(दिनांक 19 दिसम्बर 2013 तक)
Shri Syed Shahabuddin, Trustee
(Till 19 December 2013)



श्री शैलेश हरिभक्ति, ट्रस्टी
Shri Shailesh Haribhakti, Trustee



श्रीमती पल्लवी श्रोफ, ट्रस्टी
Smt. Pallavi Shroff, Trustee



श्री प्रमोद कुमार रस्तोगी, ट्रस्टी
Shri Pramod Kumar Rastogi, Trustee



श्री नगेन्द्र भटनागर, मुख्य कार्यकारी अधिकारी व ट्रस्टी
Shri Nagendra Bhatnagar, Chief Executive Officer & Trustee

नेशनल पेंशन सिस्टम ट्रस्ट (एन. पी. एस. ट्रस्ट) के ट्रस्टी बोर्ड (दिनांक 12 जून 2014 को) का विवरण Board of Trustees of National Pension System Trust (NPS Trust) as on 12 th June 2014- Details	
<p>श्री ज्ञानेन्द्र नाथ बाजपेई</p> <p>(पूर्व अध्यक्ष भारतीय जीवन बीमा निगम व भारतीय प्रतिभूति व विनिमय बोर्ड)</p> <p>Shri Ghyanendra Nath Bajpai</p> <p>(Former Chairman of Life Insurance Corporation (LIC) and Securities & Exchange Board of India (SEBI))</p>	<p>अध्यक्ष व ट्रस्टी</p> <p>Chairman & Trustee</p> <p>(पी. एफ. आर. डी. ऐ. द्वारा दिनांक 27 फरवरी 2012 को नियुक्त व दिनांक 27 फरवरी 2014 को पुनः नियुक्त)</p> <p>(Appointed by PFRDA with effect from 27th February 2012, reappointed on 27th February 2014)</p>
<p>श्री सय्यद शाहबुद्दीन</p> <p>(एस. बी. आई. म्यूचुअल फंड व क्लेयरिंग कार्पोरेशन आफ इंडिया के पूर्व प्रबंध निदेशक व सी. ई. ओ.)</p> <p>Shri Syed Shahabuddin</p> <p>(Former MD & CEO of SBI Mutual Fund and Clearing Corporation of India)</p>	<p>ट्रस्टी</p> <p>Trustee</p> <p>(ट्रस्टी के पद से टर्म की समाप्ति पर दिनांक 19 दिसम्बर 2013 को रिटायर)</p> <p>(Retired as Trustee on 19th December 2012 on completion of term)</p>
<p>श्री शैलेश हरिभक्ति</p> <p>(अध्यक्ष डी. एच. कंसल्टेंट लिमिटेड, मुंबई)</p> <p>Shri Shaliesh Haribhakti</p> <p>(Chairman of DH Consultants Limited, Mumbai)</p>	<p>ट्रस्टी</p> <p>Trustee</p> <p>(पी. एफ. आर. डी. ऐ. द्वारा दिनांक 12 नवम्बर 2012 को ट्रस्टी नियुक्त)</p> <p>(Appointed by PFRDA as Trustee with effect from 12th November 2012)</p>
<p>श्रीमती पल्लवी श्रोफ</p> <p>(वरिष्ठ पार्टनर अमरचंद मंगलदास एंड सुरेश ऐ श्रोफ एंड कंपनी, नई दिल्ली)</p> <p>Smt. Pallavi Shroff</p> <p>(Senior Partner at Amarchand & Mangaldas & Suresh A Shroff & Co., New Delhi)</p>	<p>ट्रस्टी</p> <p>Trustee</p> <p>(पी. एफ. आर. डी. ऐ. द्वारा दिनांक 12 नवम्बर 2012 को ट्रस्टी नियुक्त)</p> <p>(Appointed by PFRDA as Trustee with effect from 12th November 2012)</p>

<p>श्री प्रमोद कुमार रस्तोगी</p> <p>[सेवा निवृत्त भारतीय प्रशासनिक सेवा अधिकारी, पूर्व सचिव स्टील मंत्रालय; सदस्य, टेलीकॉम डिस्प्यूट सेट्लेमेंट तथा अप्पेलेट ट्रिबुनल]</p> <p>Shri Pramod Kumar Rastogi</p> <p>[Retired, IAS; Former Secretary, Ministry of Steel; Former Member, Telecom Disputes Settlement and Appellate (TDSAT) Tribunal]</p>	<p>ट्रस्टी</p> <p>Trustee</p> <p>(पी. एफ. आर. डी. ऐ. द्वारा दिनांक 8 अप्रैल 2013 को ट्रस्टी नियुक्त)</p> <p>(Appointed by PFRDA as Trustee with effect from 8th April 2013)</p>
<p>श्री नगेन्द्र भटनागर</p> <p>(आई. डी. बी. आई. कैपिटल मार्केट्स लिमिटेड के पूर्व कार्यकारी निदेशक व सी. ई. ओ. तथा असोशिएशन ऑफ इनवेस्टमेंट बैंकर्स के पूर्व अध्यक्ष / सी. ई. ओ.)</p> <p>Shri Nagendra Bhatnagar</p> <p>(Former MD & CEO of IDBI Capital Markets Ltd. and former Chairman / CEO of Association of Investment Bankers of India)</p>	<p>मुख्य कार्यकारी अधिकारी व ट्रस्टी</p> <p>Chief Executive Officer & Trustee</p> <p>(पी. एफ. आर. डी. ऐ. द्वारा दिनांक 27 फरवरी 2012 को नियुक्त व दिनांक 27 फरवरी 2014 को पुनः नियुक्त)</p> <p>(Appointed by PFRDA as Trustee with effect from 27th February 2012, reappointed on 27th February 2014)</p>

एन. पी. एस. ट्रस्ट के व्यवसाय समीक्षा सलाहकार

BUSINESS REVIEW CONSULTANTS to NPS TRUST

क्रिसिल लिमिटेड

क्रिसिल हाउस, सेंट्रल एवेन्यू, हीरानन्दानी बिजनेस पार्क, पवई, मुंबई 400076

संपर्क अधिकारी :-

श्री जीजू विद्याधरन, निदेशक, फंड व फिक्स्ड इंकम सेवाये

CRISIL Limited

CRISIL House, Central Avenue, Hiranandani Business Park,

Powai, Mumbai 400076.

Contact Person:-

Shri Jiju Vidyadharan, Director, Funds & Fixed Income Services.

नेशनल पेंशन सिस्टम (एन. पी. एस.) की मध्यवर्ती संस्थाएँ (इंटेर्मेडियरिस)

(दिनांक 12 जून 2014 को)

INTERMEDIARIES FOR THE NATIONAL PENSION SYSTEM (NPS) SCHEMES

(As on 12th June 2014)

पेंशन फंड मैनेजर (पी. एफ. एम.)

Pension Fund Managers (PFMs)

क्रमांक S. No.	पेंशन फंड मैनेजर Pension Fund Managers	अभिदाता / ग्राहक वर्ग Subscriber Class
1.	एस. बी आई. पेंशन फंड (पी.) लिमिटेड 32, तीसरा तल, मेकर चेम्बर - III, नरीमन पॉइंट, मुंबई 400 021 SBI Pension Funds (P) Ltd, No. 32, 3rd Floor, Maker Chambers-III, Nariman Point, Mumbai - 400 021 संपर्क अधिकारी:- श्री सोम संकरा प्रसाद, प्रबंध निदेशक व सी ई ओ <i>Contact Person:- Sh. Soma Sankara Prasad, Managing Director & CEO</i>	केंद्र व राज्य सरकार (सी जी व एस जी तथा निजी क्षेत्र) Central Government & State Government (CG & SG and Private Sector)
2	एल आई सी पेंशन फंड लिमिटेड सातवा तल, पूर्वी विंग, योगक्षेमा, जीवन बीमा मार्ग, नरीमन पॉइंट, मुंबई 400021 संपर्क अधिकारी:- श्री एस बंधोपाध्याय, प्रबंध निदेशक व सी ई ओ LIC Pension Fund Limited, 7th Floor, East Wing, Yogakshema, Jeevan Bima Marg, Nariman Point, Mumbai - 400021. <i>Contact Person:- Sh. S. Bandhopadhyay, Managing Director & CEO</i>	केंद्र व राज्य सरकार (सी जी व एस जी तथा निजी क्षेत्र) Central Government & State Government (CG & SG and Private Sector)
3.	यूटीआई रिटायरमेंट सॉल्यूशंस लिमिटेड, यूटीआई टॉवर, 'जीएन ' ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा(पूर्व) , मुंबई 400051 संपर्क अधिकारी - : श्री .बलराम पी .भगत, मुख्य कार्यकारी अधिकारी UTI Retirement Solutions Ltd, UTI Tower, 'Gn' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 <i>Contact Person:- Sh. Balram P. Bhagat, Chief Executive Officer</i>	केंद्र व राज्य सरकार (सी जी व एस जी तथा निजी क्षेत्र) Central Government & State Government (CG & SG and Private Sector)

क्रमांक S. No.	पेंशन फंड मैनेजर Pension Fund Managers	अभिदाता / ग्राहक वर्ग Subscriber Class
4.	<p>आई सी आई सी आई प्रूडेंशियल पेंशन फंड मैनेजमेंट कंपनी लिमिटेड आईसीआईसीआई प्रूलाइफ टावर्स, 1089 , अप्पासाहेब मराठे मार्ग, प्रभादेवी, मुंबई- 400025 संपर्क अधिकारी: सुश्री मेघना बाजी, मुख्य कार्यकारी अधिकारी ICICI Prudential Pension Funds Management Company Ltd ICICI Prulife Towers, 1089, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025</p> <p><i>Contact Person:- Ms. Meghana Baji, Chief Executive Officer</i></p>	<p>निजी क्षेत्र Private Sector</p>
5.	<p>कोटक महिंद्रा पेंशन फंड लिमिटेड मंजिल 6, कोटक इन्फिनिटी टॉवर, बिल्डिंग नंबर 21 , इन्फिनिटी पार्क बंद .वेस्टर्न एक्सप्रेस हाइवे, गोरेगांव मुलुंड लिंक रोड, मालाड (पूर्व), मुंबई 400097</p> <p>संपर्क अधिकारी - : श्री .संदीप श्रीखंदे, मुख्य कार्यकारी अधिकारी Kotak Mahindra Pension Fund Ltd 6th floor, Kotak Infinity Tower, Building No. 21, Infinity Park Off. Western Express Highway, Goregaon- Mulund Link Road, Malad (East), Mumbai - 400 097</p> <p><i>Contact Person:- Sh. Sandip Shrikhande, Chief Executive Officer</i></p>	<p>निजी क्षेत्र Private Sector</p>
6.	<p>रिलायंस कैपिटल पेंशन फंड लिमिटेड एक इंडियाबुल्स केन्द्र, वी 11 मंजिल, बृहस्पति मिल्स कंपाउंड, 841, टावर I , सेनापति बापट मार्ग, एल्फिंस्टन रोड, मुंबई 400013</p> <p>संपर्क अधिकारी - : श्री .गुरबीर चोपड़ा, मुख्य कार्यकारी अधिकारी Reliance Capital Pension Fund Ltd. One Indiabulls Centre, 11th floor, Jupiter Mills Compound, 841, Tower -I, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013.</p> <p><i>Contact Person:- Sh. Gurbir Chopra, Chief Executive Officer</i></p>	<p>निजी क्षेत्र Private Sector</p>

क्रमांक S. No.	पेंशन फंड मैनेजर Pension Fund Managers	अभिदाता / ग्राहक वर्ग Subscriber Class
7.	<p>एच डी एफ सी पेंशन मैनेजमेंट कंपनी लिमिटेड 13 वीं मंजिल, लोढा एक्ससेलस, अपोलो मिल्स कंपाउंड, एन एम जोशी मार्ग, महालक्ष्मी, मुंबई 400 011</p> <p>संपर्क अधिकारी: - श्री सुमित शुक्ला, मुख्य कार्यकारी अधिकारी</p> <p>HDFC Pension Management Company Limited 13th Floor, Lodha Excelus, Apollo Mills Compound, N M Joshi Marg, Mahalaxmi, Mumbai 400 011</p> <p>Contact Person:- Sh. Sumit Shukla, Chief Executive Officer</p>	निजी क्षेत्र Private Sector
8.	<p>डी एस पी ब्लैकरॉक पेंशन फंड मैनेजर्स प्रा .सीमित वीं मंजिल 10, मफतलाल सेंटर, नरीमन प्वाइंट, मुंबई 400020-</p> <p>संपर्क अधिकारी : - श्री अनिल गहलानी, बिजनेस हेड और सीआईओ</p> <p>DSP BlackRock Pension Fund Managers Pvt. Limited 10th Floor, Mafatlal Centre, Nariman Point, Mumbai 400020</p> <p>Contact Person:- Sh. Anil Gehlani, Business Head & CIO</p>	निजी क्षेत्र Private Sector

केन्द्रीय अभिलेख एजेंसी (सेंट्रल रेकॉर्ड कीपिंग एजेंसी)

एन एस डी एल ई-गवर्नेंस इंफ्रास्ट्रक्चर लिमिटेड, 4 थी मंजिल, ए विंग, ट्रेड वर्ल्ड,कमला मिल्स कम्पाउण्ड,
सेनापति बापट मार्ग, लोअर परेल,मुंबई 400013

संपर्क अधिकारी: श्री अमित सिन्हा, कार्यकारी एक्सजिक्यूटिव वाइस प्रेसिडेंट

Central Record Keeping Agency

NSDL e-Governance Infrastructure Limited, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Contact Person: Sh. Amit Sinha, Executive Vice President

ट्रस्टी बैंक

(जून 2013 तक)

बैंक ऑफ इंडिया, प्रधान कार्यालय, एन पी एस सेल, स्टार हाउस, प्लॉट क्रमांक जी/5, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई 400051

संपर्क अधिकारी:-

1. श्री करंदीकर वी. एच. उप महा प्रबन्धक
2. श्री जीवानंद झा, सहायक महाप्रबंधक

(जुलाई 2013 से प्रभावी)

एक्सिस बैंक लिमिटेड, व्यापार बैंकिंग विभाग, मंजिल 6, एक्सिस हाउस, सी 2-, वाडिया इंटरनेशनल सेंटर, पांडुरंग बुधकर मार्ग, वर्ली, मुंबई .400025

शाखा का पता :

शाखा का नाम - कॉर्पोरेट बैंकिंग शाखा, मुंबई, भूतल, एक्सिस हाउस, सी 2-, वाडिया इंटरनेशनल सेंटर, पांडुरंग बुधकर मार्ग, वर्ली, मुंबई 400025

संपर्क अधिकारी:-

1. श्री करन बूटालिया, वाइस प्रेसिडेंट,
2. श्री प्रसन्ना आचार्या, वाइस प्रेसिडेंट

Trustee Bank

(Till June 2013)

Bank of India, Head Office, NPS Cell, Star House, Plot No. G/5, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051

Contact Persons:-

1. Shri Karandikar V.H., Dy. General Manager
2. Shri Jiwanand Jha, Asstt. General Manager

(With effect from July 2013)

Axis Bank Limited, Business Banking Dept., 6th Floor, Axis House, C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400025.

Address of the Branch:

Name of the Branch - Corporate Banking Branch, Mumbai, Ground Floor, Axis House, C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400025.

Contact Persons:-

1. Karan Butalia, Vice President
2. Shri Prasanna Acharya, Vice President

कस्टोडियन

स्टॉक होल्डिंग कॉर्पोरेशन ऑफ इंडिया लिमिटेड (एस सी एच आई एल),
301, सेंटर प्वाइंट, परेल, डॉ. बाबासाहेब आंबेडकर रोड, मुंबई 400012

संपर्क अधिकारी: श्री आर आनंद, वाइस प्रेसिडेंट

Custodian

Stock Holding Corporation of India Ltd. (SCHIL)
301, Centre Point, Parel, Dr. Babasaheb Ambedkar Road, Mumbai - 400 012

Contact Person: Sh. R. Anand, Vice President



Trustees' Report

The Trustees of National Pension System (NPS) Trust have pleasure in presenting the Annual Report of the Trust for the Financial Year 2013 - 14.

About NPS Trust

The NPS Trust was established in terms of the Central Government letter D.O. No 5(75)/2006-ECB & PR dated 24th April 2007. PFRDA is the Settlor of the Trust and the execution of the NPS Trust Deed by PFRDA took place on 27th February, 2008. A memorandum of Understanding was signed between PFRDA and the NPS Trust highlighting the rights and obligations of both the parties on 1st July 2009. The Board of Trustees of NPS Trust was initially constituted with three members.

The NPS Trust has been set up and constituted to hold the assets and funds under the NPS for the benefit of the beneficiaries (subscribers). Trustees have the legal ownership of the Trust Fund and the general superintendence, direction and management of the affairs of the Trust and all powers, authorities and discretions appurtenant to or incidental to the purpose of the trust absolutely vest in the Trustees, subject nevertheless to the provision of the PFRDA Act-2013, Indian Trust Act - 1882, NPS Trust Deed and further subject to such directions or guidelines that may be issued by PFRDA from time to time. However, the beneficial interest shall always vest with the beneficiaries of the NPS Trust.

Trustee Bank

Bank of India was appointed by PFRDA as Trustee Bank for NPS for a period of five years and an agreement was signed between NPS Trust and the Trustee Bank (Bank of India) on 22nd May 2008. Fresh selection of Trustee Bank was done by PFRDA by RFP process and Axis Bank was appointed by PFRDA as the new Trustee Bank w.e.f. 1st July 2013. Funds are transmitted by the Trustee Bank (TB) as per the time limits prescribed in the agreement with TB. Some of the important responsibilities of TB are as under:-

- (i) The Bank shall assume the day to day banking of the funds under the NPS and the Bank shall provide Banking facilities in accordance with the provisions of the PFRDA guidelines/ directions.
- (ii). The Bank shall exercise all due diligence and vigilance in carrying out its duties and in protecting the rights and interests of the subscribers.

Custodian

Stock Holding Corporation of India (SCHIL) was appointed by PFRDA as the custodian to NPS. Tripartite agreements have been signed between NPS Trust, Stock Holding Corporation of India and respective Fund Managers after signing of IMAs. As per the agreement, the custodian is authorized to maintain all

accounts, registers, corporate books and other documents on computer records and to produce the same when required by the client and / or PFRDA/ SEBI/ or a Court of competent jurisdiction. As per the NPS Trust Deed, Trust is empowered to issue instructions to the custodian not to assign, transfer, hypothecate, pledge, lend or otherwise dispose of any assets or property of the NPS Trust, except as per the provisions of the custody agreement.

The scope of work of the Custodian includes:-

Providing Custodial and depository participant services.

To hold the Properties as agent and discharge such custodial functions as are specifically provided.

NPS Trust Board: Appointments & Resignations

Shri Syed Shahabuddin retired as a Trustee on the Board of NPS Trust on 19th December 2013 on completion of his term.

Shri Pramod Kumar Rastogi was appointed as a Trustee by PFRDA on 8th April 2013.

Term of Sh. G. N. Bajpai as Chairman & Trustee of the Board of Trustee of NPS Trust was extended by PFRDA upto 31st July 2014. Term of Sh. Nagendra Bhatnagar as Trustee was also extended by PFRDA upto 31st July 2013.

Audit Committee of the Board of Trustees of NPS Trust: Meetings held and Attendance

Four meetings of the Audit Committee to NPS Trust Board were held during the financial year 2013-14. The details of Audit Committee meetings attended by the Trustees are as under:-

Name	No. of Meetings attended
Shri Shailesh Haribhakti	Chairman 4
Shri Syed Shahabuddin	Member 3
Shri Nagendra Bhatnagar	Member 4

Meetings of the Board of Trustees of NPS Trust held and Attendance

Five meetings of the NPS Trust's Board of Trustees were held during the financial year 2012 -13. The details of Board meetings attended by the Trustees are as under:-

Name	No. of Meetings attended
Shri G. N. Bajpai Chairman & Trustee (Re-appointed as Trustee on 27 th February 2014)	5
Shri Syed Shahabuddin Trustee (Retired as Trustee on 19 th December 2012 on completion of term)	4
Shri Shailesh Haribhakti Trustee (Appointed by PFRDA with effect from 12 th Nov. 2012)	4
Smt. Pallavi Shroff Trustee (Appointed by PFRDA with effect from 12 th Nov. 2012)	2
Shri Pramod Kumar Rastogi Trustee (Appointed by PFRDA with effect from 8 th April 2013)	4
Shri Nagendra Bhatnagar Chief Executive Officer & Trustee (Re-appointed as Trustee on 27 th February 2014)	5

Accounts of National Pension System (NPS) Trust

The Accounts of the Trust for the financial year 2013-14 were audited by M/s. Ghosh Khanna & Co. Statutory auditors to NPS Trust. The Audited Accounts and Report of the Auditor are annexed to this report.

Agreements signed during the Financial Year 2013 - 14

During the Financial year 2013-14, Kerala joined the NPS for its State government employees and agreement was signed with the Government of Kerala. Agreements were also signed with the States of Tripura & Arunachal in respect of NPS for their respective All India Services (AIS) staff. Agreement was also signed with Axis Bank, who were appointed by PFRDA as the Trustee Bank for NPS. In addition, Investment Management Agreements were signed with all the Pension Fund Managers, managing the Private Sector NPS.

Global economy: Calendar Year 2013

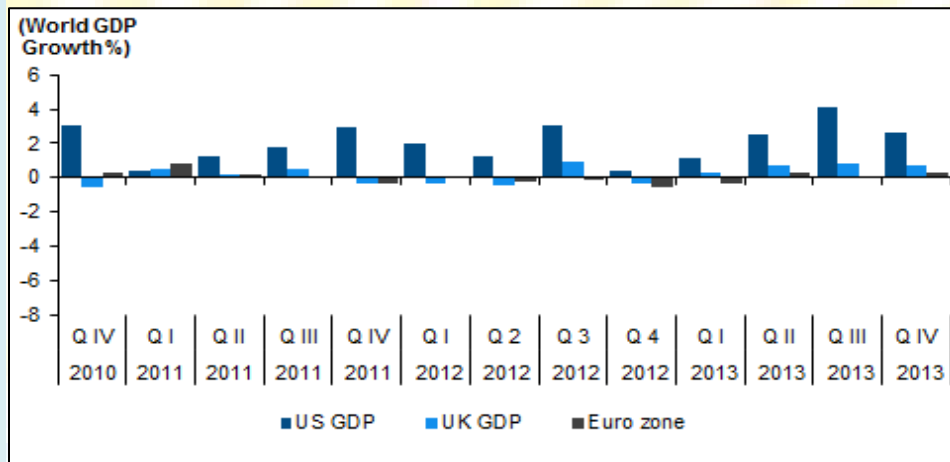
United States of America

The US economy grew by 1.9% in 2013 after expanding 2.8% in 2012. A three week government shut down due to a federal budget impasse in the later part of 2013 offset earlier economic gains made from a recovery in the job market. Among other developments, the US Fed followed up with its announcement of curtailing its monthly bond purchases from early 2014 citing an improvement in economic health. The central bank cut its buying by \$40billion in all; its current monthly buying is \$45billion. Meanwhile, inflation in the country rose 1.5% in 2013, the lowest for a calendar year since 2010, easing from 2.1% in 2012.

United Kingdom

UK's GDP expanded 1.7% in 2013, after recording 0.3% growth in 2012. After a shaky start, the economy recovered in the second half of the year on the back of strong performances in the manufacturing, services and construction sectors. However, the country's trade gap remained a cause for concern with growth in exports accompanying a rise in imports. To reduce the soaring current account deficit, the UK government announced a round of spending cuts, with plans to raise 11.5 billion pounds through savings from government budgets. Meanwhile, inflation measured by the CPI eased to 2% in December 2013, matching the government's set target, from 2.7% in December 2012.

Chart 1 - GDP growth of major world economies



Source: Statistical bureau, respective countries

Euro Zone

After managing to rein in the contraction in growth earlier in the year, the Euro zone expanded at an annualized rate of 0.3% in the fourth quarter of 2013 driven by growth in exports and investments. On calendar year basis however, the bloc's economy contracted 0.4% in 2013, following a 0.6% contraction in the previous year. To support the recovery, the European Central Bank (ECB) slashed its refinancing rates twice during the year from 0.75% to 0.25%. The government's debt burden however remained high. Deflationary fears also gripped the region, with inflation falling to 0.8% in December 2013 as against 2.2% in December 2012.

China

The Chinese economy expanded by 7.7% in 2013, in line with the growth achieved in 2012, triggering fears of a slowdown in the world's fastest growing economy. To stimulate growth, Chinese leaders planned to introduce reforms to enable private businesses to more effectively compete in industries dominated by state-run companies. Other measures to reduce the rising debt burden and catalyze output included relaxing foreign investment restrictions on various businesses. Inflation as measured by the CPI came in at 2.5% in December 2013, in line with the level seen a year ago.

Japan

Japan's economy grew 1.6% in 2013 compared with 1.4% in 2012. Monetary measures by the central bank included injecting about \$1.4 trillion into the economy in less than two years to spur growth through job creation and a \$182 billion package to pull the economy out of deflation. The central bank also hiked the sales tax to 8% to reduce government debt, and implemented a stimulus package of 5 trillion yen to offset the effects of the tax hike. However, weak consumption and exports led to an economic slowdown in the later part of the year.

Policy Rates

All major central banks with the exception of the European Central bank (ECB), maintained their interest rates through the year. The ECB slashed its interest rate twice in 2013, first by 25 bps to 0.5% in May and by a further 25 bps to 0.25% in November.

Policy rates in major economies

Country	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
United States	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25	0.0-0.25
United Kingdom	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Euro zone	0.75	0.75	0.5	0.5	0.5	0.5	0.5	0.5	0.25	0.25	0.25	0.25	0.25
Japan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
China	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0

Source: Central Banks, respective countries

Domestic Economy: FY 2013-14

The Indian economy continued with its low performance for the second consecutive fiscal year with its growth rate dipping below 5% in the first three quarters of FY14 (2013-14). In FY13, it had reported a decadal low growth of 4.5%. According to the advance estimates of CSO, the economy grew at 4.9% in FY14. Even though the services sector provided some respite with 7.6% growth in Q3 of FY14, industry turned out to be the worst performer, contracting 0.7%. Following a good monsoon during the year, and aided by healthy reservoir levels, the agricultural sector is expected to grow 4.6% in the current fiscal.

Supply-side GDP growth (year-on-year %)

	Q1FY14	Q2FY14	Q3FY14	FY14AE
GDP at factor cost	4.4	4.8	4.7	4.9
Agriculture	2.7	4.6	3.6	4.6
Industry	0.2	2.3	-0.7	0.7
Mining & Quarrying	-2.8	-0.4	-1.6	-1.9
Manufacturing	-1.2	1.0	-1.9	-0.2
Electricity, gas and water supply	3.7	7.7	5.0	6.0
Construction	2.8	4.3	0.6	1.7
Services	6.7	6.0	7.6	6.9
Trade, hotels, transport & communication	3.9	4.0	4.3	3.5
Financing, insurance, real estate and business services	8.9	10.0	12.5	11.2
Community, social & personal services	9.4	4.2	7.0	7.4

AE: Advance estimates

Source: Central Statistical Office (CSO), CRISIL Research

India's trade deficit for FY14 stands at \$138.6 billion compared with deficit of \$190.3 billion FY13. The reduction is due to (i) decline in gold imports following restrictions imposed in July 2013 and (ii) lower non-oil and non-gold imports because of weak domestic growth. A pick-up in exports driven by improving global demand also provided some support. It is estimated that gold imports have almost halved this year as the import duty on gold was hiked to 10% and importers were asked to reserve one-fifth of all imports for exports. On May 21 2014, the RBI provided some relaxation on imports of gold under the existing norms, but that is unlikely to result in any significant surge in gold imports in the coming months. Aided by a contraction in merchandise imports and a pickup in exports, current account deficit for FY14 stood at \$32.4 billion (1.7% of GDP), down from \$87.4 billion (4.7% of GDP) in FY13. On the fiscal front, fiscal deficit for FY14 stood at 4.6% of GDP for FY14, below the budgeted target of 4.8% and also lower than 4.9% of GDP in FY13.

FY14 saw sticky inflation and a weak currency. To stem the rising inflation and sharp depreciation of the rupee during the middle of 2014, the Reserve Bank of India (RBI) undertook a number of measures. To curb inflation it gradually hiked the policy rate (repo rate) by a total of 75 bps, bringing it up to 8% in January 2014. Extra ordinary liquidity tightening measures like hiking the MSF rate 300 bps above the repo rate and reducing the amount of liquidity available to banks under the repo window were helpful strengthening the rupee. These extra ordinary measures were gradually withdrawn as the RBI got comfort

from the currency. However, inflation has remained a cause of concern to the central bank. Consumer Price (CPI) inflation has risen from 8.03% in February to 8.31% in March 2014. The impact of past rate hikes; a stronger rupee and base effect will help keep inflation at low levels in the coming months.

Consumer Price Index (year-on-year %)

	April-March			
	Mar-14	Mar-13	FY14	FY13
Headline CPI	8.3	10.4	9.5	10.2
Food, Bev & Tobacco	9.2	12.3	11.1	11.8
Fuel & Light	6.3	8.3	7.4	8.5
Core CPI	7.7	8.6	8.0	8.6
Housing	9.9	10.5	10.4	11.3
Clothing, bedding & footwear	9.0	10.6	9.4	11.0
Misc.	6.8	7.4	6.8	7.3

Source: CSO, CRISIL Research

Global Equity Markets: Developed economies lead the rally

Global equity markets surged sharply (MSCI World Index gave 17% returns) in FY14 led by strong rallies in developed economies such as the US, Europe and Japan. Economic recovery in these countries coupled with low interest rates from the respective central banks, led to their strong performance. The riskier emerging markets however posted negative returns (MSCI Emerging Market Index gave -4% returns in FY14). However, the Indian benchmark CNX Nifty stood out in terms of performance, delivering 18% returns during the year.

The US market continued with its strong performance from the last two fiscals, to close up sharply in FY14; Dow Jones, S&P 500 index and Nasdaq Composite gained 13%, 19% and 29%, respectively, in the latest fiscal. Positive domestic economic data was the primary reason for the gains in US equities, the tech heavy NASDAQ benefitted more helped by strong earnings and growth prospects of its underlying stocks. The European indices too had a positive run in the latest fiscal, following up on a strong FY12, helped by strong cues from the US markets and economic recovery in the domestic market. The Nikkei

gained over 20% during the year driven by signs of economic recovery, a weaker yen and stimulus packages announced by its government and the central bank.

The emerging markets and Asian markets were impacted by the decline in commodity prices and slowdown in the world's second largest economy, China. The Indian equity market, however, bucked this trend to post a strong 18% return during the year. The pullback of stimulus in the US coupled with signs of prospects of rise in interest rates in the country will have to be monitored. Sustainability of economic activity in emerging countries in absence of these stimulus measures will be a key indicator of economic recovery and will help drive the global equity asset class.

Returns of key world markets in Financial Year 2014

Index	Country/Region	Returns (%)*
Americas		
DOW JONES INDUS. AVG	US	12.89
S&P 500 INDEX	US	19.32
Nasdaq Composite	US	28.51
BRAZIL IBOVESPA INDEX	Brazil	-10.54
MEXICO IPC INDEX	Mexico	-8.20
Europe		
FTSE 100 INDEX	UK	2.91
CAC 40 INDEX	France	17.69
DAX INDEX	Germany	22.59
Asia		
NIKKEI 225	Japan	20.20
HANG SENG INDEX	Hong Kong	-0.67
Strait Times	Singapore	-3.61
NSE CNX NIFTY INDEX	India	17.98
Regional Indices		
MSCI EM	Emerging Markets	-3.89
MSCI WORLD	World	16.69
MSCI AC ASIA x JAPAN	Asia-Ex Japan	0.35
MSCI EUROPE	Europe	17.32

*From March 29, 2013 to March 31, 2014. For indices which were not traded on these dates, the nearest dates were selected

International Debt and Gilt Markets (US)

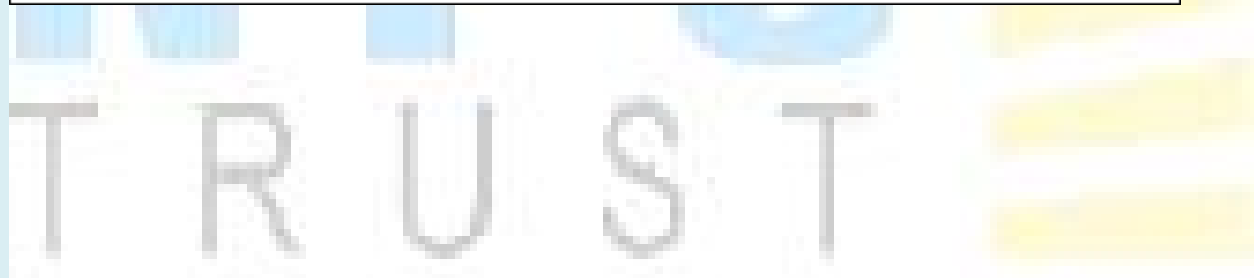
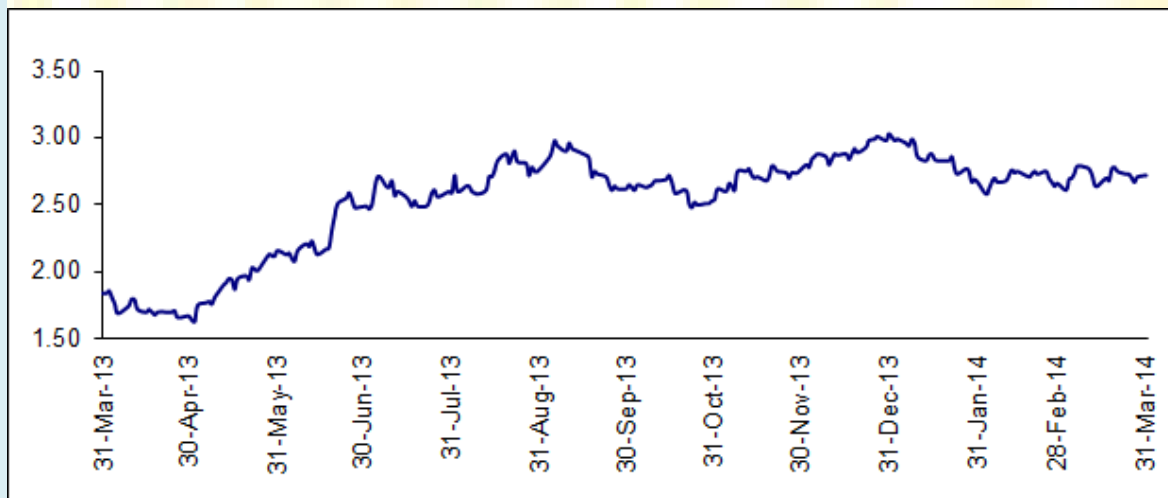
US treasury prices fell in the fiscal year ended March 2014, with the yields rising sharply in the first half of the fiscal, while they moved in a range bound manner in the second half. The yield on the US 10-year benchmark closed at 2.72 % on March 31, 2014, up 87 bps compared with 1.85 % yield on March 28, 2013; the yield was, however, lower compared with the two and a half year high level of 3.03%, reached in the last week of December 2013. US debt prices started the fiscal on the higher side as some weak

domestic and global economic pointers bolstered the demand for the safe-haven government debt. Concerns over the potential US military strike against Syria for alleged use of chemical weapons also supported the US treasuries.

But yields started rising consistently from May 2013 as intermittent signs of recovery in the US economy, especially jobs and the housing sector, raised worries that the US Federal Reserve may taper the bond purchase program; these fears came true in December when the central bank announced that it will reduce its monthly bond purchase of \$85 bn by \$10 bn from January 2014. The central bank continued with its stimulus pullback, which now stands at \$45 bn.

Further fall in prices were capped after mid-January 2014 following political problems in Turkey, Argentina, and between Ukraine and Russia, which resulted in massive sell-off in equities and boosted the safe-haven appeal of US debt. Bond prices also gained due to fears of economic slowdown in China after the release of some disappointing economic data.

Chart 2: US 10-Year Government Bond Yield



Indian Equity Market: Positive domestic cues - the key driver of performance in Financial Year 2013-14

The Indian equity market represented by the benchmark CNX Nifty surged 18% in FY14, sharply higher than 7% posted in FY13. The sharp spike in domestic equities largely during the second half of the current fiscal was due to recovery of the rupee against the dollar and fall in inflation (both retail and wholesale). Positive state election results for the main opposition party also augured well for Indian equities. Investors also cheered Finance Minister P. Chidambaram's vote-on-account budget proposal to cut excise duty to increase sales. These positive sentiments also led to robust demand for the Central Public Sector Enterprise Exchange Traded Fund (CPSE ETF). The government launched the CPSE ETF in March-end to divest its stake in public undertakings and meet its divestment target for 2013-14 fiscal. The new fund offer (NFO) attracted Rs 40 bn compared with the government's target of Rs 30 bn. Some positive global cues in the form of sustained economic recovery in the US and signs of low interest rates in the developed countries also aided Indian equities. Strong buying by foreign institutional investors (FIIs) also boosted domestic equities; FIIs were net buyers of Rs 797 bn in FY14 compared with net buying of Rs 1.4 trillion in the previous fiscal.

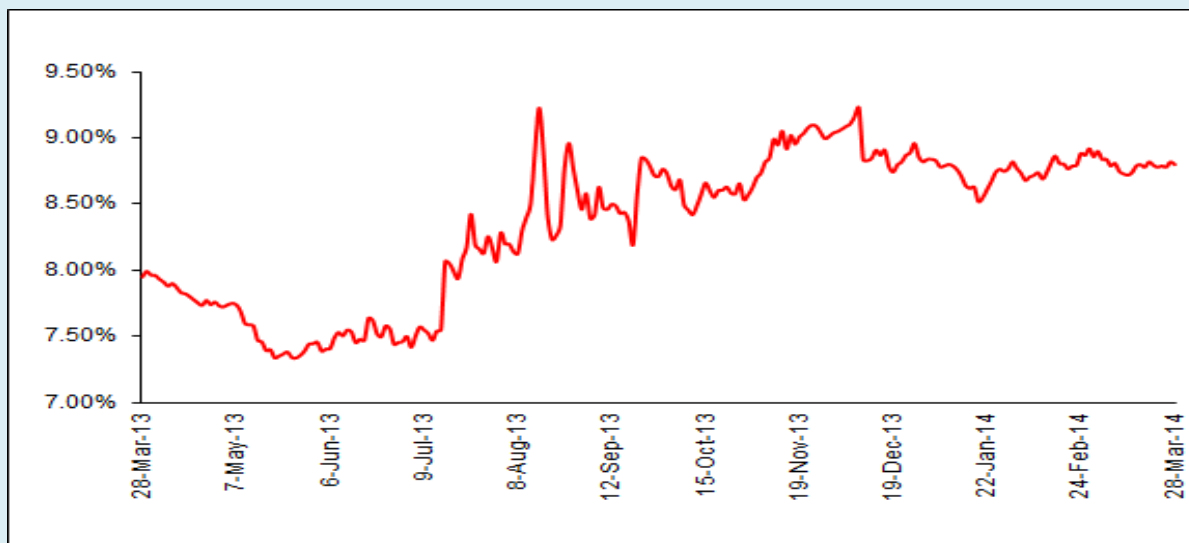
Gains were however capped, especially in the July-September quarter, due to the sharp decline in the Indian rupee against the US dollar. The market was also dragged down by the RBI's liquidity tightening and monetary measures to stabilise the currency and control inflation. Weak global cues in the form of worries regarding stimulus pullback by the US Federal Reserve also dampened sentiments for Indian equities. However, the cut rolled out in January 2014 did not have much impact on the market.

All sectoral indices analysed closed in the positive during the fiscal year except for the Realty index, which was down nearly 16%, dragged by worries of monetary tightening and feeble growth in demand. Export oriented sectors viz., IT and Pharma were among the prominent gainers, up 29% and 28% respectively, helped by the rupee depreciation and signs of economic recovery in the US. The Auto index was the biggest gainer, up 37% on hopes of rising demand especially after the government announced excise duty cuts in the vote-on-account budget held in February.

Indian Debt Market: High volatility amid uncertain economic environment

Inter-bank call money rates moved in the broad range of 6.30-10.50% in the financial year ended March 2014, with the rates rising sharply in the first half of the year due to strong demand for funds from banks and liquidity tightening measures by the RBI. In July 2013, the RBI had hiked the minimum amount banks need to maintain under CRR on a daily basis to 99% of the requirement with effect from July 27 from 70% earlier. Other liquidity-tightening measures by the central bank during that month such as hiking the marginal standing facility (MSF) rate and reduction in borrowing limits for banks from the RBI's liquidity adjustment facility (LAF) to curb exchange rate volatility added to the pressure on call money rates. However rates started easing later in the year as the central bank gradually pulled back its liquidity tightening measures and as it resorted to various open market operations and repo auctions to ease the liquidity.

Chart 3: India 10-Year Benchmark Gilt Yield



Indian government bond prices fluctuated sharply in the financial year 2013-14 amid uncertain domestic economic environment. The yield on the 10-year benchmark 8.83%, 2023 ended at 8.80% on March 28, 2014, compared with 8.84% on December 10, 2013 - the day on which it was declared as the new benchmark. Meanwhile, the erstwhile benchmark 7.16%, 2023 ended at 9.23% on December 9, 2013, compared with 7.95% on March 28, 2013.

Gilt prices fell especially in the first nine months of the fiscal dragged down by interest rate tightening measures by the RBI, sharp depreciation of the rupee and a sharp surge in domestic inflation. Worries of stimulus pullback in the US, its later culmination and continuing market borrowing by the government added to the downfall for gilt prices in the fiscal. Further losses were however capped later in the year due to recovery in the rupee and easing of inflation in the country. Improvement in the country's current account deficit and slowdown in domestic economy also augured well for gilts as they raised hopes of monetary easing by the central bank. Gilts also rose after the government announced it will contain fiscal deficit for 2013-14 at 4.6% of GDP and set a net market-borrowing target of Rs 4.57 lakh cr for the next fiscal; fiscal deficit for 2014-15 has been pegged at 4.1% of GDP. Pullback of the monetary tightening measures by the RBI coupled with calming of nerves over stimulus pullback in the US also helped gilt prices later in the year.

Among regulatory developments, the government decided to borrow Rs 3.68 lakh cr through dated securities in April-September, accounting for 61.6% of the gross market borrowing of Rs 5.97 lakh cr for FY 2014-15. The government increased the investment limit of foreign portfolio investors in government bonds by \$5 bn to \$30 bn. The government also notified withholding tax cut on interest earned by foreign investors on investment in long term infrastructure bonds to 5% from 20% until May 2015.

The RBI decided to allow various investors to invest in the credit enhanced bonds up to a limit of \$5 bn within the overall limit of \$51 bn earmarked for corporate debt. It also lowered the sub-limit for foreign investors in commercial papers to \$2 bn from \$3.5 bn at present. RBI launched cash-settled interest rate

futures contracts for investors to help them hedge interest rate risks while investing in government bonds; The RBI said that secondary market over-the-counter trades in corporate bonds and securitised debt instruments must be reported within 15 minutes of the trade to any stock exchange. The RBI increased the maximum limit for investment in Inflation Indexed National Saving Securities- Cumulative (IINSS-C) from Rs 5 lakh to Rs 10 lakh per annum for individual investors and from Rs 5 lakh to Rs 25 lakh per annum for non-profit institutions. SEBI also allowed foreign institutional investors to buy G-secs without having to bid for a quota; FIIs will be able to buy debt securities on tap, until 90% of the total available limit of \$25 bn of government debt is reached. Once the limit is breached, G-secs will be sold in an auction. Further, it eased the bond market investment norms for qualified foreign investors (QFIs) by allowing them to directly purchase corporate debt securities that companies intend to list on stock exchanges. Meanwhile, after getting SEBI's approval, the NSE, BSE Ltd and MCX Stock Exchange Ltd decided to launch debt trading platforms to attract retail investments in corporate bonds.

Indian Mutual Fund Industry

Indian Mutual Fund industry reported second consecutive year of double digit growth. The domestic mutual fund industry's quarterly average AUM rose by about 11% year-on-year (y-o-y) to Rs 9.04 trillion in March 2014 while month-end AUM surged by around 18% to Rs 8.25 trillion. In comparison, the industry recorded a rise of 23% in quarterly average AUM and 19% in month-end AUM y-o-y in March 2013. March 2014 saw the highest average AUM level for the industry since September 2010 when AMFI started declaring quarterly average numbers.

AUM growth was mainly due to inflows of Rs 636 bn into debt mutual funds (especially fixed maturity plans, money market and ultra-short term debt funds) as a high interest rate scenario led by the RBI's monetary tightening measures since July 2013 prompted investors to move into open and closed ended funds with short maturity. Bond prices (net asset value or NAVs) and interest rates (yields) move in opposite directions. Further, funds with shorter average portfolio maturities benefit more in a rising / high interest rate environment. The debt category continued to corner a major share of mutual fund assets with almost 76% in 2014. Average AUM of equity funds (including balanced) fell by 3% (y-o-y) to Rs 2.03 trillion as of March 2014 mainly due to outflows on account of profit booking due to rise in the underlying equity. The category witnessed net outflows of Rs 113 bn during FY 2014 even as the equity market represented by the CNX Nifty rose 18%.

The industry remained top heavy with the leading five fund houses comprising 54% of AUM and the leading 10 fund houses comprising 78% of AUM. The industry saw some new entrants, while it also saw some consolidation and stake sale to foreign asset managers. Among the consolidation news, SBI Mutual Fund acquired all the schemes of Daiwa Mutual Fund while HDFC Mutual Fund acquired all the eight schemes of Morgan Stanley Mutual Fund. Meanwhile, we saw new entrants in the form of PPFAS and Shriram Mutual Fund.

Among major regulatory initiatives, SEBI asked mutual fund houses to make monthly disclosures of assets managed by them and explain the rationale behind exercising their voting rights in companies. SEBI said

regulated foreign feeder funds, which have at all times at least 20% of their AUM held by investors such as foreign central banks, government agencies and sovereign wealth funds, among others, will be categorised as long-term foreign institutional investors for infrastructure debt fund. SEBI asked Asset Management Companies (AMCs) to have tie-ups with all existing 'know your customer' registration agencies. SEBI allowed AMCs appointed by the fund houses to take membership of the stock exchanges, enabling them to directly trade on the debt platforms of the bourses. SEBI gave an in-principle approval to Institution of Mutual Funds Intermediaries (IMFI) to set up the country's first distributors' self-regulatory organization (SRO). Further, the regulator also announced a long-term policy for mutual funds in India in its bid to incentivise and channelise savings into long term investment products.

Association Mutual Fund Industry (AMFI) clarified that AMCs will now be responsible for the compliance of overseas distributors in the absence of an AMFI registration. AMFI launched a 'district adoption programme', as part of its initiative to create awareness among investors, under which 200 districts will be adopted in the first phase by 31 fund houses. AMFI mandated executives of all banks and distribution agencies to provide consumers their Employee Unique Identification Number while selling mutual fund schemes.

Indian Life Insurance Industry

The Insurance Regulatory Development Authority (IRDA), with an aim to reform the industry and improve transparency, introduced various regulatory changes for the domestic life insurance industry in 2013-14. On the business front, first year business premium income fell 7% y-o-y in March 2014 to Rs 209 bn. On the regulatory front, the primary directive came in the form of bringing uniformity in life insurance products starting January 1, 2014 with focus on a customer-friendly and transparent approach. In line with this directive, over 400 life insurance schemes were withdrawn and new revised schemes were launched by the life insurance companies. It also unveiled simplified standard products to be sold by life insurance companies through Common Services Centres to increase insurance penetration in rural markets.

Among other initiatives, IRDA said life insurance, non-life insurance and reinsurance companies should have a net worth of Rs 500 cr, Rs 250 cr and Rs 750 cr, respectively, and should be in operation for at least three years to apply for opening offices abroad. The insurance regulator doubled the investment limit in liquid mutual funds to 3% on a temporary basis for non-life insurance companies; the regulator also allowed life insurance companies to invest in fixed deposit schemes of promoter group banks within the group exposure limit of 5%. IRDA allowed insurance companies more flexibility to invest, sector-specific exposure limit raise to 20% of total investment. IRDA allowed insurers to invest in Alternative Investment Funds (AIFs) in Category I and Category II. IRDA said under the Securities Lending and Borrowing scheme, insurers can lend securities up to 10% in the scrips in the respective funds. It asked life insurers to submit detailed persistency report annually. IRDA asked insurers to keep records of customers and beneficiaries for five years after termination of business relationship. And IRDA revised health insurance standardisation rules; said that porting from one health plan to another of the same insurer is now out of portability norms.

Employees' Provident Fund Organization (EPFO)

EPFO was set up in 1952, which administers the Employee Provident Fund (EPF), one of the world's biggest social security providers in terms of volumes. EPF is mandatory for the organised sector and companies/organisations are required to statutorily comply with respect to all employees drawing wages up to Rs 15,000 per month. It offers a provident fund and a pension scheme. EPF requires equal contributions by the employer and the employee. All the functions/ processes of EPF and Employee Pension Scheme (EPS) are handled by the EPFO, except fund management. Some establishments, which are under the purview of EPFO, are allowed to manage their own funds. EPFO treats them as exempted funds. These exempted funds are, however, required to follow the same investment pattern as that followed by EPFO and are required to match the returns of the EPFO.

About 7.43 lakh establishments are covered; there are 887.62 lakh member accounts as on March 31, 2013 up from 6.91 lakh establishments and 855 lakh member accounts as on March 31, 2012 - a growth of 7.49% in the number of establishments and a growth of 3.77% in the number of member accounts.

In 2012-13, EPFO's investment corpus increased to Rs 6.32 trillion from Rs 5.46 trillion a year ago, a year on year growth of 15.76%. EPF subscribers' accounts will be credited with interest at the rate of 8.75% for 2013-14. This is 0.25% higher than the EPF interest rate of 8.50% in 2012-13.

International Pension Market

A study by Towers Watson, a consultancy that advises institutional investors including pension funds on investment and risk management, shows that at the end of 2013, pension assets for the 13 major pension markets were estimated at USD 31,980 bn, representing a 9.5% rise compared with 2012 year-end value. The US, the UK and Japan - the largest pension markets - have 59.0%, 10.2% and 10.1% share in the total pension assets, respectively; in USD terms pension assets in these markets grew 12%, 13.3% and 2.2% respectively. The asset allocation of the seven biggest pension markets (Australia, Canada, Japan, the Netherlands, Switzerland, the UK and the US) shows that since 1995, bonds and cash allocations have been coming down while allocation to equity and alternative assets have increased from 49% to 52% and from 5% to 18% respectively. In 2013, among the seven countries, Australia, the UK and the US continued to have above-average allocation to equity, while Canada's allocation to equity was in line with the average. The Netherlands and Japan had above-average exposure to bonds while Switzerland was the most diversified with allocation spread evenly across equities, bonds and other assets. In 2013, in the 13 major markets, global pension assets to GDP ratio increased from 78.3% at the end of 2012 to 83.4% at the end of 2013. In the past 10 years, defined contribution (DC) assets have grown at 8.8% while defined benefit assets have grown at a slower pace of 5% per annum. At the end of 2013, DC assets represented 47% of total pension assets, in line with the established trend towards the growing dominance of DC pension. The rise in market share of DC can be attributed to efforts by governments across the world to phase out costly final-salary pension plans.

Indian Pension Market

Internationally, Pension industry is the largest mobilizer of funds and uses them for investments in the various asset classes. In the process, Pension Industry plays a major role in the world economy. As a measure of the size of the market, 13 major pension markets in the world were about US\$ 32 trillion in assets. USA is the largest Pension market in the world with assets of about US \$ 16 Trillion. Average 10 year CAGR of top 13 markets has been 6.4% - and these are mature markets. This will give you an estimate of the size and huge potential of the pension sector.

Indian Pension Sector is the Sunrise Industry of the financial sector in the country and as compared to the developed countries and some other parts of the world, especially some of the Latin American countries; we have been a late starter in introducing a regulatory framework and a universal pension product. Indian Pension industry has so far largely covered organized sector, constituting slightly more than one tenth of the Indian population, a fact which in itself states the enormity of task ahead. Pension sector in India has been, so far, characterized by the 'Defined Benefit' (DB) pension schemes for the Government (both Central & State) employees as well as some institutional bodies; corporates., mostly from Public Sector Undertakings / Banks. EPFO has been the other provider of a pension product, albeit under 'Defined Contribution' (DC) category, where the EPFO Act mandates contribution for all organized sector employees drawing salary of Rs. 15000 or less. The other layer is provided by the myriad superannuation funds in the corporate sector.

The absence of a country-wide social security system (formal pension coverage being about 12% of the working population), the ageing population and social change in the society were the important considerations for introducing pension reform in the unorganised sector in our country. At the same time, fiscal stress of the defined benefit pension system was the major factor driving pension reforms for employees in the government sector. A series of discussion, public debate were held on the subject, involving the entire spectrum of the stakeholder and as a culmination, the Government of India established PFRDA as the regulatory body for the Pension Sector in India. PFRDA was also mandated by the Government of India to implement the National Pension System (NPS) initially for the new entrants to Central Government service, except to Armed Forces, which was later on extended to the State Governments and the all citizens of the country. The design features of the New Pension System (NPS) are self-sustainability, scalability, individual choice, and maximising outreach, low-cost yet efficient, and pension system based on sound regulation.

National Pension System (NPS)

NPS Schemes showed a robust overall growth of 61% in its AUM during the financial year, as shown in Table I (*shown in the next page*). All the schemes witnessed double-digit growth. Scheme E saw a triple-digit increase in its AUM. Tier 1 and Tier 2 schemes recorded high growth of 86% and 74% in terms of AUM. Scheme CG for central government employees posted 39.60% growth in its AUM during the year. On the other hand, Scheme SG's assets grew handsomely by 86.61% during the year. The assets of NPS Lite grew by Rs 4,036 mn during the year.

TABLE I : Asset Under Management (AUM) Break up in NPS - Growth *Scheme Wise Position* as on Amt. Rs. in Crores
Quarter ended 31st Mar 2014

Schemes	Actuals - AUM as on 31st Dec 2013				Growth in AUM			
	Mar-11	Mar-12	Mar-13	Mar-14	YoY Mar 13 over Mar 12	During the Current Financial Year over Mar 13		
					Amount	%	Amount	%
Equity Tier I	27.71	63.91	167.78	355.56	103.87	162.53%	187.77	111.91%
Equity Tier II	3.58	7.07	14.04	26.10	6.97	98.61%	12.06	85.89%
Equity Total	31.29	70.98	181.82	381.66	110.85	156.17%	199.83	109.90%
% Share in Total AUM		0.5%	0.6%	0.8%		0.8%		1.1%
Bonds Tier I	19.86	48.21	128.81	246.46	80.60	167.20%	117.65	91.33%
Bonds Tier II	2.97	7.89	15.94	24.27	8.05	102.04%	8.34	52.30%
Bonds Total	22.83	56.10	144.75	270.73	88.65	158.03%	125.98	87.03%
% Share in Total AUM		0.4%	0.5%	0.6%		0.6%		0.7%
G Sec Tier I	28.92	77.51	244.67	408.97	167.16	215.66%	164.30	67.15%
G Sec Tier II	3.67	7.08	12.90	20.44	5.82	82.32%	7.54	58.45%
G Sec Total	32.59	84.59	257.57	429.41	172.98	204.51%	171.84	66.72%
% Share in Total AUM		0.6%	0.9%	0.9%		1.2%		0.9%
Sub Total Tier I	76.49	189.63	541.27	1,010.99	351.64	185.43%	469.72	86.78%
Sub Total Tier II	10.22	22.03	42.88	70.81	20.84	94.61%	27.94	65.15%
Tier I + Tier II	86.71	211.66	584.15	1,081.80	372.48	175.98%	497.65	85.19%
NPS Lite	3.13	140.46	436.08	843.33	295.62	210.47%	407.25	93.39%
Corporate CG	-	-	693.38	1,809.32	693.38	-	1,115.93	160.94%
Sub Total (Pvt. Sector)		352.12	1,713.60	3,734.44	1,361.49	386.66%	2,020.84	54.11%
% Share in Total AUM		2.3%	5.7%	7.8%		9.3%		11.1%
Central Govt	7,266.39	11,256.02	17,313.02	24,172.06	6,057.01	53.81%	6,859.04	39.62%
% Share in Total AUM		74.2%	58.0%	50.2%		41.2%		37.6%
State Govt	1,228.51	3,555.10	10,823.36	20,198.04	7,268.26	204.45%	9,374.68	86.62%
% Share in Total AUM		23.4%	36.3%	42.0%		49.5%		51.4%
Sub Total (Govt.)		14,811.11	28,136.38	44,370.10	13,325.27	89.97%	16,233.72	36.59%
% Share in Total AUM		97.7%	94.3%	92.2%		90.7%		88.9%
Grand Total	8,584.74	15,163.23	29,849.98	48,104.54	14,686.75	96.86%	18,254.56	61.15%

There was a healthy growth in the AUM of all the NPS Scheme for the unorganized / private sector as shown in Table II given below. The increase in AUM is significantly high at 61.13%, while in absolute terms, the corpus increased by Rs 182,456 Mn.

TABLE II : Asset Under Management (AUM) Break up in NPS - Growth - Subscriber Class Wise Position as on Quarter ended 31st Mar 2014							
Subscriber Class	Actuals - AUM as on 31st Dec 2013			Growth in AUM			
	Mar-12	Mar-13	Mar-14	YoY March 12	March 13 over	During the current Fin Yr over Mar'13	
				Amount	%	Amount	%
NPS Main	132.3	231.1	365.3	98.8	74.6%	134.2	58.1%
% Share in Pvt. Sector	33.0%	12.9%	9.5%	7.1%		6.6%	
% Share in Total NPS	0.9%	0.8%	0.8%	0.7%		0.7%	
NPS Corporate	128.6	1120.5	2627.6	991.9	771.3%	1507.1	134.5%
% Share in Pvt. Sector	32.0%	62.7%	68.6%	71.6%		73.7%	
% Share in Total NPS	0.8%	3.8%	5.5%	6.8%		8.3%	
NPS Lite	140.5	436.1	839.3	295.6	210.5%	403.3	92.5%
% Share in Pvt. Sector	35.0%	24.4%	21.9%	21.3%		19.7%	
% Share in Total NPS	0.9%	1.5%	1.7%	2.0%		2.2%	
Sub Total (Pvt. Sector)	401.4	1787.7	3832.2	1386.3	345.4%	2044.5	114.4%
% Share in Total NPS	2.6%	6.0%	8.0%	9.4%		11.2%	
Central Govt	11256.0	17313.5	24177.1	6057.5	53.8%	6863.6	39.6%
% Share in Govt. Sector	76.3%	61.7%	54.6%	45.5%		42.3%	
% Share in Total NPS	74.2%	58.0%	50.3%	41.2%		37.6%	
State Govt	3505.8	10748.8	20095.3	7242.9	206.6%	9346.5	87.0%
% Share in Govt. Sector	23.7%	38.3%	45.4%	54.5%		57.7%	
% Share in Total NPS	23.1%	36.0%	41.8%	49.3%		51.2%	
Sub Total (Govt.)	14761.8	28062.3	44272.3	13300.4	90.1%	16210.1	36.6%
% Share in Total NPS	97.4%	94.0%	92.0%	90.6%		88.8%	
Grand Total - NPS	15163.2	29850.0	48104.6	14686.8	96.9%	18254.6	61.2%

Performance of Pension Fund Managers (PFMs)

The position of the corpus / AUM with the Pension Fund Managers is shown in the following table:-

PFM	AUM (in Rs Mn)			
	31-Mar-13	28-Mar-14	Increase in AUM	
			Amount	%
SBI Pension Fund Pvt. Ltd.	117,882	186,237	68,355	57.99
UTI Retirement Solution Ltd.	94,828	150,326	55,498	58.52
LIC Pension Fund Ltd.	84,636	141,667	57,031	67.38
ICICI Prudential Pension Funds Management Company Ltd.	721	1,752	1,031	142.96
Kotak Mahindra Pension Fund Ltd.	248	548	300	120.85
Reliance Capital Pension Fund Ltd.	225	435	210	93.27
HDFC	0	59	59	NA
DSP Blackrock	0	8	8	NA
Total	298,540	481,031	182,491	61.13

All the PFMs continued to witness good growth in assets under management. All the PFMs maintained their relative ranking in terms of size of AUM with SBI PF having the largest corpus. ICICI Prudential Pension Funds registered the highest growth in AUM in percentage terms. HDFC PF and DSP Blackrock PF were added in FY 2013-14, they had a total corpus of 67 Mn. by the end of financial year.

Funds of Central Government Employees
Performance: Scheme CG (as on March 28, 2014)

SCHEME CG									
PFM	Financial Year Return (%)					Trailing Return (%)			
	FY 2009-10	FY2010-11	FY 2011-12	FY 2012-13	FY 2013-14	1-Yr	2-Yr	3-Yr	Since Inception
LICPF	12.27	8.3	5.8	12.06	5.93	5.93	8.98	7.95	9.04
SBIPF	8.88	8.05	5.81	12.75	3.92	3.92	8.47	7.52	9.38
UTIRSL	9.27	8.45	5.52	12.26	5.04	5.04	8.64	7.67	8.88

Note: Returns above 1 year periods are annualized

Funds of State Government Employees

Performance: Scheme SG (as on March 28, 2014)

SCHEME SG								
PFM	Financial Year Return (%)				Trailing Return (%)			
	FY2010-11	FY 2011-12	FY 2012-13	FY 2013-14	1-Yr	2-Yr	3-Yr	Since Inception
LICPF	10.77	6.68	12.75	5.87	5.87	9.34	8.42	8.82
SBIPF	9.88	6.8	13.01	3.83	3.83	8.58	7.90	8.34
UTIRSL	11.34	6.04	13.22	4.70	4.70	8.90	8.02	8.63

Note: Returns above 1 year periods are annualised

Funds of Unorganised / Private Sector

Performance: Scheme E - Tier I (as on March 28, 2014)

SCHEME E - TIER I								
PFM	Financial Year Return (%)				Trailing Return (%)			
	FY2010-11	FY 2011-12	FY 2012-13	FY 2013-14	1-Yr	2-Yr	3-Yr	Since Inception
ICICI Pru PF	11.83	-7.75	9.05	21.18	21.18	16.06	7.73	11.01
Kotak PF	11.89	-10.23	11.52	19.48	19.48	14.72	6.93	9.03
Reliance PF	10.77	-10.49	7.75	20.20	20.20	14.34	6.62	9.69
SBI PF	8.05	-7.18	8.24	20.68	20.68	15.43	7.39	7.35
UTI RSL	8.35	-10.58	7.42	21.29	21.29	14.59	6.44	10.16
DSP Blackrock PF	-	-	-	-	-	-	-	7.99*
HDFC Life PF	-	-	-	-	-	-	-	19.99*
LIC PF	-	-	-	-	-	-	-	12.76*
IDFC PF	8.89	-9.32	-	-	-	-	-	-
S&P BSE SENSEX	10.94	-10.5	8.23	18.60	18.60	13.35	4.74	14.68
CNX Nifty	11.14	-9.23	7.31	17.83	17.83	12.50	4.71	14.30

** Returns not annualized since inception date is less than one year*

Returns above 1 year periods are annualised

Performance: Scheme E - Tier II (as on March 28, 2014)

SCHEME E - TIER II								
PFM	Financial Year Return (%)				Trailing Return (%)			
	FY2010-11	FY 2011-12	FY 2012-13	FY 2013-14	1-Yr	2-Yr	3-Yr	Since Inception
ICICI Pru PF	10.12	-10.41	9.79	21.14	21.14	14.63	6.82	6.62
Kotak PF	11.66	-9.8	11.33	19.50	19.50	14.64	7.05	7.37
Reliance PF	5.37	-10.37	7.79	20.67	20.67	14.58	6.82	7.14
SBI PF	7.86	-7.51	8.26	20.37	20.37	15.30	7.14	6.39
UTIRSL	10.16	-10.74	7.63	20.51	20.51	14.28	6.32	6.28
DSP Blackrock PF	-	-	-	-	-	-	-	3.42*
HDFC Life PF	-	-	-	-	-	-	-	7.93*
LICPF	-	-	-	-	-	-	-	-1.22*
IDFCPF	7.05	-9.46	-	-	-	-	-	-
S&P BSE SENSEX	10.94	-10.5	8.23	18.60	18.60	13.35	4.74	6.44
CNX Nifty	11.14	-9.23	7.31	17.83	17.83	12.50	4.71	6.53

* Returns not annualized since inception date is less than one year
Returns above 1 year periods are annualised

Performance: Scheme C - Tier I (as on March 28, 2014)

SCHEME C - TIER I								
PFM	Financial Year Return (%)				Trailing Return (%)			
	FY2010-11	FY 2011-12	FY 2012-13	FY 2013-14	1-Yr	2-Yr	3-Yr	Since Inception
ICICI Pru PF	9.41	11.43	14.22	6.22	6.22	10.36	10.59	10.43
Kotak PF	10.86	10.19	15.01	5.77	5.77	10.30	10.39	10.52
Reliance PF	8.12	8.13	13.89	6.89	6.89	10.38	9.64	8.38
SBI PF	12.66	11.07	14.27	5.24	5.24	9.93	10.14	10.79
UTIRSL	9.2	10.19	13.41	6.14	6.14	9.76	9.97	8.70
DSP Blackrock PF	-	-	-	-	-	-	-	5.02*
HDFC Life PF	-	-	-	-	-	-	-	7*
LICPF	-	-	-	-	-	-	-	7.35*
IDFCPF	6.26	9.15	-	-	-	-	-	-

* Returns not annualized since inception date is less than one year
Returns above 1 year periods are annualised

Performance: Scheme C - Tier II (as on March 28, 2014)

SCHEME C - TIER II								
PFM	Financial Year Return (%)				Trailing Return (%)			
	FY2010-11	FY 2011-12	FY 2012-13	FY 2013-14	1-Yr	2-Yr	3-Yr	Since Inception
ICICI Pru PF	10.74	12.27	13.6	6.10	6.10	10.13	10.63	10.26
Kotak PF	7.2	9.7	13.15	5.76	5.76	9.39	9.55	8.49
Reliance PF	7.28	7.86	12	6.04	6.04	9.03	8.70	7.94
SBIPF	14.46	10.73	12.69	4.15	4.15	8.60	9.14	10.25
UTIRSL	7.62	11.4	12.95	5.75	5.75	9.34	10.00	8.94
DSP Blackrock PF	-	-	-	-	-	-	-	3.42*
HDFC Life PF	-	-	-	-	-	-	-	6.12*
LICPF	-	-	-	-	-	-	-	4.22*
IDFCPF	6.02	10.02	-	-	-	-	-	-

* Returns not annualized since inception date is less than one year
Returns above 1 year periods are annualised

Performance: Scheme G - Tier I (as on March 28, 2014)

SCHEME G - TIER I								
PFM	Financial Year Return (%)				Trailing Return (%)			
	FY2010-11	FY 2011-12	FY 2012-13	FY 2013-14	1-Yr	2-Yr	3-Yr	Since Inception
ICICI Pru PF	7.71	6.07	13.84	1.51	1.51	7.58	6.96	6.78
Kotak PF	9.14	6.14	13.61	0.84	0.84	6.99	6.83	6.67
Reliance PF	7.65	5.63	13.74	0.89	0.89	6.99	6.57	6.14
SBI PF	12.25	5.46	13.48	0.23	0.23	6.58	6.24	8.33
UTIRSL	12.52	3.75	13.57	0.93	0.93	6.96	5.91	6.50
DSP Black rock PF	-	-	-	-	-	-	-	4.82*
HDFC Life PF	-	-	-	-	-	-	-	3.28*
LICPF	-	-	-	-	-	-	-	5.53*
IDFCPF	6.97	5.9	-	-	-	-	-	-

* Returns not annualized since inception date is less than one year
Returns above 1 year periods are annualised

Performance: Scheme G - Tier II (as on March 28, 2014)

SCHEME G - TIER II								
PFM	Financial Year Return (%)				Trailing Return (%)			
	FY2010-11	FY 2011-12	FY 2012-13	FY 2013-14	1-Yr	2-Yr	3-Yr	Since Inception
ICICI Pru PF	6.43	6.36	14.36	1.12	1.12	7.60	7.07	6.75
Kotak PF	6.4	5.37	12.86	1.18	1.18	6.87	6.32	6.10
Reliance PF	4.68	5.76	13.68	0.87	0.87	6.87	6.57	6.29
SBIPF	11.82	5.31	13.47	0.39	0.39	6.61	6.23	8.47
UTIRSL	16.44	3.81	13.52	0.51	0.51	6.69	5.76	7.97
DSP Blackrock PF	-	-	-	-	-	-	-	3.29*
HDFC Life PF	-	-	-	-	-	-	-	5.92*
LICPF	-	-	-	-	-	-	-	7.03*
IDFCPF	6	7.22	-	-	-	-	-	-

* Returns not annualized since inception date is less than one year
Returns above 1 year periods are annualised

Performance: Scheme NPS Lite (as on March 28, 2014)

Scheme NPS Lite							
PFM	Financial Year Return (%)			Trailing Return (%)			
	FY 2011-12	FY 2012-13	FY 2013-14	1-Yr	2-Yr	3-Yr	Since Inception
Kotak PF	-	14.58	5.18	5.18	9.52	-	9.30
LIC PF	10.1	13.02	5.91	5.91	9.48	9.59	9.56
SBI PF	8.7	13.83	4.11	4.11	9.03	9.47	9.79
UTIRSL	8.55	13.18	4.90	4.90	9.13	9.15	9.67

For Kotak inception date is Jan 31, 2012.
Returns above 1 year periods are annualised

Performance: Scheme Corporate - CG (as on March 28, 2014)

Scheme Corporate CG				
PFM	Financial Year Return (%)		Trailing Return (%)	
	FY 2012-13	FY 2013-14	1 year	Since Inception
LIC PF	-	5.63	5.63	7.01
SBI PF	-	3.31	3.31	5.86
UTIRSL	-	-	-	-

Returns above 1 year periods are annualized
UTI Scheme Corporate CG ended in the financial year

Performance of PFMs vis-à-vis Mutual Fund Industry

To assess the performance of NPS schemes vis-à-vis mutual funds, returns delivered by respective PFMs in each category has been compared with relevant CRISIL AMFI MF performance indices. CRISIL - AMFI MF Performance Indices are industry level indices that track the performance of different categories of mutual funds across time frames and market cycles. The key highlights of performance comparison of NPS schemes vis-à-vis CRISIL AMFI MF performance indices as on March 28, 2014 are as follows:

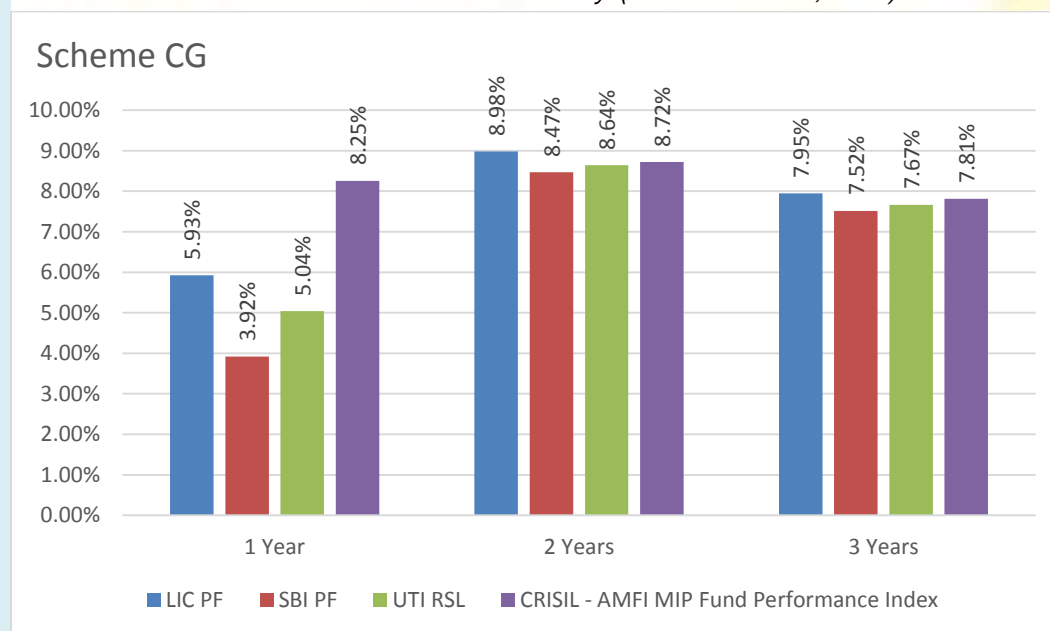
All PFMs in Scheme CG, Scheme SG, Scheme NPS Lite, and Scheme Corporate CG have underperformed the CRISIL - AMFI MIP Fund Performance Index over one year period.

Equity schemes (Scheme E - Tier I and Scheme E - Tier II) of all PFMs have outperformed CRISIL - AMFI Large Cap Fund Performance Index in one year and two years.

Corporate debt schemes (Scheme C - Tier I and Scheme C - Tier II) of all PFMs have delivered superior returns to CRISIL - AMFI Income Fund Performance Index in one year two year and three year.

Gilt schemes (Scheme G - Tier I and Scheme G - Tier II) of all PFMs have underperformed CRISIL - AMFI Gilt Fund Performance Index in one year.

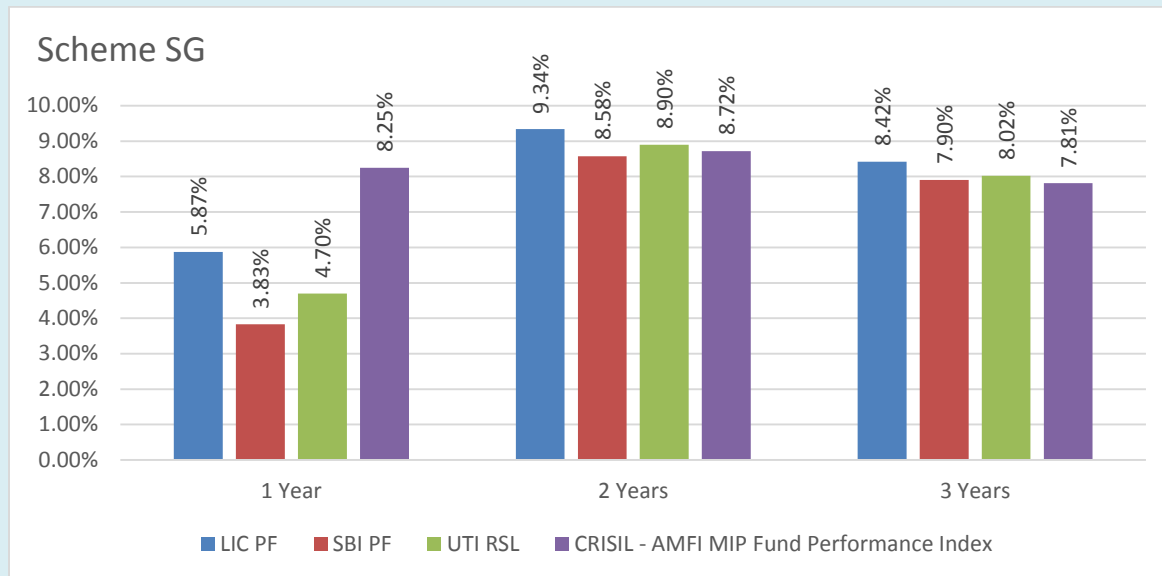
Performance: Scheme CG Vs. mutual fund industry (as on March 28, 2014)



Returns for period greater than one year are compounded annualised returns

In scheme CG, all the PFMs underperformed the CRISIL - AMFI MIP Fund Performance Index in one year period. In two year and three year periods, only LIC PF has outperformed the CRISIL - AMFI MIP Fund Performance Index.

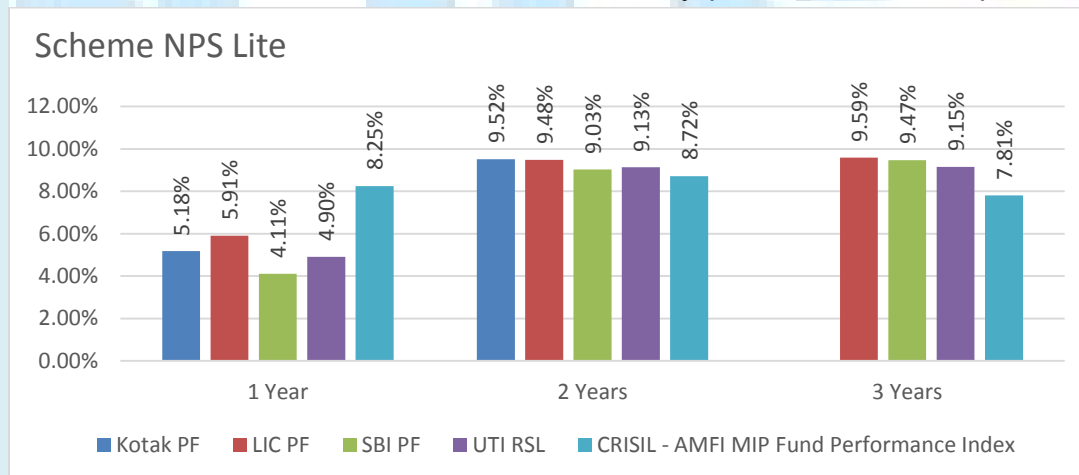
Performance: Scheme SG Vs. mutual fund industry (as on March 28, 2014)



Returns for period greater than one year are compounded annualised returns

In scheme SG, all the PFMs underperformed the CRISIL - AMFI MIP Fund Performance Index in one year period. In two year period, all PFMs (except SBI PF) have outperformed CRISIL - AMFI MIP Fund Performance Index. In three year period, all PFMs have outperformed CRISIL - AMFI MIP Fund Performance Index.

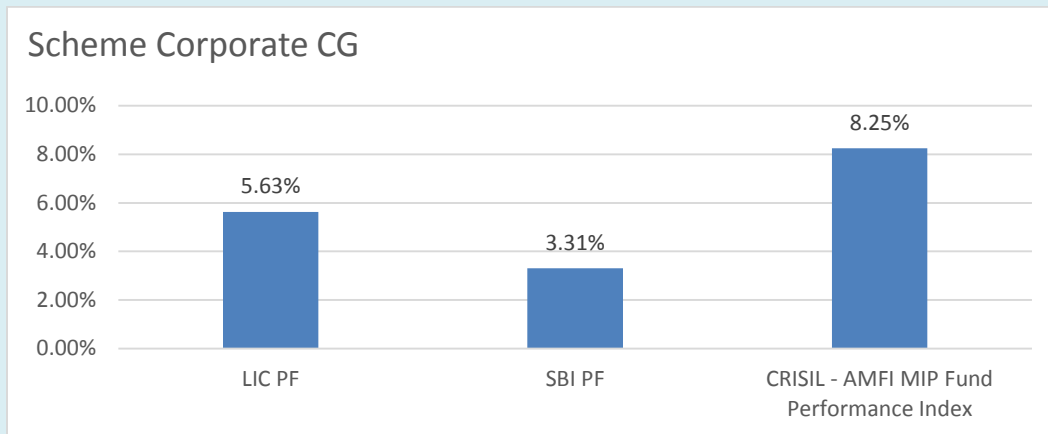
Performance: Scheme NPS Lite Vs. mutual fund industry (as on March 28, 2014)



Returns for period greater than one year are compounded annualised returns. For Kotak, inception date is Jan 31, 2012.

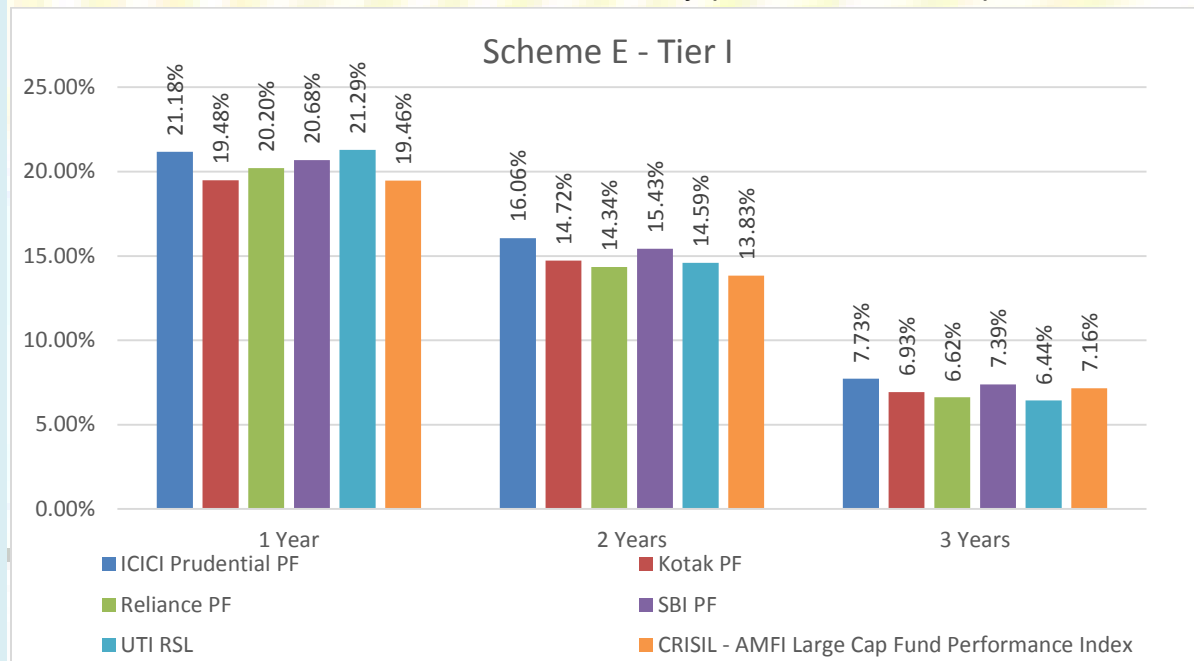
In scheme NPS Lite, all the PFMs underperformed the CRISIL - AMFI MIP Fund Performance Index in one year period. However, in two and three year periods, all PFMs have outperformed the CRISIL - AMFI MIP Fund Performance Index.

Performance: Scheme Corporate CG Vs. mutual fund industry (as on March 28, 2014)



In scheme Corporate CG, all the PFMs underperformed the CRISIL - AMFI MIP Fund Performance Index in one year period. Scheme Corporate - CG has been managed by the PFMs since 5th November, 2012.

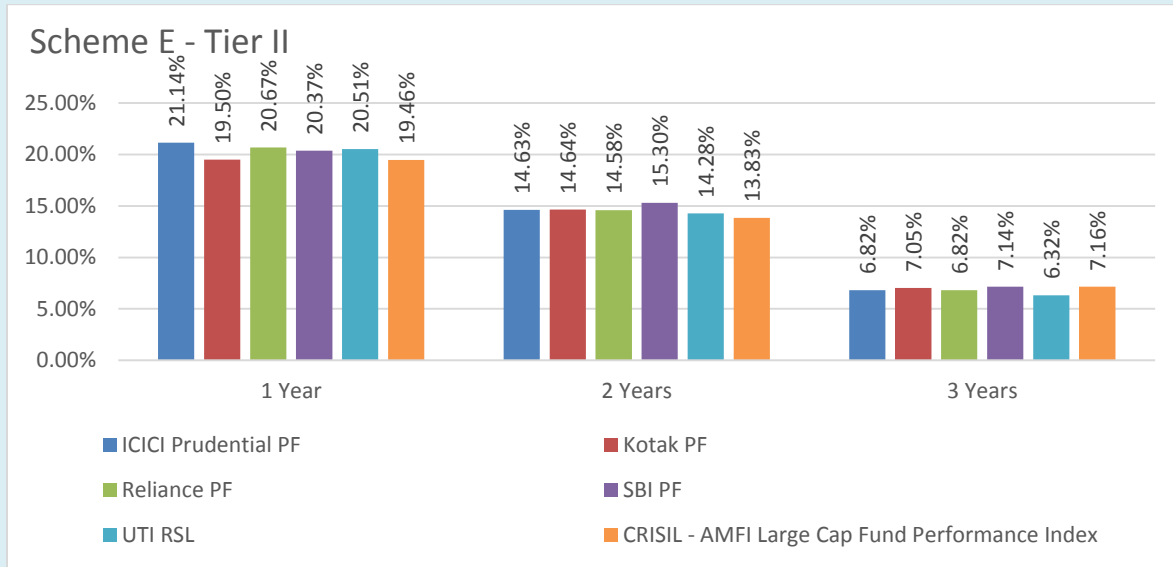
Performance: Scheme E - Tier I Vs. mutual fund industry (as on March 28, 2014)



Returns for period greater than one year are compounded annualised returns

In scheme E - Tier I, all the PFMs outperformed CRISIL - AMFI Large Cap Fund Performance Index in one year and two year periods, however in the three year period, only ICICI Prudential PF and SBI PF have outperformed CRISIL - AMFI Large Cap Fund Performance Index.

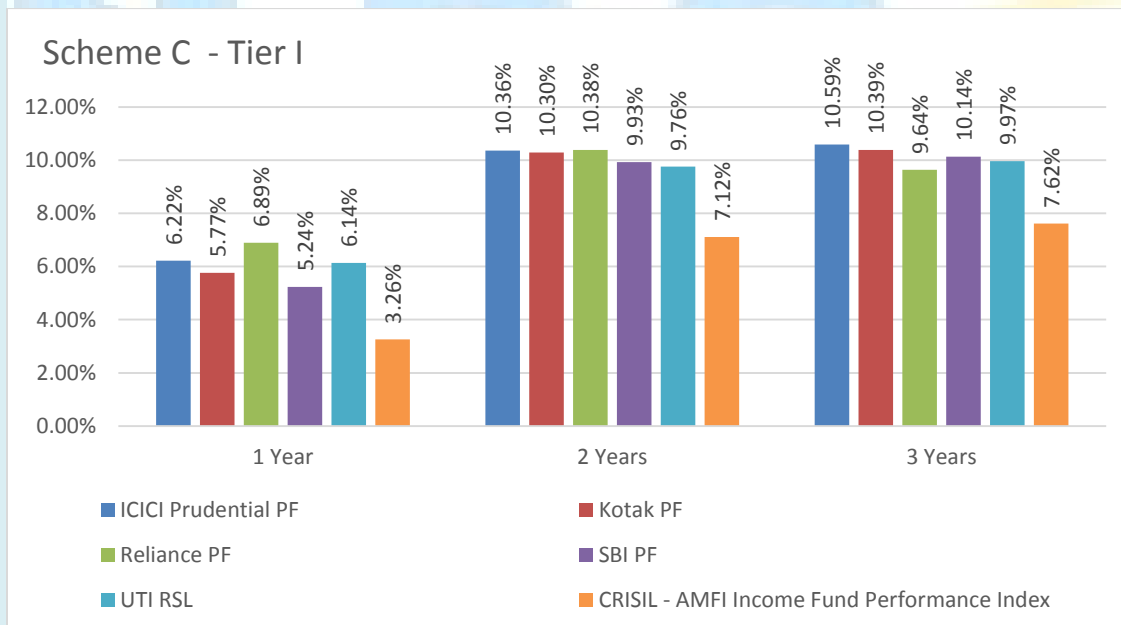
Performance: Scheme E – Tier II Vs. mutual fund industry (as on March 28, 2014)



Returns for period greater than one year are compounded annualised returns

In scheme E - Tier II, all the PFMs outperformed CRISIL - AMFI Large Cap Fund Performance Index in one year and two year period. However in the three year period, none of the PFMs have outperformed the CRISIL - AMFI Large Cap Fund Performance Index.

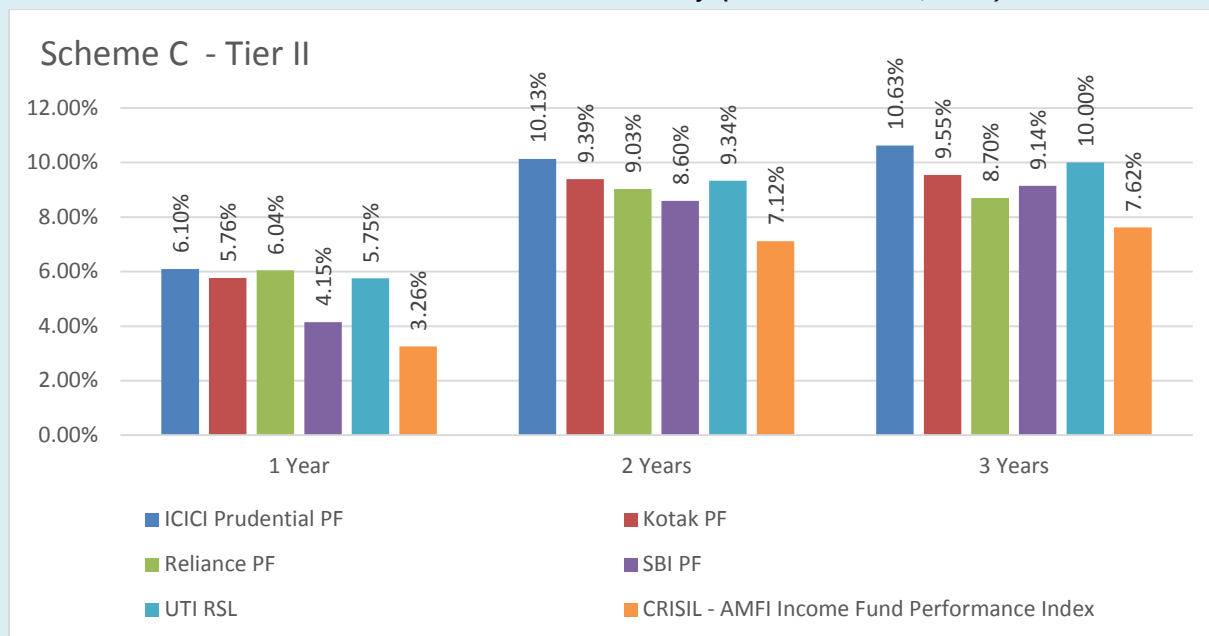
Performance: Scheme C – Tier I Vs. mutual fund industry (as on March 28, 2014)



Returns for period greater than one year are compounded annualised returns

In scheme C - Tier I, all the PFMs outperformed the CRISIL - AMFI Income Fund Performance Index across all periods under consideration.

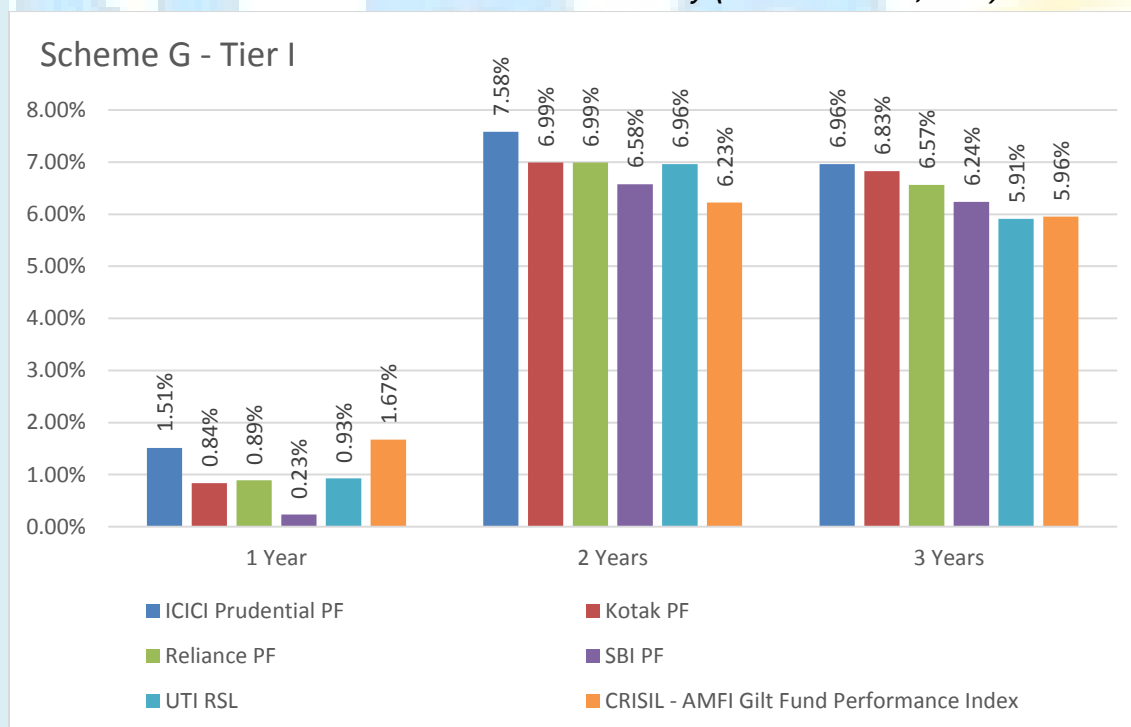
Performance: Scheme C - Tier II Vs. mutual fund industry (as on March 28, 2014)



Returns for period greater than one year are compounded annualised returns

For the scheme C - Tier II, all the PFMs outperformed the CRISIL - AMFI Income Fund Performance Index across all periods under consideration.

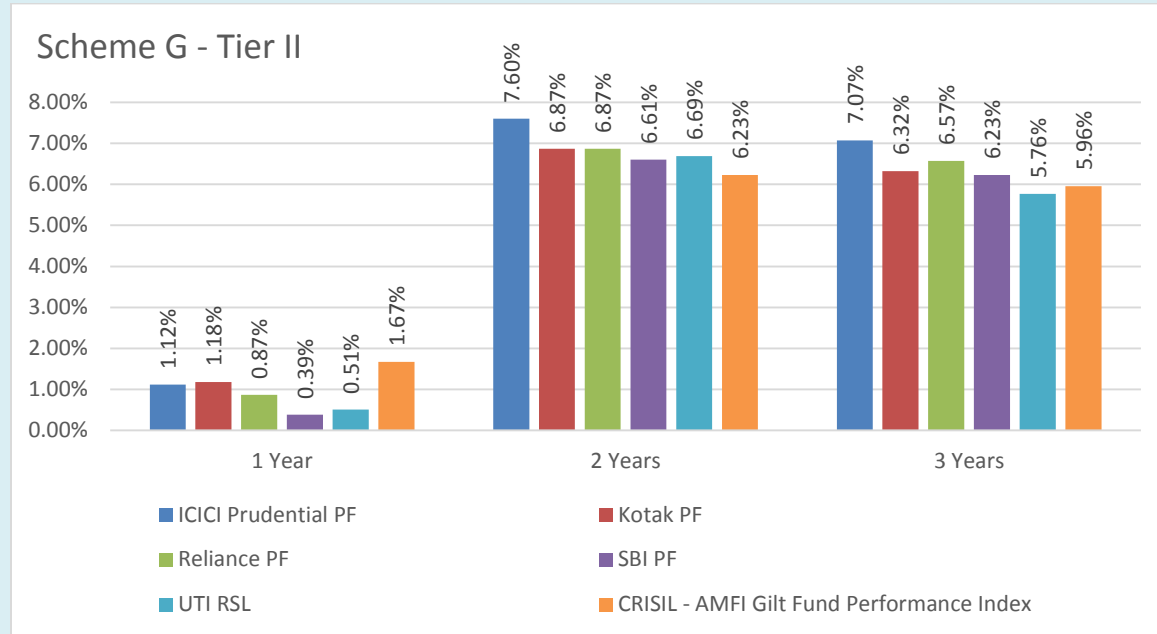
Performance: Scheme G - Tier I Vs. mutual fund industry (as on March 28, 2014)



Returns for period greater than one year are compounded annualised returns

In scheme G - Tier I, all the PFMs underperformed the CRISIL - AMFI Gilt Fund Performance Index for one year period. In two and three year periods, all PFMs have delivered returns superior to CRISIL - AMFI Gilt Fund Performance Index, except UTI RSL which has underperformed in three year period.

Performance: Scheme G - Tier II Vs. mutual fund industry (as on March 28, 2014)



Returns for period greater than one year are compounded annualised returns

In scheme G - Tier II, all the PFMs underperformed the CRISIL - AMFI Gilt Fund Performance Index for one year period. In two and three year periods, all PFMs have delivered returns superior to CRISIL - AMFI Gilt Fund Performance Index, except UTI RSL which has underperformed in three year period.

Acknowledgements

The Board of Trustees will like to thank the Chairman PFRDA for providing constant guidance, encouragement and support to the NPS Trust in ensuring its smooth function and efficient discharge of its responsibilities. We would also like to place on record our appreciation for all the other staff of PFRDA, who have provided constant support and assistance to the NPS Trust. The Board of Trustees will like to make a special mention of the tireless and efficient work done by the team of the staff in the NPS Trust Secretariat and place on record our appreciation for the entire team of staff of the NPS Trust.

SD/-

ज्ञानेन्द्र नाथ बाजपेई / Ghyanendra Nath Bajpai
अध्यक्ष, बोर्ड ऑफ ट्रस्टी / Chairman of the Board of Trustees
नेशनल पेंशन सिस्टम ट्रस्ट (एन पी एस ट्रस्ट), नयी दिल्ली
National Pension System Trust, (NPS Trust) New Delhi.
दिनांक : 12 जून 2014 / Date: 12th June 2014
स्थान: मुंबई / Place: Mumbai

अनुबंधक / ANNEXURE
एन पी एस ट्रस्ट के लेखा परीक्षक की रिपोर्ट व अंकेक्षित खाते
31 मार्च 2014 को समाप्त होने वाले वित्तीय वर्ष के लिए
Auditor's Report and Audited Accounts of NPS Trust
for the Financial year ended 31st March 2014

INDEPENDENT AUDITORS' REPORT

THE TRUSTEES OF NATIONAL PENSION SCHEME (NPS) TRUST

Report on the Financial Statements

We have audited the accompanying financial statements of M/s National Pension Scheme (NPS) Trust which comprises the Balance Sheet as at 31st March, 2014 and the Income and Expenditure account and Receipt and Payment account for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Trust in accordance with the Generally Accepted Accounting Principles. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

In our opinion, and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Trust as at 31st March,2014 and
- (ii) In the case of the Income and Expenditure Account, of the excess of income over expenditure for the year ended on that date.
- (iii) In the case of the Receipts and Payments Account, of the total receipts and payments for the year ended on that date.

For Ghosh Khanna & Co.
Chartered Accountants
Firm Registration No. 003366N
Sd/-
Rohit Kohli
Partner
M. No.: 87722

Place: New Delhi

Date: 13-06-14

N P S
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NATIONAL PENSION SYSTEM (NPS)TRUST
BALANCE SHEET AS AT 31.03.2014

Particulars	Note	(Amount in Rs.)	
		As at March 31, 2014	As at March 31, 2013
<u>CORPUS / CAPITAL FUND AND LIABILITIES</u>			
Corpus / Capital Fund	2.1	1,300,373	808,927
Current Liabilities and Provisions	2.2	190,983	254,192
Total		1,491,356	1,063,119
<u>ASSETS</u>			
Fixed Assets	2.3	119,904	170,148
Current Assets, Loans and Advances	2.4	1,371,452	892,971
Total		1,491,356	1,063,119

Significant accounting policies and notes on accounts **1&2**

Note: The notes referred to above are an integral part of the balance sheet.

As per our Report of even Date Attached

For Ghosh Khanna & Company
Chartered Accountants
Firm Registration Number: 003366N

For and on Behalf of National Pension System(NPS) Trust

Rohit Kohli
Partner
Membership Number: 87722

G. N. Bajpai
Chairman

Nagendra Bhatnagar
CEO and Trustee

Place: New Delhi
Date: 13-06-14

Place: Mumbai
Date: 12-06-14

Place: Mumbai
Date: 12-06-14

NATIONAL PENSION SYSTEM (NPS)TRUST			
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.03.2014			
Particulars	Note	(Amount in Rs.)	
		As at March 31, 2014	As at March 31, 2013
<u>INCOME</u>			
Grants / Subsidies	2.5	9,500,000	9,000,000
Interest Earned	2.6	43,970	35,891
Other Income	2.7	-	75,000
Total (A)		9,543,970	9,110,891
<u>EXPENDITURE</u>			
Establishment Expenses	2.8	3,117,548	3,157,613
Other Administrative Expenses	2.9	5,878,457	5,001,449
Bank Charges	2.10	1,400	336
Depreciation	2.3	55,119	96,655
Total (B)		9,052,524	8,256,053
Balance being surplus (deficit) before exceptional and extra-ordinary items (A-B)		491,446	854,838
<u>EXCEPTIONAL AND EXTRA-ORDINARY ITEMS</u>			
Prior Period Expenses	2.11	-	168,839
Balance being surplus (deficit) carried to corpus / capital fund		491,446	685,999
Significant accounting policies and notes on accounts 1&2			
<i>Note: The notes referred to above are an integral part of the Income and Expenditure Account.</i>			
As per our Report of even Date Attached			
For Ghosh Khanna & Company Chartered Accountants Firm Registration Number: 003366N		For and on Behalf of National Pension System(NPS) Trust	
Rohit Kohli Partner Membership Number: 87722	G. N. Bajpai Chairman	Nagendra Bhatnagar CEO and Trustee	
Place: New Delhi Date: 13-06-14	Place: Mumbai Date: 12-06-14	Place: Mumbai Date: 12-06-14	

RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31-03-2014					
	(Amount in Rs.)			(Amount in Rs.)	
RECEIPTS	As at March 31, 2014	As at March 31, 2013	PAYMENTS	As at March 31, 2014	As at March 31, 2013
I. Opening Balances			I. Expenses		
a) Cash in hand	10,000	10,000	a) Establishment Expenses	3,110,198	3,071,692
b) Bank Balance - Saving account	872,675	134,145	b) Administrative Expenses	5,943,256	5,169,111
II. Grants Received			IV. Expenditure on Fixed Assets		
a) Grant Received from PFRDA	9,500,000	9,000,000	a) Purchase of Fixed Assets	4,875	131,222
III. Other Income Received			VI. Finance Charges (Interest)		
a) Tender Fee	-	75,000	Other Bank charges	1,400	336
IV. Interest Received			VII. Closing Balances		
a) On Bank deposits	43,970	35,891	a) Cash in hand	10,053	10,000
			b) Bank Balances		
			i) In current accounts		
			ii) In deposit accounts		
			iii) Saving accounts	1,356,863	872,675
Total	10,426,645	9,255,036	Total	10,426,645	9,255,036

Significant accounting policies and notes on accounts **1&2**

Note: The notes referred to above are an integral part of the Receipts and Payments Account.

As per our Report of even Date Attached

For **Ghosh Khanna & Company**
Chartered Accountants
Firm Registration Number: 003366N

For and on Behalf of National Pension System(NPS) Trust

Rohit Kohli
Partner
Membership Number: 87722

G. N. Bajpai
Chairman

Nagendra Bhatnagar
CEO and Trustee

Place: New Delhi
Date: 13-06-14

Place: Mumbai
Date: 12-06-14

Place: Mumbai
Date: 12-06-14

RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31-03-2014					
	(Amount in Rs.)			(Amount in Rs.)	
RECEIPTS	As at March 31, 2014	As at March 31, 2013	PAYMENTS	As at March 31, 2014	As at March 31, 2013
I. Opening Balances			I. Expenses		
a) Cash in hand	10,000	10,000	a) Establishment Expenses	3,110,198	3,071,692
b) Bank Balance - Saving account	872,675	134,145	b) Administrative Expenses	5,943,256	5,169,111
II. Grants Received			IV. Expenditure on Fixed Assets		
a) Grant Received from PFRDA	9,500,000	9,000,000	a) Purchase of Fixed Assets	4,875	131,222
III. Other Income Received			VI. Finance Charges (Interest)		
a) Tender Fee	-	75,000	Other Bank charges	1,400	336
IV. Interest Received			VII. Closing Balances		
a) On Bank deposits	43,970	35,891	a) Cash in hand	10,053	10,000
			b) Bank Balances		
			i) In current accounts		
			ii) In deposit accounts		
			iii) Saving accounts	1,356,863	872,675
Total	10,426,645	9,255,036	Total	10,426,645	9,255,036

Significant accounting policies and notes on accounts **1&2**

Note: The notes referred to above are an integral part of the Receipts and Payments Account.

As per our Report of even Date Attached

For **Ghosh Khanna & Company**
Chartered Accountants
Firm Registration Number: 003366N

For and on Behalf of National Pension System(NPS) Trust

Rohit Kohli
Partner
Membership Number: 87722

G. N. Bajpai
Chairman

Nagendra Bhatnagar
CEO and Trustee

Place: New Delhi
Date: 13-06-14

Place: Mumbai
Date: 12-06-14

Place: Mumbai
Date: 12-06-14

1.6 Employee benefits

Since the number of employees is less than the statutory limit required under the provision of Provident Fund and Miscellaneous Provision Act the trust has not yet registered itself under the Authorities and hence there is no provident fund contribution.

1.7 Foreign Currency Transactions

The trust accounts for effects of differences in foreign exchange rates in accordance with Accounting Standard-11, issued by the Institute of Chartered Accountants of India.

Initial recognition

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate.

Exchange Difference

Exchange differences arising on the settlement of monetary items or on reporting trust's monetary items at rates different for those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which arise.

1.8 Provisions and Contingencies

Provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation; in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

1.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank accounts.

1.10 Change in accounting policy

There is no change in the accounting policy as those adopted in previous year.

As per our Report of even Date Attached

For **Ghosh Khanna & Company**
Chartered Accountants
Firm Registration Number: 003366N

For and on Behalf of National Pension System (NPS) Trust

Rohit Kohli
Partner
Membership Number: 87722

G. N. Bajpai
Chairman

Nagendra Bhatnagar
CEO and Trustee

Place: New Delhi
Date: 13-06-14

Place: Mumbai
Date: 12-06-14

Place: Mumbai
Date: 12-06-14

NATIONAL PENSION SYSTEM (NPS)TRUST

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

2. Notes to Accounts

2.1 : Corpus / Capital fund

(Amount inRs.)

Particulars	As at March 31, 2014	As at March 31, 2013
Balance as at the beginning of the year	808,927	122,928
Add : Contributions towards Corpus / Capital fund		
Add / (Deduct) : Balance of net income / (expenditure)	491,446	685,999
Balance as at the end of the year	1,300,373	808,927

2.2 : Current liabilities and provisions

(Amount inRs.)

Particulars	As at March 31, 2014	As at March 31, 2013
A. Current liabilities		
Sundry creditors :		
- Creditors for administrative expenses	83,499	56,431
Statutory liabilities :		
- TDS payable	932	1,082
Other liabilities :		
- Expenses payable	106,552	196,679
Total (A)	190,983	254,192
B. Provisions		
	-	-
Total (B)	-	-
Total (A + B)	190,983	254,192

As per our Report of even Date Attached

For **Ghosh Khanna & Company**

Chartered Accountants

Firm Registration Number: 003366N

For and on Behalf of National Pension System(NPS) Trust

Rohit Kohli

Partner

Membership Number: 87722

G. N. Bajpai

Chairman

Nagendra Bhatnagar

CEO and Trustee

Place: New Delhi

Date: 13-06-14

Place: Mumbai

Date: 12-06-14

Place: Mumbai

Date: 12-06-14

NATIONAL PENSION SYSTEM (NPS)TRUST		
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014		
2.2a : Creditors for administrative expenses		
(Amount in Rs.)		
Particulars	As at March 31, 2014	As at March 31, 2013
A. G. International	4,111	8,935
Ankush maintenance	-	2,100
Crystal Hospitality Services Pvt Ltd	17,001	
Deepak tourist car	36,976	36,093
Ramesh Kumar	25,411	-
RMA & associates	-	5,618
Total	83,499	52,746
2.2b : TDS Payable		
(Amount in Rs.)		
Particulars	As at March 31, 2014	As at March 31, 2013
TDS contractor payable	932	1,082
Total	932	1,082
2.2c : Expenses payable		
(Amount in Rs.)		
Particulars	As at March 31, 2014	As at March 31, 2013
Allowances payable	18,772	7,827
Account maintenance charges	12,360	5,618
Audit fee payable	15,169	13,483
Travelling expenses - domestic	-	18,018
Books & periodicals - payable	545	588
Manpower charges payable	55,218	71,020
Re-allocation allowance payable	-	80,125
Telephone & mobile expenses payable	4,488	3,685
Total	106,552	200,364
As per our Report of even Date Attached		
For Ghosh Khanna & Company	For and on Behalf of National Pension System(NPS) Trust	
Chartered Accountants		
Firm Registration Number: 003366N		
Rohit Kohli	G. N. Bajpai	Nagendra Bhatnagar
Partner	Chairman	CEO and Trustee
Membership Number: 87722		
Place: New Delhi	Place: Mumbai	Place: Mumbai
Date: 13-06-14	Date: 12-06-14	Date: 12-06-14

NATIONAL PENSION SYSTEM (NPS)TRUST

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

2.3 : Fixed Assets

(Amount in Rs.)

Description	Rate of Dep	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost/Valuation As at beginning of the year	Additions during the year	Deductions during the year	Cost/Valuation As at the year-end	As at beginning of the Year	For the Year	On Deductions during the year	Total upto year end	As at the Current Year	As at the previous year
Fixed Assets:											
1. Furnitures and fixtures	10%	29,210	-	-	29,210	8,578	2,063	-	10,641	18,569	20,632
2. Office equipment	15%	96,422	-	-	96,422	8,469	13,193	-	21,662	74,760	87,953
3. Computer / Peripherals	60%	668,074	4,875	-	672,949	606,511	39,863	-	646,374	26,575	61,563
Total of current year		793,706	4,875	-	798,581	623,558	55,119	-	678,677	119,904	170,148
Previous year		662,484	131,222	-	793,706	526,903	96,655	-	623,558	170,148	135,581

As per our Report of even Date Attached

For Ghosh Khanna & Company
Chartered Accountants
Firm Registration Number: 003366N

For and on Behalf of National Pension System(NPS) Trust

Rohit Kohli
Partner
Membership Number: 87722

G. N. Bajpai
Chairman

Nagendra Bhatnagar
CEO and Trustee

Place: New Delhi
Date:

Place: Mumbai
Date: 12-06-14

Place: Mumbai
Date: 12-06-14

NATIONAL PENSION SYSTEM (NPS)TRUST		
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014		
2.4 : Current assets, loan and advances		
(Amount in Rs.)		
Particulars	As at March 31, 2014	As at March 31, 2013
A. Current assets :		
Cash balances in hand (including cheques/drafts and imprest)	10,053	10,000
Bank Balances :		
- With Scheduled Banks : saving account	1,356,863	872,675
Total (A)	1,366,916	882,675
B. Loans, advances and other assets		
Advances and other amounts recoverable in cash or in kind or for value to be received:		
- Advance for Meeting	4,000	-
- Receivable From PFMs	536	-
- Prepayments	-	10,296
Total (B)	4,536	10,296
Total (A + B)	1,371,452	892,971
In the opinion of the management, the current assets, loans and advances have a value on realization in the ordinary course of business, equal at least to the amount shown in the balance sheet.		
2.5 : Grants / Subsidies		
(Amount in Rs.)		
Particulars	As at March 31, 2014	As at March 31, 2014
(Irrevocable Grants & Subsidies Received)		
Grant Received From PFRDA	9,500,000	9,000,000
Total	9,500,000	9,000,000
As per our Report of even Date Attached		
For Ghosh Khanna & Company Chartered Accountants Firm Registration Number: 003366N		For and on Behalf of National Pension System(NPS) Trust
Rohit Kohli Partner Membership Number: 87722	G. N. Bajpai Chairman	Nagendra Bhatnagar CEO and Trustee
Place: New Delhi Date: 13-06-14	Place: Mumbai Date: 12-06-14	Place: Mumbai Date: 12-06-14

NATIONAL PENSION SYSTEM (NPS)TRUST		
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014		
2.6 : Interest earned		
(Amount in Rs.)		
Particulars	As at March 31, 2014	As at March 31, 2013
Interest on Saving Bank Account:		
- With Scheduled Bank	43,970	35,891
Total	43,970	35,891
2.7 : Other income		
(Amount in Rs.)		
Particulars	As at March 31, 2014	As at March 31, 2013
Other income	-	75,000
Total	-	75,000
Note: In previous year non refundable fee collected @ Rs. 15000 from 5 RFP Business review consultants and in current year it is nil.		
2.8 : Establishment expenses		
(Amount in Rs.)		
Particulars	As at March 31, 2014	As at March 31, 2013
Salaries and wages	2,781,733	2,666,595
Medical reimbursement	29,000	41,500
Local conveyance allowance	3,235	2,806
Leave salary	-	249,837
LFC Expenses	176,080	
Other allowances and re-imbursements	127,500	196,875
Total	3,117,548	3,157,613
As per our Report of even Date Attached		
For Ghosh Khanna & Company Chartered Accountants Firm Registration Number: 003366N		For and on Behalf of National Pension System(NPS) Trust
Rohit Kohli Partner Membership Number: 87722	G. N. Bajpai Chairman	Nagendra Bhatnagar CEO and Trustee
Place: New Delhi Date: 13-06-14	Place: Mumbai Date: 12-06-14	Place: Mumbai Date: 12-06-14

NATIONAL PENSION SYSTEM (NPS) TRUST		
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014		
2.9 : Other administrative expenses		
(Amount in Rs.)		
Particulars	As at March 31, 2014	As at March 31, 2013
Sitting fee	109,000	64,412
Telephone & mobile expenses	64,089	60,574
Postage, telegram and courier charges	21,985	27,456
Printing and stationary	137,652	59,428
Travelling and conveyance expenses	1,634,932	1,301,756
Office expenses	1,201	10,650
Staff welfare expenses	15,447	486
Meeting & conference expenses	366,612	250,822
Books & periodicals	29,777	1,073
Vehicle hire charges/running & maintenance	666,922	638,262
Professional charges	81,132	1,175,516
Audit fees	15,169	13,483
Manpower hiring charges	606,611	632,959
Consultancy charges	2,050,000	605,712
Computer repair & maintenance	58,095	114,868
Legal fees	4,980	1,500
Internet charges	10,196	10,660
Repair and maintenance	3,845	13,957
Reimbursement of petrol expenses	-	17,875
Interest on TDS	700	-
Foreign Exchange Gain / Loss	113	-
Total	5,878,457	5,001,449
As per our Report of even Date Attached		
For Ghosh Khanna & Company	For and on Behalf of National Pension System(NPS) Trust	
<i>Chartered Accountants</i>		
Firm Registration Number: 003366N		
Rohit Kohli	G. N. Bajpai	Nagendra Bhatnagar
<i>Partner</i>	<i>Chairman</i>	<i>CEO and Trustee</i>
Membership Number: 87722		
Place: New Delhi	Place: Mumbai	Place: Mumbai
Date: 13-06-14	Date: 12-06-14	Date: 12-06-14

NATIONAL PENSION SYSTEM (NPS)TRUST		
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014		
2.10 : Interest and finance charges		
(Amount in Rs.)		
Particulars	As at March 31, 2014	As at March 31, 2013
Other bank charges	1,400	336
Total	1,400	336
2.11 : Prior period expenses		
(Amount in Rs.)		
Particulars	As at March 31, 2014	As at March 31, 2013
Audit fees (FY 2011-12)	-	9,551
Consultancy charges	-	159,288
Total	-	168,839
2.12 : Taxation		
As per the provisions of Section 10(44) of The Income Tax Act,1961, The Income of the NPS Trsut is exempted from Tax therefore provision for Tax has not been done		
2.13 : Foreign currency transactions		
(Amount in Rs.)		
Particulars	As at March 31, 2014	As at March 31, 2013
Travel (USD 2000*54.75)	109,500	-
Foreign Exchange Loss on cancellation of Tour (USD 750 x 0.15)	113	-
Total	109,613	-
2.14 : Previous year's figures		
Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.		
2.15 : TDS Statement		
With reference to the payments of Fund Management Fee by Fund to the Fund Manager, TDS of Rs 1,06,58,165 on the Management Fee of Rs. 11,35,99,749.60 were deducted by the Fund itself and the same was deposited with the Tax Deduction Account No. of NPS and accordingly this amount has been reflected in the quarterly TDS statement of NPS. The Scheme Accounts will hanceforth be taking seperate TDS deduction Account numbers and depositing the TDS directly.		
As per our Report of even Date Attached		
<i>For Ghosh Khanna & Company</i>	For and on Behalf of National Pension System(NPS) Trust	
<i>Chartered Accountants</i>		
Firm Registration Number: 003366N		
Rohit Kohli <i>Partner</i> Membership Number: 87722	G. N. Bajpai <i>Chairman</i>	Nagendra Bhatnagar <i>CEO and Trustee</i>
Place: New Delhi Date: 13-06-14	Place: Mumbai Date: 12-06-14	Place: Mumbai Date: 12-06-14