PRESS RELEASE

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

New Delhi
12th August 2026

CAG's Performance Audit Report on Key Entities and Schemes in Pension Sector Presented

The Performance Audit Report No. 15 of 2026 of the Comptroller and Auditor General of India on Key Entities and Schemes in Pension Sector was placed in the Parliament here today.

The Performance Audit of the key entities and schemes in pension sector was undertaken to assess functioning of the existing legal, regulatory and institutional framework towards providing effective governance, prudent fund management and protection of subscribers' interests within the pension sector. The audit was conducted for the period from April 2017 to March 2024 with examination of relevant records in the Department of Financial Services and other concerned Ministries/Departments, Pension Fund Regulatory and Development Authority (PFRDA), Employees Provident Fund Organisation (EPFO), Coal Mines Provident Fund Organisation (CMPFO), Seamen's Provident Fund Organisation (SPFO), Assam Tea Employees Provident Fund Organisation (ATEPFO), pension systems managed by six autonomous bodies/CPSEs and four major Government pension schemes.

The main audit findings are as under:

Governance Framework

- PFRDA was a regulator as well as the appointing authority of the CEO and trustees of NPS Trust. PFRDA also appointed intermediaries and did not have an arm's length relationship with NPS Trust. Similarly, EPFO selected portfolio managers and allocated funds among them, while also overseeing and inspecting their activities.
- Timelines for the meetings of the Board of Trustees were either not prescribed (in CMPFO, ATEPFO, Rashtriya Ispat Nigam Ltd and MECON Ltd) or the Board/ Committees did not meet as per stipulated frequency (in CMPFO and SPFO).
- In the Annual Reports of PFRDA, there was no reference to any methodology/system based on which performance of pension funds was being assessed. Further, instances of breach of investment guidelines by the pension fund managers in case of NPS were observed.
- Non-compliance in filing of performance evaluation reports by few exempted establishments under EPF Act and inadequate inspection of Tea Estates by ATEPFO was also observed.

Fund Management

- The investment framework for the pension systems in India was governed by different investment guidelines *viz.*, those issued by PFRDA, the Ministry of Labour and Employment and the Ministry of Finance.
- Audit found instances of pension funds having been invested in securities below the required investment grade in case of EPFO, CMPFO, SPFO and ATEPFO. Exempted funds also had similar issues, as noticed in case of Cotton Corporation of India Limited and Chennai Petroleum Corporation Limited.
- Actuarial valuation of pension funds revealed significant asset-liability mismatches in case of EPFO and CMPFO. Further, EPFO's actuarial assessment excluded the guaranteed minimum pension liability, while ATEPFO had not conducted any actuarial valuation.

Protection of subscribers' interests

- While EPFO and CMPFO guaranteed a minimum monthly pension of ₹1,000, NPS offered no assured minimum return, and the Employees Pension Scheme of EPFO excluded employees with salaries above ₹15,000, thus limiting the pension coverage.
- PFRDA had a well-defined grievance redressal system with escalation mechanisms and an ombudsman, whereas EPFO lacked an ombudsman and the other pension systems relied mainly on CPGRAMS or manual processes.
- Exempted establishments and establishments under PF Act, 1925 also had weak grievance mechanisms due to shortcomings like absence of detailed grievance redressal policy incorporating Turnaround time, point of closure, escalation mechanism, and absence of an IT portal to lodge and track grievances.

Schemes for unorganised sector

- The voluntary pension schemes for unorganised sector, such as Atal Pension Yojana (APY), Pradhan Mantri Shram Yogi Maandhan Yojana (PMSYM), Pradhan Mantri Kisan Maandhan Yojana (PMKMY), had overlapping target groups, resulting in low enrolment and duplicate subscribers.
- APY achieved its subscriber enrolment target five years late, while PMSYM and PMKMY met only a small fraction of their subscriber targets.
- Despite offering similar benefits, APY and PMKMY followed different investment guidelines.
- While actuarial valuation had been carried out to estimate the gap funding requirements for APY, no such valuations had been undertaken for PMSYM and PMKMY, despite these Schemes being operational for five years.