Protean eGov Technologies Limited

Error Rectification Module for Unorganized Sector

Version 1.0

Contents

1.Preface

Government of India (GOI) introduced a new Defined Contribution Pension Scheme known as the National Pension System (NPS) replacing the existing system ofDefined Benefit Pension System vide Government of India, Ministry of Finance, Department of Economic Affairs Notification, dated 22nd December 2003. The NPS came into operation with effect from 1st January 2004 and is applicable to all new employees of Central Government service, except Armed Forces, joining Government service on or after 1st January 2004. The employees of Central Autonomous organizations, State Governments/Union Territories (UTs) and the Autonomous organizations of the respective State Government/UT are also eligibleto join the NPS. The NPS has also been extended to Un-organised sector (NPS toAll Citizen of India). The employees who join the NPS are known as 'Subscribers'.

GOI established Pension Fund Regulatory and Development Authority (PFRDA) on 10th October 2003 to develop and regulate the Pension Funds under the NPS. PFRDA appointed Protean eGov Technologies Ltd. (formerly NSDL e-Governance Infrastructure Limited) as the Central Recordkeeping Agency (CRA) to maintain the records of contribution and its deployment in various pension fund schemes for the employees.

In NPS, the intermediaries such as POP, provide the subscriber contributiondetails to CRA and remits the funds to Trustee Bank which in turn transfer the funds for investment to Pension Fund Managers (PFMs) based on the CRA's instruction. Subsequently, units are allotted to the subscribers based on their contribution amount. At the time of providing the subscriber contribution details, the intermediaries may transfer erroneously contribution details which results in incorrect credit in the subscriber account. The intermediaries would intend to rectify the subscriber record in the CRA system. This document describes the Standard Operating Procedure to be followed by the POP for error rectification in the CRA system.

2. Acronyms and Abbreviations

The following definitions, acronyms & abbreviations have been used in this manual:

ACRONYM	DESCRIPTION
CRA	Central Recordkeeping Agency
ERM	Error Rectification Module
GOI	Government of India
I-PIN	Internet Personal Identification Number
NPS	National Pension System
Protean	Protean eGov Technologies Ltd.
PFRDA	Pension Fund Regulatory & Development Authority
POP	Point of Presence
PRAN	Permanent Retirement Account Number
TS	Transaction Statement

3. Error Rectification Module

In NPS, POP provides the subscribers' contribution details by uploading the Subscriber Contribution File (SCF) onto the CRA system and subsequently, remits the funds to Trustee Bank. Based on the Fund Receipt Confirmation (FRC) from Trustee Bank, the Trustee Bank transfers the funds to Pension Fund Managers (PFMs) for investment and according to the proportion of contribution amount, the units are allotted to the subscriber's Permanent Retirement Account.

At the time of providing the subscriber contribution details, the POP may transfer the contribution details erroneously which results in incorrect credit of units inthe subscriber account. In a nutshell, the POP may have committed the following errors:

A. Excess Transfer to a PRAN
B. Amount wrongly credited in PRAN 1 instead of PRAN 2

On identification of above mentioned error, the POP may use the Error Rectification Module available in the CRA system to rectify the same. This functionality will help in resolving the excess transfers to the recipient or transfers to incorrect recipient because of the error committed by the POP while transferring the amount. The succeeding pages describe the SOP to be followed by the POP for rectification of above mentioned errors in the CRA system.

3.1   3(A) Excess amount transferred to a PRAN:

In case, a POP has erroneously transferred excess amount to a PRAN and the amount has been credited into the subscribers account, the resolution of these cases can be done by the POP using ERM functionality. The functionality has certain validations which are mentioned below:

1. The functionality has operational hierarchy which comprises maker, checker. The maker and checker here are referred as User 1 and User 2.

2. The PRAN should be in active status in the CRA system.

3. POP can capture the request for only that record which has been uploaded by it, irrespective of whether at present the Subscriber is associated with that POP or not.

4. Error rectification request once captured, POP will not be able to capturea fresh (new) request for a PRAN unless the request captured for a combinationof PRAN and transaction ID is processed/rejected completely. For example, POP has captured a rectification request for withdrawal of an erroneous credit given toa PRAN "1" for the month of July 2014 through Transaction ID "X", unless this request is effectively completed, POP will not be able to capture any other rectification request for the credit pertaining to July 2014 from Transaction ID'X' for this particular subscriber.

As per this process, the units credited in the subscriber account (units equivalent to the contribution amount credited at the time of erroneous credit) would be redeemed.The redemption proceeds (the realized value) will be transferred to the POP. The processing logic has been explained with example below:

The processing logic has been explained considering the status of the PRAN in the CRA system at time of rectification:

1) In case of same Scheme Preference – In case the scheme preference of thePRAN which is being considered for rectification has not changed and it is as

same as it was at the time of erroneous credit, the treatment of such rectification has been explained in the example as case A.

2) In case of different Scheme Preference – In case the scheme preference of PRAN which is being considered for rectification has changed/different than what was before or at the time of erroneous credit, the example has been explained as case B.

Case A- _**PRAN has same Scheme Preference:**_ In case, the PFM scheme preference is identical for the PRAN at the time of erroneous credit as well as at the time of rectification, then equivalent units created due to erroneous credit will be redeemed from the PRAN and proceeds will be transferred to the POP.

Illustration:

Erroneous credit:
POP "X" had transferred erroneously Rs.2,000/- in PRAN "1" on April 22, 2010. Based on NAV of Rs.10/-, 200 units were created for Rs.2,000/- and credited to the PRAN on April 22, 2010.

Rectification process:
The POP "X" identified such erroneous credit on February 15, 2013 and captures the rectification request in the CRA system. After the necessary verification and authorization of rectification request by POP and subscriber, CRA system will be required to redeem the above mentioned 200 units created erroneouslyand transfer the same to POP.

Redemption process:
As the request is authorized by subscriber on Feb 15, 2013, CRA system will calculate and derive "200 units" (units created at the time of investment) and same will be considered for redemption on February 16, 2013. The redemption value and actual contribution amount may be different after the redemption. The realized value of redemption will depend upon the Net Asset Value (NAV) declared by PFM on February 16, 2013.

In case the NAV on February 16, 2013 is Rs. 9 (as against Rs. 10 at the time of investment), the redemption proceeds will be Rs. 1,800/- (less than the actual investment) and Rs 1800/- will be transferred to the POP.

In case the NAV on February 16, 2013 is higher i.e. Rs. 15, in such case, the proceeds will be Rs. 3000/- and Rs 3000/- will be transferred to the POP.

Case B- _**PRAN has different Scheme Preference:**_ In case, the PFM scheme preference is different for the PRAN at the time of erroneous credit as well as at the time of rectification, in such case the CRA system will recalculate the equivalent units with retrospective impact of scheme preference on that PRAN.

Illustration:

Erroneous credit:
POP 'X' had transferred Rs.2,000/- inadvertently in 'PRAN "1", on April 22, 2010. Based on NAV of Rs.15.2345/-, 131.2809 units were created for Rs.2,000/- and credited to the PRAN as shown in the below table.

Contribution investment table:

The erroneous amount got settled on 22 April 2010 as per the erroneous transaction on the day.				
PFM Scheme Name	**PFM Scheme Percent**	**Erroneous credit amount (Rs.)**	**NAV (day of investment)**	**Units (Units allotted against the investment)**
Scheme S-1 of PFM "1"	100	2000	15.2345	**131.2809**

Rectification process:
The POP "X" identified such erroneous credit on February 15, 2013 and captures the rectification request. After the necessary verification and authorization of rectification request by POP and subscriber, CRA system will be required to redeem the above mentioned 131.2809 units created erroneously and transfer the same to POP/POPSP.

Redemption process:

Unlike case A, where the subscriber scheme preference was same and, the number of units also remained same, hence, the exact units (units created at the time of investment) were redeemed. However, in this case the number of units to be debited on account of such rectification will undergo change due to change in scheme preference.

When a subscriber's scheme preference changes, the entire holding in the scheme is transferred to the new scheme as per the revised calculation in target scheme. The units position in the old scheme and the new scheme may also change due to different NAV in the new scheme.

As the subscribers unit holding changes with every change in the scheme preference, the units will be derived based on the retrospective effect i.e. units created on the day of investment will be tracked to ascertain the present equivalent units, the following table represents the current equivalent units of the erroneous credit:

Current status of the investment in the subscriber account

PFM Scheme Name	Scheme Percent	Erroneous amount	NAV of the day of shifting	Erroneous units
Scheme S2 of PFM"2"	100	2838.67	22.3232	127.1623

The above table depicts that due to changes in the subscriber's scheme i.e. from Scheme S-1 of PFM "1" to Scheme S2 of PFM "2", the units (131.2809) which were created at the time of investment have become 127.16 in the CRA system.

Accordingly, as erroneous request for Rs.2000 is placed for PRAN "1", then 127.1623 units (considering the retrospective impact) will be redeemed and the proceeds will be transferred to the POP. The calculation of funds to be transferred to POP will be as same as it is mentioned in Case A above.
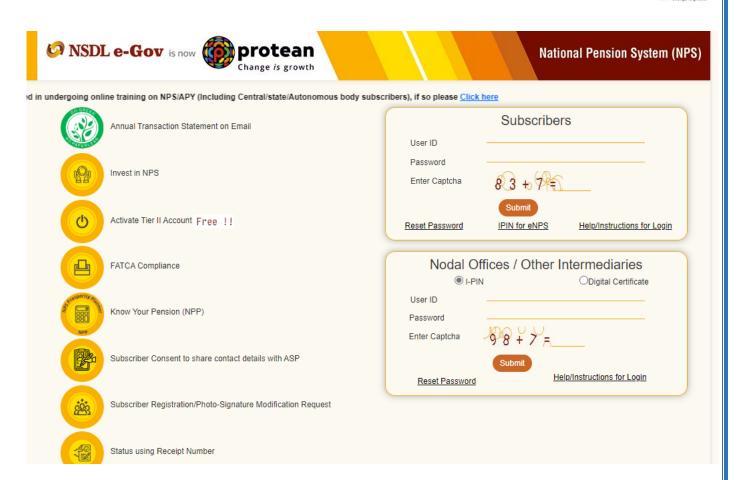
The following section elaborates the Standard Operating Procedure to be followed by the POP for rectification in case of Excess amount transferred to a PRAN.

Capturing of Request:

POP will login into the CRA system (www.cra-nsdl.com) by DSC based login. Please refer Figure 1 & Figure 2.
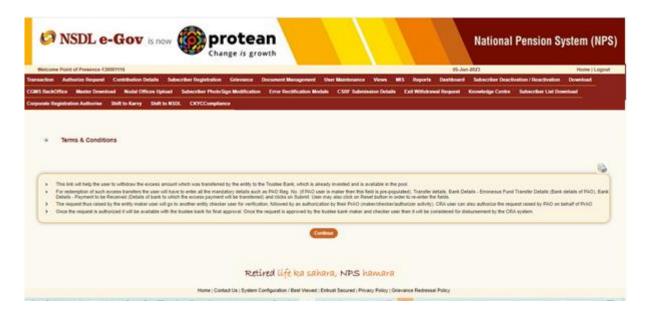
(Figure: 1)

Once the POP log-in into the CRA site, 'Error Rectification Module' menuwill be shown. User will click the sub-menu 'Rectification of Erroneous Transfer to subscriber'. Please refer Figure 2.

(Figure: 2)

User will be shown the Welcome page of this menu. A summary containing information relevant to the menu has been provided in the Welcome page. Please refer Figure 3.

(Figure: 3)

User has to click the 'Continue' button to capture the request. The page oftransaction search will be shown as mentioned in 'Figure 4'.

(Figure: 4)

User will provide the required details. It is mandatory to provide '**Transaction ID', PRAN and Tier Type.** If the PRAN is not uploaded in the Transaction ID, CRA system will show as 'No Record Found'. Once User clicks the submit button, following screen will be shown to the User. Please refer Figure 5.

(Figure: 5)

User will be shown all the contributions uploaded for the PRAN based on the search criteria. User has to choose the records in which rectification is to be carried out. User will provide the following;

1. **Amount to be Adjusted:** POP User will provide the amount which is to be debited from the selected record. This particular amount will be debited from the subscriber account and will be paid to the POP.

2. **Remarks for Transaction Statement (TS):** POP User will provide the appropriate remark in this field for subscriber's TS. This remark will be shown in the subscriber's TS with the debit entry of the 'Amount to be Adjusted'.

3. **Bank Details:** For processing of Excess Transfer to PRAN request, Bank details of the associated POP, must be registered in CRA system. As, while capturing ERM request registered bank details get 'Auto Populated' and same are non-editable. Amount realized due to execution of rectification request will be credited to this bank account.

After providing the mandatory details, the user clicks the submit button, confirmationpage will be shown as below. Please refer Figure 6.
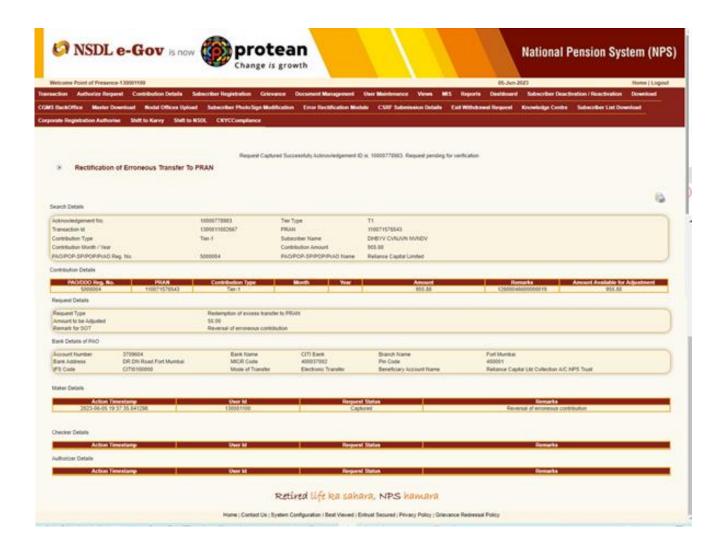

(Figure: 6)

Once User will click on the Confirm button, Acknowledgement ID will be provided to the User. User should note down the Acknowledgment number for tracking the statusof the request. Please refer Figure 7.

(Figure: 7)

Now request is available in CRA system for the verification and authorization.

Verification of Request :

The second user will login into the CRA site. Once User logs into the site, User will click on the sub-menu 'Verify Rectification of Erroneous Transfer to subscriber'.Please refer Figure 8.

Figure: 8

User will provide the PRAN/Acknowledgement ID and select the 'Request Type' in the search screen. User can also search the request by providing the 'Date Range'. Please refer Figure 9.

Figure: 9

Once User provides the search fields, Acknowledgment ID with hyperlink will beprovided to the User. Please refer Figure 10.

Figure: 10

Once User clicks the hyperlink, rectification details will be shown to the User. User has the option to 'Accept' or 'Reject' the request. User can also provide the remarks in 'remarks' field for their reference while processing the request. Please refer Figure 11.
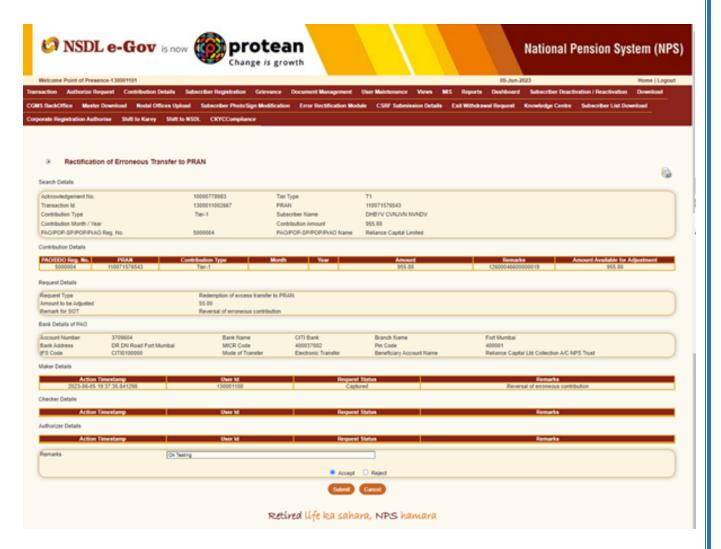
Figure: 11

When the User submits the request, 'Request Verified/Authorized Successfully, Acknowledgement ID is 100XXXXXX 'message will appear. Please refer Figure 12.

In case the POP User rejects the request, POP User has to capture thefresh request for rectification, if needed.

Figure: 12

Once request is verified by POP successfully, the same will be available for 'Confirmation' at Subscriber Log-in.

Subscriber Confirmation:

Subscriber confirmation is a provision given to subscribers to confirm/reject an erroneous rectification request that is raised by their present/earlier mapped entity. Only after the subscriber gives a confirmation the erroneous rectification request can be finally authorized to be processed. Once POP user 'Verify' the request for processing, Subscriber will receive an email with all relevant information pertaining toan erroneous request, for which the subscriber will be required to provide confirmation.

On receipt of the email, subscriber will login to the system to view a link on the welcome screen itself. Link will provide details of all requests that are pending for subscriber confirmation. Please refer Figure 13 and 14.
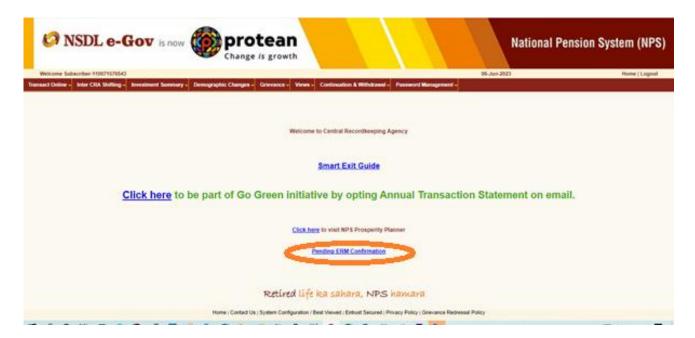

Figure 13

Figure 14

On clicking the link "Pending ERM Confirmation" Subscriber will select a request for which subscriber wants to provide confirmation by clicking on hyperlink. Please refer Figure 15.

Figure 15

A page with all details corresponding to that erroneous request will appear on the screen for subscriber's reference. Subscriber can accept or reject the request. Onselection of an option, system will display a confirmation screen with Accepted/Rejected message. Please refer Figure 16 & 17.
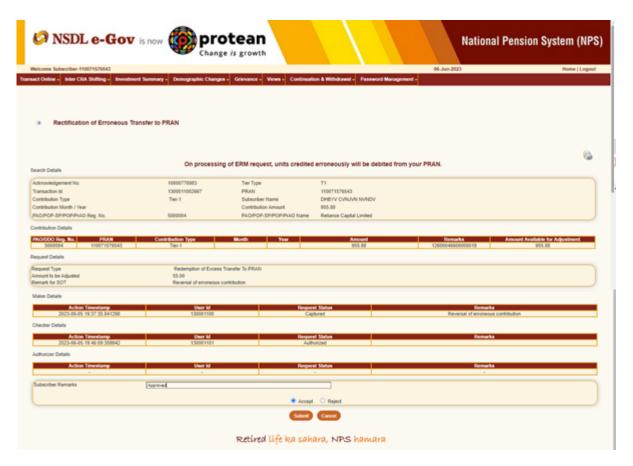
Figure 16

Figure 17

The request which has been accepted by the subscriber will be considered for processing in the CRA system. As per the process, units will be redeemed and funds will be transferred to the POP account (provided at the time of request) on T+2 basis.

The POP may re-raise the rectification request once the subscriber rejects the ERM request. In such case, the POP should take subscriber into confidence and inform about the erroneous case and subsequently, the rectification request can be captured as per above mentioned process.

3 (B). Transfer to PRAN 1 instead of PRAN 2:

In some cases, POP has inadvertently transferred an amount to PRAN "1" instead of PRAN "2". Accordingly units have been credited in the PRAN "1". As the amount is already credited to PRAN "1" (i.e. file is matched and booked), correction file cannot be uploaded by the POP. In such cases, POP has toput the request for rectification of entry in 'Error Rectification Module'. Following are the validations built in the system:

1. The functionality has operational hierarchy which comprises maker, checker and Authorizer. In case of centralized mode of operation, only the maker and checker role will be applicable. The maker and checker here are referred as User 1 and User 2.

2. Both the PRANs (i.e. Source as well as Target) should be in active status in CRA system.

3. POP can capture the request for only that contribution record which has been uploaded by it.

4. Error rectification request once captured, POP will not be able to capturea fresh (new) request for transfer of credit from the PRAN which was credited withthe excess amount unless the request is processed/rejected completely. Forexample, POP has captured the request for transfer of an amount wrongly credited into PRAN 1 instead of PRAN 2. Unless this request is effectively completed, POP will not be able to capture any other rectification request pertaining to above mentioned transaction for the particular subscriber.

5. POP can capture maximum of five target PRANs in a request.

Calculation of the transfer of the units for settlement Process for erroneous transfer cases is as follow:

The processing logic has been explained considering the status of the PRAN in the CRA system at time of rectification:

1) In case of same Scheme Preference – In case the scheme preference of both the PRANs is same, the treatment of such rectification has been explained in the example as case A.

2) In case of different Scheme Preference – In case the scheme preference of both the PRANs is different, the treatment of such rectification has beenexplained as case B.

Case A- *<u>Both source and target PRAN has same Scheme Preference:</u>* In case, the PFM scheme preference is identical for both the PRANs (at the time of erroneouscredit as well as at the time of rectification) then equivalent units will be transferred from the source PRAN to the target PRAN.

Illustration:

Erroneous credit:

POP 'X' had remitted in excess Rs.2,000/- in PRAN "1" inadvertently, instead of PRAN "2" on April 22, 2010. Based on NAV of Rs.10/-, 200 units were created for Rs.2,000/- and credited to PRAN "1".

Rectification process:

On February 15, 2013, POP 'X' has requested for rectification of incorrect credit in PRAN "1" and transfer of investment to PRAN "2". After the necessary verification and authorization of rectification request by POP and subscriber,the CRA system will be required to transfer 200 units created erroneously to the PRAN "2". Accordingly, 200 units will be debited from the PRAN "1" (Source PRAN) and credited to the PRAN "2" (Target PRAN).

Case B- *<u>Both source and target PRAN has different Scheme Preference:</u>* In case, the PFM scheme preference is different for both the PRANs (at the time of erroneous credit as well as at the time of rectification) then the equivalent units willbe debited from source PRAN and through redemption and reinvestment process,the units will be transferred to the target PRAN. The units in source PRAN will be derived after considering the impact of shifting and/or scheme preference change on that PRAN, as mentioned in case B of section 3(A) above.

Illustration:

Erroneous credit:

POP 'X' had remitted in excess Rs.2,000/- in 'PRAN 1' inadvertently, insteadof 'PRAN 2' on April 22, 2010 through Transaction ID 'A'. Based on NAV of Rs. 15.2345/-, 131.2809 units were created for Rs.2,000/- and credited to PRAN 1 as shown below:

Contribution investment table of PRAN 1:

The erroneous amount got settled in the below mentioned scheme on 22 April 2010.				
PFM Scheme Name	**PFM Scheme Percent**	**Original Erroneous credit**	**NAV of the day of Erroneous**	**Original Erroneous credit units**
Scheme S1 of PFM1	100	2000	15.2345	**131.2809**

Rectification process:

On February 15, 2013, POP 'X' identified such erroneous credit and capturesthe ERM request in the CRA system. After the necessary verification and authorization of rectification request by POP/POPSP and subscriber, CRA system willbe required to transfer, the above mentioned units created erroneously under PRAN 1to PRAN "2".

Redemption process:

Unlike case A, where the subscriber scheme preference was same and, hence, the exact units (units created at the time of investment) were transferred to PRAN "2". However, here in this case the number of units to be credited on account of such rectification will undergo change due to difference in the scheme preference of both the PRANs.

In case there is a change in the scheme, the units are redeemed from source PRANand re-invested in the target PRAN.

Accordingly, as erroneous request for Rs.2000 is placed for PRAN "1", then 131.2809units (considering there is no change in the source PRAN scheme) will be redeemed and the proceeds will be transferred to the PRAN "2" through re-investment process.

In case the source PRAN (PRAN "1") scheme has changed over the period of time, then the units calculation in the source PRAN will be similar to the example given in case B of section 3 (A). Considering the same example, the following table representsthe current equivalent units of the erroneous credit in the source PRAN:

PFM Scheme Name	Scheme Percent	Erroneous amount (value of erroneous credit)	NAV of the day of shifting	Erroneous units
Scheme S2 of PFM2	100	2838.67	22.3232	127.1623

The above table depicts that due to changes in the subscriber's scheme i.e. from Scheme S-1 of PFM "1" to Scheme S2 of PFM "2", the units (131.2809) which were created at the time of investment have become 127.1623 in the CRA system.

Accordingly, when an Error Rectification request for Rs.2000 is placed for PRAN "1", then 127.1623 units (considering the retrospective impact) will be redeemed and the proceeds will be re-invested in the target PRAN "2".

The following section elaborates the Standard Operating Procedure to be followed by the POP for rectification in case of Transfer to PRAN "1" instead of PRAN "2".

Capturing of Request

Once POP logs into the CRA site {please refer figure 1 and 2 in the section3 (A)}, there is a menu of 'Error Rectification Module'. User will click the sub-menu

'Rectification of Erroneous Transfer to subscriber'. Please refer Figure 18.

Figure: 18

User will be shown the Welcome page of this menu. A summary containing information relevant to the menu has been provided in the Welcome page. Please refer Figure 19.

Figure: 19

User has to click the 'Continue' button to capture the request. Please refer Figure 20.

Figure: 20

User has to provide the required details in the relevant fields. It is mandatory to provide **'Transaction ID', PRAN (which has received incorrect credit) and the Tier Type.** Once the User clicks the submit button, following screen will be shown to the User. Please refer Figure 21. If the PRAN is not part of the Transaction ID, a message will be shown as 'No Record Found'.

Figure: 21

User will be shown all the contributions uploaded for the PRAN based on the search criteria. User will choose the records where rectification is required. User will provide following details:

1. **Target PRAN:** POP User will provide the PRANs where equivalentunits will be credited.
2. **Amount to be Adjusted:** POP User will provide the amount which isto be debited from the selected record. This particular amount will be debited

from the Source PRAN (subscriber account) and will be credited to the TargetPRAN.

3. **Remarks for Transaction Statement (TS):** POP User will provide the appropriate remark in this field for subscriber's TS. This remark will be shown in the subscriber's TS with the credit entry of the 'Amount to be Adjusted'.

After providing the mandatory details, when POP User clicks the submit button, User will be shown the confirmation page as below. Please refer Figure 22.
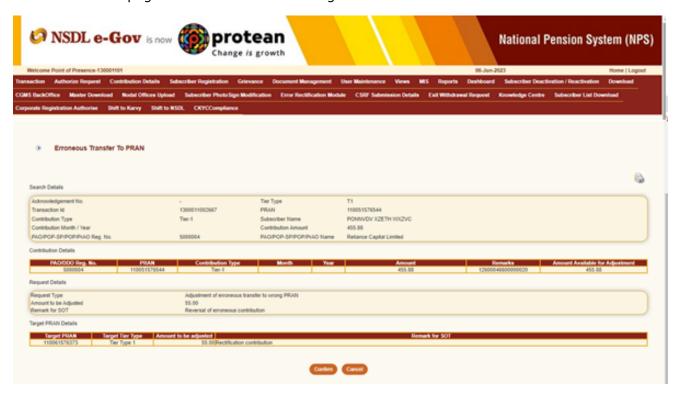

Figure: 22

User should check all the details and then click on the 'Confirm' button. Acknowledgement ID will be generated in the CRA system and a message "Request captured successfully, Acknowledgement ID is 100XXXXXX. Request pending for verification" will be shown to the User. User should note down the Acknowledgment number for tracking the status of the request. Please refer Figure 23.
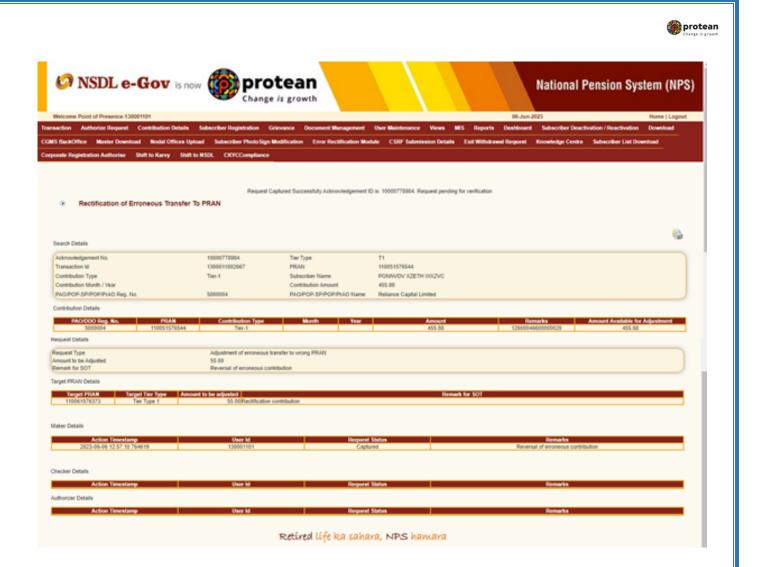
Figure: 23

Now the request will be available in the CRA system for POP second User to verify the request.

Verification of Request:

POP second User will login into the CRA website. Once the User logs into the website, User has to click on the sub-menu 'Verify Rectification of Erroneous Transfer to subscriber'. Please refer Figure 24.

Figure: 24

Once User provides the search fields, hyperlink will be provided to the User. Pleaserefer Figure 25.

Figure: 25

Once User clicks the hyperlink, rectification capture details will be shown to the User. User has the option to 'Accept' or 'Reject' the request. User can also provide the remarks in 'remarks' field for their reference while processing the request. Please refer Figure 26.
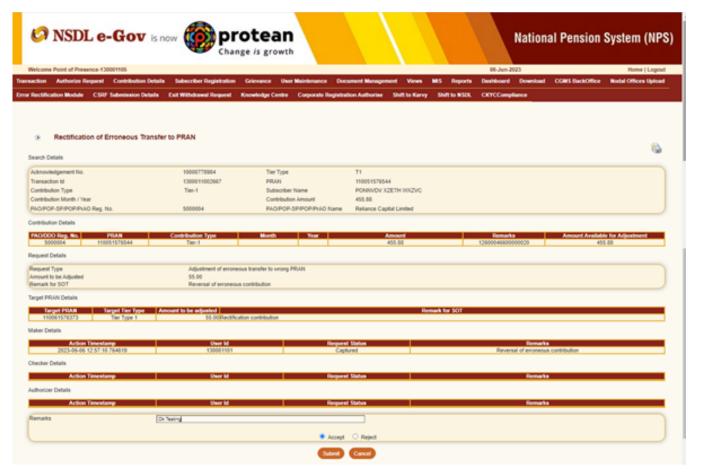

Figure: 26

When the User submits the request, 'Request Verified/Authorizes Successfully, Acknowledgement ID is 100XXXXXX Pending for authorization' message will be shown. Kindly note, if the POP User rejects the request, POP Userhas to capture the fresh request for rectification, if needed. Please refer Figure 27.

Figure: 27

Once the request is verified by POP, request will be available in Subscriber log-in for 'Subscriber Confirmation'.

Subscriber Confirmation:

Subscriber confirmation is a provision given to subscribers to confirm/reject an erroneous rectification request that is raised by their present/earlier mapped entity. Only after the subscriber gives a confirmation the erroneous rectification request can be finally considered for processing in the CRA system. The process for Subscriber Confirmation is same as mentioned in section 3(A), *refer figure 13 to 17 given in the section 3 (A) for the steps for the subscriber confirmation*.

Views by POP:

POP User will be able to view the status of requestcaptured/verified/authorized by him/her. User has to click the menu 'Error Rectification Module' and sub-menu 'View Request Status'. Please refer Figure 28
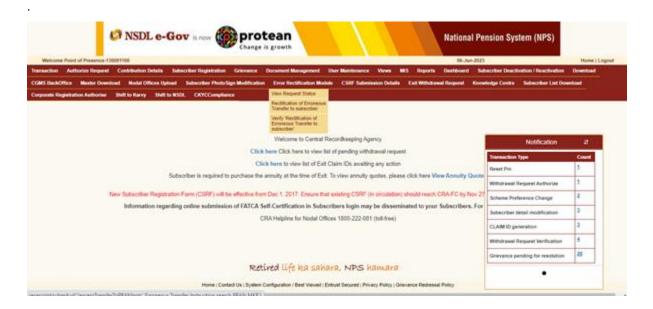
.

Figure 28

User can view the status of a particular request by providing the Acknowledgement ID. User can also search the request by providing the Request Type', 'PRAN' or 'Date Range'. Once User provides the search fields, Acknowledgment IDs (hyperlink)will be provided to the User. Please refer Figure 29 and 30.

Figure 29

Figure 30

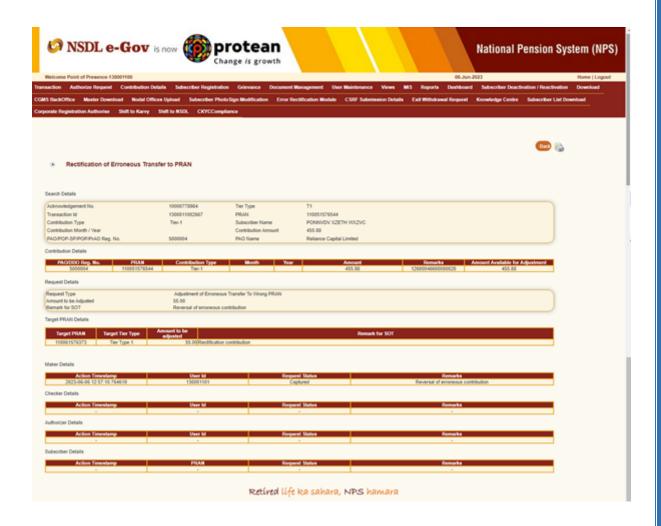Once User clicks the hyperlink, the details of specific request will be available forview. Please refer Figure 31.

Figure 31

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