



Frequently Asked Questions

(FAQs)

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About the Scheme

1. What is NPS Vatsalya?

NPS Vatsalya scheme is designed specifically for minors (below 18 years of age), to nurture a culture of savings from an early age, introduce them to financial literacy and financial planning, and strengthen the concepts of long-term financial security and prudent financial management.

2. When was NPS Vatsalya launched?

The Hon'ble Union Minister for Finance and Corporate Affairs launched the National Pension System Vatsalya (NPS Vatsalya) scheme on 18th September, 2024.

3. What is the objective of NPS Vatsalya Scheme?

NPS Vatsalya Scheme helps develop disciplined saving habits and gives the child a head start in building wealth and retirement corpus with flexible contribution and investment choices. NPS Vatsalya secures the future of its young subscribers by creating wealth from an early age so as to empower the young subscribers, emanating from the vision of "Viksit Bharat@2047".

4. Who regulates the NPS Vatsalya Scheme?

The scheme is regulated by the Pension Fund Regulatory and Development Authority (PFRDA) in accordance with the provisions of the PFRDA Act, 2013, regulations, guidelines, circulars or instructions issued from time to time.

Benefits

1. What are the benefits of opening an NPS Vatsalya account?

NPS Vatsalya fosters early financial planning, disciplined saving, and professional investment of funds dedicated to a child's future financial security, with regulatory safeguards.

2. Can relatives and friends also contribute to a subscriber's Vatsalya account?

Yes, in addition to parents or guardians, relatives and friends may also make contributions to the subscriber's NPS Vatsalya account.

3. Are contributions made under the NPS Vatsalya eligible for deduction under the Income Tax Act?

Yes, contributions made under NPS Vatsalya are eligible for tax deduction under the provisions of the Income Tax Act, 1961, similar to NPS.

Features

1. Who is eligible to join the NPS Vatsalya Scheme?

NPS Vatsalya is open to all Indian citizens under 18 years of age. The account will be opened and operated by the guardian on behalf of the minor.

2. Can NRIs or OCIs join the NPS Vatsalya Scheme?

Yes, Non-Resident Indians (NRIs) and Overseas Citizens of India (OCIs) under 18 years of age can join the scheme.

3. Who opens an NPS Vatsalya account?

Parents or legal guardians can open and manage the NPS Vatsalya account on behalf of the minor. The account shall be operated by the guardian for the exclusive benefit of the minor until the attainment of age of majority (18 years).

4. Who is the beneficiary of the NPS Vatsalya account?

The minor is the sole beneficiary of the NPS Vatsalya account. All contributions, returns and benefits accrued from the scheme will be for the child's future financial security.

5. Is it possible to join the NPS Vatsalya Scheme at the age of 18 or above?

No, a new NPS Vatsalya account cannot be opened at age 18 or above. Only existing NPS Vatsalya subscribers are permitted to continue under the scheme until the age of 21.

6. Can a court-appointed legal guardian open an NPS Vatsalya account for the child?

Yes, in case a legal guardian has been appointed by a court, a copy of the relevant court order must be submitted along with the KYC documents of the guardian.

7. When are management/administrative rights transferred to the subscriber?

The management/administrative rights shall be transferred to the subscriber upon reaching 18 years and after completion of the prescribed KYC process. Upon transitioning, the features, benefits, and exit norms of the NPS will apply.

8. Is there any restriction on the number of contributions in a year?

No, there are no restrictions on the number of contributions in a year.

9. What is the minimum initial contribution required to open the account?

The minimum contribution for account opening is ₹250/-.

10. What is the minimum contribution required annually in NPS Vatsalya?

The minimum annual contribution is ₹250/-.

11. What is the maximum contribution required in NPS Vatsalya?

There is no limit on the maximum amount for contributions.

12. If the subscriber does not contribute during any FY, is there any impact on the account?

No. Neither the account gets impacted nor deactivated till attainment of 18 years.

13. Can a subscriber change PoP, Pension Fund and CRA?

Yes, a subscriber is allowed to change Point of Presence (PoP), Pension Fund (PF) and Central Recordkeeping Agency (CRA) with the following limits:

| Intermediary | Frequency Permitted |
|---------------------|--|
| PoP | Anytime, no restriction on number of times |
| Pension Fund | Once in a financial year |
| CRA | Twice in a financial year |

14. Is it only available for girls?

No, NPS Vatsalya is available to all minor citizens of India, including male, female or any other gender.

15. Will a PRAN number be issued to the minor?

Yes, a unique Permanent Retirement Account Number (PRAN) in the name of the minor subscriber will be issued by the CRA upon opening the account.

Opening NPS Vatsalya Account

1. How to open an NPS Vatsalya account?

The NPS Vatsalya account can be opened through the following modes:

- Offline: Points of Presence (POPs) registered with PFRDA
- Online facility provided by PoPs
- eNPS platform of NPS Trust (www.npstrust.org.in)
- Any other electronic mode approved by PFRDA

2. What documents are required to open an NPS Vatsalya account?

The following documents are necessary:

- Proof of date of birth of the minor (Birth Certificate, School Leaving Certificate, Matriculation Certificate, Minor Permanent Account Number (PAN), or Passport); AND
- KYC of the guardian (Aadhaar, Driving License, Passport, Voter ID card, National Rural Employment Guarantee Act (NREGA) Job Card, or National Population Register documents); AND
- PAN of the guardian or Form 60 declaration as per Rule 114B
- Minor's sole or joint NRE/NRO bank account, in case of OCI/NRI guardian (Optional in case of Indian Residents)

3. What choices does a parent or guardian need to exercise at the time of opening the account?

The following choices are required to be exercised at the time of opening the account:

- Choice of CRA (Central Recordkeeping Agency): From the registered CRAs with PFRDA
- Choice of Pension Fund (PF): From the registered PFs with PFRDA

4. Whether a minor bank account is required for the scheme?

At the time of joining the scheme, a minor's bank account is optional for Indian residents, but in the case of an NRI/OCI subscriber, the minor's sole or joint NRE/NRO bank account shall be provided mandatorily. However, at the time of partial withdrawal or exit on attainment of the age of 18 years, the minor's bank account or a joint bank account with a minor shall be required in all cases.

5. Is it required to furnish a nomination while joining the scheme?

No, the guardian automatically becomes the nominee under the scheme.

6. How many NPS Vatsalya accounts can I open?

The guardian can open only one account for each minor/child.

7. What is the role of the Central Recordkeeping Agency?

Central Recordkeeping Agency (CRA) is a key intermediary in the National Pension System (NPS) performing the functions of centralised recordkeeping, accounting, administration, and customer service for the subscribers. For more information on CRAs and the list of CRAs, please visit the PFRDA/NPS Trust website.

8. What is the role of Points of Presence?

Points of Presence (PoPs) perform essential functions including facilitating subscriber registration, conducting KYC verification to ensure regulatory compliance, and receiving and transmitting subscriber contributions and instructions within the NPS framework. For more information on POPs and the list of POPs, please visit the PFRDA/NPS Trust website.

Contribution, Investment and Tracking

1. What are the modes of contributions allowed in NPS Vatsalya?

Parents, guardians, relatives and friends may contribute through any of the following modes:

- Physical mode: By visiting any registered service provider (PoP) and depositing a cheque/cash along with the NPS contribution slip.
- Online facility provided by PoPs.
- eNPS platform of NPS Trust.
- UPI-Apps, such as BHIM, PhonePe, GPay, etc. enabled under BBPS.
- Any other electronic mode approved by PFRDA from time to time.

2. How are contributions invested under the NPS Vatsalya Scheme?

To manage investments, guardians can choose any one pension fund (PF) registered with the PFRDA who will invest following PFRDA prescribed investment guidelines.

3. What is a Pension Fund?

Pension Funds (PFs) are responsible for receiving contributions and managing the pension corpus through various schemes under the National Pension System (NPS). For more information on Pension Funds and the list of PFs registered under NPS, please visit the PFRDA/NPS Trust website.

4. What are the permitted asset classes and indicative limits for investment under NPS Vatsalya?

Pension Funds may design their own asset allocation for NPS Vatsalya, allocating up to 100% to Equity, similar to MSF schemes, and the rest into the below-mentioned asset classes. Alternatively, Pension Funds may adopt the following asset allocation pattern:

| Permitted Asset Classes | Indicative Limits |
|---|--------------------------|
| Government Securities & related investments | Up to 20% |
| Debt Instruments & related investments | Up to 30% |
| Short-term debt instruments & related investments (Money Market)* | Up to 10% |
| Equity & related investments | Up to 75% |

**The money market limit will apply once the scheme corpus exceeds ₹5 crore.*

5. What access facilities are available for NPS Vatsalya account holders?

Guardians/Subscribers can access their NPS Vatsalya account through:

- Physical mode by visiting their service provider (PoP)
- Online mode using login credentials provided by CRA/PoP
- Through mobile app provided by the CRA/PoP

6. How can a subscriber check the performance of NPS Vatsalya investments?

The performance of NPS investments is available in the Statement of Transactions (SoT), which can be accessed online by logging in to the subscriber's account on the CRA website or mobile app.

7. How are account statements provided under NPS Vatsalya?

Periodic statements are sent by the CRA to the registered email ID of the subscriber, and a physical statement for the financial year is sent to the correspondence address of the subscriber, if opted.

8. Which CRA can be chosen for opening NPS Vatsalya?

Please visit the PFRDA/NPS Trust website to view the CRAs registered under NPS.

9. Where can I view the information pertaining to the NPS Vatsalya Scheme designed by various Pension Funds?

Information on the NPS Vatsalya Scheme, designed by various Pension Funds, can be viewed on their respective websites or on the NPS Trust website.

Charges

1. What are the charges for NPS Vatsalya?

The charges and fees to be levied on the account at any time shall be the same as the charges under NPS- All Citizen Model as stipulated by PFRDA from time to time. The charges as stipulated by PFRDA for the following intermediaries for performing their duties and functions in relation to the scheme are as follows: Please refer to the actual circulars on intermediary charges on www.pfrda.org.in.

Pension Funds Charges:

| AUM Slabs (₹ Crore) | Investment Management Fee |
|--------------------------|---------------------------|
| Up to 25,000 | 0.12% |
| Above 25,000 to 50,000 | 0.08% |
| Above 50,000 to 1,50,000 | 0.06% |
| Above 1,50,000 | 0.04% |

CRA Charges:

| SI | Charge Head | (In ₹) Upper Cap | |
|-----------------|--|--------------------|-----|
| 1 | PRAN Opening Charge | e-PRAN Kit | 18 |
| | | Physical PRAN Card | 40 |
| 2 | Transaction Charge | | 0 |
| 3 | Account Maintenance Charge per Account (AMC) | | |
| | Tier I Corpus Slab (In ₹) | | |
| | Nil | | 0 |
| | 1 – 2,00,000 | | 100 |
| | 2,00,001 – 10,00,000 | | 150 |
| | 10,00,001 – 25,00,000 | | 300 |
| | 25,00,001 – 50,00,000 | | 400 |
| Above 50,00,000 | | 500 | |

PoP Charge Structure

| Particulars | Charges |
|-----------------------------|--|
| One time Onboarding charges | ₹ 200/- per new account (equivalent to ₹50 to be deducted on quarterly basis) |
| Annual Charges | 0.20% p.a of the AUM (adjustment in the NAV of the Scheme) |

Custodian Charges

| Particulars | Charges |
|-------------------------|--|
| Asset Servicing Charges | 0.000000001770% p.a. of assets in custody (adjustment in the NAV of the Scheme) |

NPS Trust Charges

| Particulars | Charges |
|---------------------------|--|
| Reimbursement of Expenses | 0.002% p.a. of assets managed (adjustment in the NAV of the Scheme) |

Partial Withdrawal

1. Is partial withdrawal allowed under NPS Vatsalya?

Yes, partial withdrawals are permitted under the NPS Vatsalya Scheme to address contingencies or unforeseen situations.

2. For what purposes is partial withdrawal allowed?

Partial withdrawal is permitted for:

- Education of the minor subscriber
- Treatment of specified illnesses of the minor subscriber
- Disability of more than 75% of the minor subscriber

3. Can a subscriber/guardian withdraw anytime after opening the account?

No, subscribers/guardians are eligible to withdraw partially only after completion of 3 years since the date of account opening.

4. What is the maximum amount that can be withdrawn?

Up to 25% of the contribution (excluding returns).

5. How many times can a subscriber/guardian withdraw from their NPS Vatsalya account?

Subscribers/Guardians may take up to 2 partial withdrawals until the subscriber attains 18 years of age. After a subscriber turns 18, upon completion of the prescribed KYC requirements, two additional partial withdrawals are allowed during the period between 18 and 21 years of age.

6. Are partial withdrawals taxable under income tax?

No, the amount received in partial withdrawals permitted under NPS Vatsalya guidelines is exempt under the Income Tax Act, 2025.

Continuation

1. What happens when the minor attains the age of 18?

After turning 18, the subscriber remains in NPS Vatsalya for up to 3 years (till 21), unless he/she chooses to exit or shift to NPS All Citizen Model or any other applicable model. Fresh KYC, including nominee details and any other stipulated details, is mandatory. Post KYC, the subscriber may choose to:

- Seamlessly shift the entire corpus to NPS (All Citizen Model or other applicable model), OR
- Withdraw up to 80% as a lump sum and use the balance to purchase an annuity, OR
- Withdraw 100% of the corpus if the total amount is less than ₹8 lakh.

2. What happens if the subscriber does not choose between any of the available options?

If no option is chosen by age 21, the account automatically shifts to NPS in a higher-equity scheme under Multiple Schemes Framework under the same Pension Fund Manager and follows PFRDA (Exit and Withdrawal under NPS) Regulations, 2015, with withdrawals allowed only after KYC completion.

3. What are the requirements for a subscriber upon attaining the age of 18 years?

Upon the attainment of the age of 18 years, the subscriber shall be required to complete the fresh KYC and furnish the nominee(s) details.

4. What if the KYC requirement is not fulfilled after attaining the age of 18?

If the KYC details are not furnished, no subsequent transactions shall be allowed until the subscriber attains the age of 21 years, after which the account shall become dormant.

5. After completing KYC and furnishing nominee(s) details, what options does the subscriber have?

The subscriber can continue under the scheme until attaining the age of 21. Between 18-21, the subscriber can choose any of the following options:

- Seamlessly shift the entire corpus to NPS (All Citizen Model or other applicable model), OR
- Withdraw up to 80% as a lump sum and use the balance to purchase an annuity, OR
- Withdraw 100% of the corpus if the total amount is below ₹8 lakh.

6. What happens if the subscriber chooses to continue the scheme for a period of up to three years from the date of attaining majority?

The account shall remain active until the subscriber attains 21 years of age. Between the ages of 18 and 21, the subscriber may avail of up to 2 additional partial withdrawals. Thereafter, the subscriber may exit the scheme by exercising the options given above.

Death

1. What happens in the event of the death of the subscriber?

The entire accumulated pension wealth in the account shall be payable to the guardian or nominee(s) or legal heir(s), as the case may be. The recipient shall also have the option to transfer the proceeds to their individual NPS account.

2. What happens if a guardian predeceases the subscriber?

Where any guardian predeceases a subscriber, another guardian must be registered by submitting the necessary KYC documents.

3. What happens in case of death of both parents?

In case of death of both parents, the legally appointed guardian may continue the account with or without making further contributions.

Grievance

1. How can grievances be redressed under NPS Vatsalya?

Subscriber grievances can be lodged through the Central Grievance Management System (CGMS) of the respective CRA, as notified under the PFRDA (Redressal of Subscriber Grievance) Regulations, 2015. Grievances can be lodged through the NPS Trust website at <https://npstrust.org.in/lodge-a-grievance>. PFRDA has developed an integrated grievance management portal [Pension Sahayak](#) - an AI-powered, unified grievance redressal system integrating multiple channels such as web, mobile, WhatsApp, and IVR, with multilingual support for seamless complaint handling.

2. Within what time period must a grievance be resolved?

A complaint or grievance must be resolved by the concerned intermediary as early as possible, but within a maximum period of 30 days from receipt of the complaint.

3. What are the guidelines to intermediaries for Grievance Redressal under NPS Vatsalya?

The guidelines to intermediaries issued by NPS Trust can be accessed from the NPS Trust website at <https://npstrust.org.in/grievance-redressal-policy>

4. What can a subscriber do if not satisfied with grievance resolution?

If a subscriber is not satisfied with the resolution provided, he/she can escalate the grievance to the next higher level for resolution. The escalation matrix is as follows:

Intermediary → NPS Trust → Ombudsman → PFRDA → SAT (Securities Appellate Tribunal)

Tax Benefits

1. What are the tax benefits available on contribution, partial withdrawals and exit proceeds under NPS Vatsalya?

The following tax benefits are available under NPS Vatsalya:

| Stage | Old Tax Regime | New Tax Regime |
|------------------------------------|---|-------------------------|
| At the Time of Contribution | Deduction up to Rs. 50,000 available under Section 124(4) of Income Tax Act, 2025 where contributions are made by the assessee to the account of a minor as parent or guardian. | No Deduction Available. |

| | | |
|--|--|---|
| At the Time of Partial Withdrawal | Partial withdrawal up to 25% of own contributions is exempt under Schedule III (Table: S. No. 4) of Income Tax Act, 2025 when received by the assessee acting as parent or guardian of the minor. | Same exemption as available under the old tax regime. |
| At the Time of Exit / Closure | (i) Lump sum withdrawal up to 60% of the corpus is tax-exempt at closure or exit under Schedule II (Table: S. No. 6) of Income Tax Act, 2025. (ii) Amount used for purchase of annuity is tax-exempt under Section 124(9) of Income Tax Act, 2025. In case of death of minor: Amount received by parent, guardian, or nominee shall not be treated as their income. | Same exemption as available under the old tax regime. |

Additional Questions

2. My child is receiving other benefits from Central Government or State Government including scholarships. Can a Vatsalya account be opened?

Yes, NPS Vatsalya can be opened for the child irrespective of receiving any benefits from Central Government or State Governments.

3. My child has opened an account under Sukanya Samridhi Yojana. Can NPS Vatsalya be opened?

Yes, NPS Vatsalya account can be opened for the child availing benefits under Sukanya Samridhi Yojana.

4. I have an NPS account. Can I open an NPS Vatsalya account for my child?

Yes, NPS account holders as well as non-NPS account holder parents/guardians can open an NPS Vatsalya account for their child.

5. I am a government employee. Can I open an NPS Vatsalya account for my child?

Yes, NPS Vatsalya account can be opened for any citizen of India below the age of 18 without any additional criteria or restrictions.

6. Is there any guarantee available in NPS Vatsalya account?

No, there is no guarantee available in NPS Vatsalya account. Returns are market-linked.
