

PROCEEDINGS OF GOVERNMENT OF KARNATAKA

Subject: Guidelines for the operationalisation of the New Pension System/Scheme, reg.

Reference: 1) G.O. No. FD (SPL) 04 PET 2005, Dated 31.03.2006.
2) G.O. No. FD 79 TAR 2006, dated 16.06.2006.
3) G.O. No. FD (SPL) 28 PEN 2009 Bangalore
Dated 19.1.2010

Government of Karnataka has approved a Defined Contribution Pension System known as the New Pension System/Scheme (NPS), for its employees joining government service on or after 01.04.2006, as per the G.O. read at ref.(1) and (3) above. The system/scheme is made operational from 1.4.2010. This Government Order is issued to detail the procedure for making the contributions and to define clearly the roles and responsibilities of various stakeholders in the NPS.

Government Order No : FD (Spl) 28 Pen 2009, Dated 29.3.2010

1. **Registration with NSDL:**
 - a. Director of Treasury shall register with National Securities Depository Limited (NSDL), also called Central Record Keeping Agency (CRA). District Treasury Officers (DTO) and Assistant Treasury Officers (ATO) shall also register themselves with NSDL, by submitting duly filled in Registration Form N2 as prescribed by the CRA.
 - b. As a onetime exercise, all salary paying Drawing and Disbursing Officers (DDO) and the eligible employees as on 31.3.2010, will be registered provisionally with the Central Record Keeping Agency (CRA) by the NPS cell based on information available in the HRMS.
 - c. The provisional registration will have to be followed by regular registration for which the employees have to submit the details in Form S1. These forms shall be sent to the CRA through the concerned DTO/ATO. Any registration of new DDOs and the employees further on will be by submitting Form N3 or S1 through their respective treasury officers to the CRA.

- d. NSDL will allot unique NPS Registration Number to the DDOs and Permanent Retirement Account Number (PRAN) to the employees (subscribers for NPS). The unique NPS Registration Numbers and PRAN numbers shall be updated in the HRMS by the DDOs. Normally there should not be any change in these numbers between the provisional and final registrations. In case of any change, the guidance of the NPS Cell should be obtained. These unique NPS Registration Numbers and PRAN numbers should be mentioned in every NPS schedule submitted to the Treasury or the NPS Cell.

2. Contributions to be made to the NPS:

- a. The monthly contribution of the employee to Tier-I of the NPS shall be 10% of his or her Basic Pay and DA. An equal matching contribution shall be made by the Government.
- b. The contributions through salary deductions shall become due from the salary of the month, following the month in which the Government servant has joined the service, unless the date of joining happens to be the 1st of the month. In the latter case, deductions shall start from the same month itself.
- c. The mode of remitting contributions to the Trustee Bank (Bank of India) and uploading information to the CRA shall be a decentralized one, wherein all the Treasuries in the State shall be the nodal offices. They shall upload details to the CRA and transmit the contributions of the employees and the Government to the Trustee bank.

3. Payment of Current Contribution:

- a. The current contributions to the NPS shall commence from March 2010 salary, payable in April 2010, on registration of the eligible employees with the CRA. In case the registration is delayed beyond March 2010, the contributions shall commence from the month, in which registration of the employees with the CRA is completed.
- b. The details of the current contribution by the employees and the matching contribution by the Government will be provided in NPS Schedule I generated in the HRMS, and attached to the salary bill.

4. Payment of Employee Backlog Contribution:

- a. Since NPS is applicable for all employees, who have joined on or after 01.04.2006, and current contributions are being commenced from April 2010, there is a backlog of contributions from the first month as per para 2(b) above till the month prior to the commencement of the current contributions. This backlog is both for the employee contribution and the government contribution.
- b. The employee can remit his/her backlog contribution in one lump sum or on monthly basis by choosing any one of the following options:
 - i. Paying entire backlog contribution in one lump sum.
 - ii. Equated Monthly Instalments from salary, not exceeding the number of months for which backlog is due.
 - iii. Lump sum for a number of instalments (i.e., multiples of (ii)) from salary.
- c. In case the employee has opted for option (i), out of the above three options, the contribution details will be reflected in Schedule III generated in HRMS with a unique number. The Schedule III duly certified by the DDO and a Demand Draft drawn in favour of the Trustee Bank for the entire backlog contribution shall be forwarded to the concerned Treasury Officer.
- d. In case the employee has opted for option (ii) or (iii), the details of the contribution shall be reflected in Schedule II generated in the HRMS every month along with the salary bill. The deduction for the backlog contributions shall be made from the salary bill.
- e. Based on the details in the Schedule II or III with unique number, the Treasury Officer shall upload the details to the NPS Contribution Accounting Network (NPSCAN). On acceptance, a transaction ID will be generated along with a Contribution Submission Form (CSF), which will contain the details of Subscriber's Contribution File (SCF). Treasury Officer will print the CSF and submit it to the Trustee Bank along with the cheque/DD.

5. Payment of Government Backlog Contribution:

- a. The Government backlog contribution for all employees shall be paid in one lump sum, along with compound interest of 8%. The interest shall be paid on each backlog monthly contribution for the period from the due month till the month prior to the actual payment month.
- b. The details of the government backlog contribution along with interest will be generated in Schedule IV for each employee. The DDO shall verify the Schedule IV and make corrections, if required. All such schedules for the eligible employees working under the DDO shall be consolidated in Schedule V. The consolidated Schedule V accompanied by the underlying Schedule IV shall be submitted through the HRMS, and a duly certified print copy shall be sent to the NPS Cell, Bangalore.
- c. On receipt of the print copy of Schedules V and IV, it shall be responsibility of the NPS Cell to verify and update the interest, and pay the entire backlog amount.

6. Role and Duties of Treasury Officers:

- a. Treasury Officer is designated as the nodal officer for the scheme and will work as the interface between the CRA and the DDOs. The Treasury Officer shall also be the DDO for the Government contribution along with being DDO for eligible employees in his own office.
- b. Following are the specific duties of the Treasury Officers:
 - i. Receive and forward subscribers' applications in S1 and DDO registration applications in N3 to the CRA after verification.
 - ii. On salary bill approval, ensure transfer of the employee contribution from the salary head of account to head of account "8342-00-120-2-01"
 - iii. Transfer matching government contribution from the head of account "2071-01-101-3-01, State Government, Pension, Non-plan, Voted 251" to "8342-00-120-2-02".
 - iv. Generate Control file in the Khajane system and upload it in the HRMS, which will then give an output that is the Subscriber

Contribution File (SCF - softcopy format of details of Employee and Government Contribution).

- v. Validate the SCF by running it through the file validation utility (FVU) of the CRA.
- vi. Upload the validated SCF to the NPSCAN System of the CRA, and generate Contribution Submission Form (CSF).
- vii. Use CSF to make payment to the Trustee Bank.
- viii. Remit the government and employee contribution amount to the pension fund account of the Trustee Bank, as per SCF uploaded in NPSCAN.
- ix. Forward backlog contributions statement of employees to the CRA and transfer cheques/DDs/funds to the trustee bank, in case the employee has chosen to pay the backlog in one lump sum.
- x. Manage requests for changes in subscriber details and investment options received from the employees, through NPSCAN and forward grievances received from the employees and the DDOs to the CRA.
- xi. Maintain the following records:
 - Pending contribution file
 - SCF, CSF, and underlying Schedules I, II and III.
 - Trustee Bank payment records.
 - Daily/weekly/monthly statements of transfers to and from head of account “8342” and the balances.
- xii. Submit accounts as per the provisions of the Karnataka Treasury Code and any other government orders issued from time to time.

7. Role and Duties of DDOs:

- a. DDOs have to play a primary role in the NPS. They shall effect deductions as prescribed, i.e., 10% of basic pay and DA towards monthly contribution to Tier-I of the scheme and backlog

contribution as per the payment mode opted by the employee and submit the schedule and the bills to the treasury for further action.

- b. Following are the activities to be done by the DDO:
- i. Register with CRA by submitting details in the application form N3 prescribed by the NSDL through the concerned Treasury Officer.
 - ii. Obtain duly filled in Registration Forms S1 from the employees in duplicate, fill and certify the employment details in section B, attest other details mentioned in the form and forward the same to the concerned Treasury Officer.
 - iii. Distribute PRAN kits received from CRA to the respective employee.
 - iv. Provide information on employees' pension contribution option to DTO. He shall deduct employees' backlog contribution as per their preferred option, along with the regular monthly contribution.
 - v. Generate NPS schedule-I for current contribution, NPS schedule-II for backlog contribution and NPS schedule-III for lump sum backlog contribution paid directly outside the salary by the employee.
 - vi. Forward the demand draft/cheque along with Schedule III to the Treasury officer for the employee opting for payment of the backlog in one lump sum.
 - vii. Verify the government backlog contribution Schedule IV generated in the HRMS for each of their eligible employees, and make corrections as necessary. All Schedule IV shall be consolidated in Schedule V covering all eligible employees.
 - viii. Certify the schedules (IV and V) and submit them in the HRMS system.
 - ix. Send signed and certified print copies of these schedules to the NPS cell, Department of Treasuries, V.V. Centre, Bangalore, for payment.
 - x. Intimate changes in employment details such as pay scale, basic salary, transfer etc., to concerned Treasury Officer, whenever such changes occur.

xi. Forward change in investment pattern request, and change in subscriber details request, and grievances received from subscribers, to the concerned Treasury Officer for forwarding to CRA.

xii. Maintain the following records:.

- Statement of employees/ subscribers' transactions.
- Employees/Subscribers' retirement details.

8. Role of Employee/Subscriber:

- a. Fill up Form S1 for registering with the CRA for obtaining PRAN number.
- b. Choose payment option for paying employee backlog contribution from the due month as per para 2(b) above, and inform in writing to the concerned DDO.
- c. Pay backlog contribution through a demand draft in case option (i) out of the three options listed in para 4(b) is chosen.
- d. Check the pension account on website of the CRA periodically, and inform the concerned Treasury Officer through the DDO in case of missing contribution.

9. NPS Implementation Cell:

- a. New Pension Scheme Cell (NPS Cell) is created under Department of Treasuries for implementation of the scheme and is under the overall control and supervision of the Director of Treasuries.
- b. The Government backlog contribution of all the employees covered NPS shall be done centrally by the NPS cell after taking due approvals from the government as a onetime activity.
- c. The NPS Cell shall monitor timely payment of the contributions, and resolve issues related to missing contributions.
- d. NPS Cell shall maintain copies of the following records:
 - i) Details of all registered with the CRA for the NPS
 - ii) Statement of subscribers' transactions.
 - iii) Subscribers' retirement details.

iv) Details of Government backlog contribution.

10. Director of Treasuries:

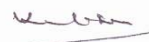
The Director of Treasuries is designated as the State Nodal Officer responsible for the overall implementation of the NPS. Following shall be the specific responsibilities of the Director:

- a. Monitor performance of other Nodal Officers i.e., District/Sub-Treasury officers and DDOs with regard to discharging their responsibilities towards the eligible employees and in compliance with the operational procedure.
- b. Monitor resolution of grievances against the CRA or the treasury officers.
- c. Carry out all necessary communication with CRA, PFRDA, and NPS Trust for the purpose of the scheme.
- d. Ensure periodic audit of the payments made.

11. User Manuals and prescribed registration forms such as S1, N2 & N3 are available in the HRMS system, Khajane net and can be downloaded.

12. Clarifications, if any, for implementing the NPS may be sought from Director of Treasuries, I Floor, Podium Block, Visveshwaraiah Centre, Dr. B.R. Ambedkar Veedhi, Bangalore-560 001.

By order and in the name of
Governor of Karnataka



(U.P. Prabhu)
Special Officer and Ex-officio
Deputy Secretary to Government,
Finance Department (Pension)

To,

1. The Chief Secretary to Government, Vidhana Soudha, Bangalore
2. The Accountant General (A&E) / Principal Accountant General (Audit-1), Bangalore

3. The Additional Chief Secretary to Government, Vidhana Soudha, Bangalore
4. The Development Commissioner, Vidhana Soudha, Bangalore
5. All Principal Secretaries/Secretaries to Government
6. Principal Secretary, State Legislature, Bangalore
7. Secretary, Karnataka Public service commission, Bangalore
8. Registrar, Karnataka Lokayukta, Bangalore
9. Registrar, High Court of Karnataka, Bangalore
10. Registrar, Karnataka Administrative Tribunal, Bangalore
11. All Heads of Departments & DDOs
12. All Deputy Commissioners of Districts
13. All Chief Executive Officers of Zilla Panchayats
14. Director of Treasuries, Bangalore & District Treasury Officers & Sub-Treasury Officers.