



KAMARAJ IAS ACADEMY
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Narayan Ramachandran Committee (SAARG)

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In News: The Pension Fund Regulatory and Development Authority (PFRDA) has constituted a **high-level expert committee** called **Strategic Asset Allocation and Risk Governance (SAARG)** to review and modernise the **National Pension System (NPS) investment guidelines**.

Purpose of SAARG Committee

- To **strengthen NPS investment architecture**
- Align **Indian pension investments** with:
 - Global best practices
 - Evolving Indian capital markets
 - Long-term subscriber objectives

Key Functions / Mandate

1 Foundational Review & Global Benchmarking

Assess current NPS investment guidelines

Benchmark against **leading global pension systems**

2 Asset Class Review & Expansion

Examine existing asset classes

Recommend **new asset classes** to enhance **diversification and resilience**

3 Strategic Asset Allocation

Propose **optimal allocation** across:

§ Equity

§ Debt

§ Money market instruments

§ Alternative investments

Set **prudential limits** for each category

4 Performance & Accountability

Reform **benchmarking and evaluation methods** for Pension Funds under NPS

Strengthen **transparency and accountability**

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5 Risk Management & ALM

Recommend frameworks for:

§ **Market risk**

§ **Credit risk**

§ **Liquidity risk**

§ **Operational risk**

Ensure alignment with **pension liabilities (ALM – Asset Liability Management)**

6 Governance & Intermediaries

Review **custodial architecture**

Improve **end-to-end investment processes** across NPS intermediaries

7 Sustainability Integration: Embed **climate transition risks** and **net-zero pathways** in investment decision-making.

Significance

1. Expected to **modernise NPS investments** in line with global pension trends.
2. Improves **risk-adjusted returns** for subscribers.
3. Incorporates **ESG (Environmental, Social, Governance) and climate risk** considerations.
4. Enhances **resilience of Indian pension funds** against market volatility.