

Atal Pension Yojana (APY) – Details of the Scheme

1. Introduction

1.1 The Government of India is extremely concerned about the old age income security of the working poor and is focused on encouraging and enabling them to join the National Pension System (NPS). To address the longevity risks among the workers in unorganised sector and to encourage the workers in unorganised sector to voluntarily save for their retirement, who constitute 88% of the total labour force of 47.29 crore as per the 66th Round of NSSO Survey of 2011-12, but do not have any formal pension provision, the Government had started the Swavalamban Scheme in 2010-11. However, coverage under Swavalamban Scheme is inadequate mainly due to lack of guaranteed pension benefits at the age of 60.

1.2 The Government announced the introduction of universal social security schemes in the Insurance and Pension sectors for all Indians, specially the poor and the under-privileged, in the Budget for the year 2015-16. Therefore, it has been announced that the Government will launch the Atal Pension Yojana (APY), which will provide a defined pension, depending on the contribution, and its period. The APY will be focussed on all citizens in the unorganised sector, who join the National Pension System (NPS) administered by the Pension Fund Regulatory and Development Authority (PFRDA). Under the APY, the subscribers would receive the fixed minimum pension of Rs. 1000 per month, Rs. 2000 per month, Rs. 3000 per month, Rs. 4000 per month, Rs. 5000 per month, at the age of 60 years, depending on their contributions, which itself would be based on the age of joining the APY. The minimum age of joining APY is 18 years and maximum age is 40 years. Therefore, minimum period of contribution by any subscriber under APY would be 20 years or more. The benefit of guaranteed minimum pension would be guaranteed by the Government. The APY would be introduced from 1st June, 2015.

2. Benefit of APY

2.1 The Guaranteed minimum pension for the subscriber ranging between Rs. 1000 to Rs. 5000 would be available, if he joins and contributes between the age of

18 years and 40 years. The contribution levels would vary and would be low if subscriber joins early and increase if he joins late.

2.2 The benefit of minimum pension under Atal Pension Yojana would be guaranteed by the Government in the sense that if the actual realised returns on the pension contributions are less than the assumed returns, for minimum guaranteed pension, over the period of contribution, such shortfall shall be funded by the Government. On the other hand, if the actual returns on the pension contributions are higher than the assumed returns for minimum guaranteed pension, over the period of contribution, such excess shall be credited to the subscriber's account, resulting in enhanced scheme benefits to the subscribers.

3. Eligibility for APY

3.1 Atal Pension Yojana (APY) is open to all bank account holders. The Central Government would also co-contribute 50% of the total contribution or Rs. 1000 per annum, whichever is lower, to each eligible subscriber account, for a period of 5 years, i.e., from Financial Year 2015-16 to 2019-20, who join the NPS before 31st December, 2015 and who are not members of any statutory social security scheme and who are not income tax payers. However, the scheme will continue after this date but Government Co-contribution will not be available.

3.2 The Government co-contribution is payable to eligible PRANs by PFRDA after receiving the confirmation from Central Record Keeping Agency at such periodicity as may be decided by PFRDA.

4. Age of joining and contribution period

4.1 The minimum age of joining APY is 18 years and maximum age is 40 years. The age of exit and start of pension would be 60 years. Therefore, minimum period of contribution by the subscriber under APY would be 20 years or more.

Focus of APY

5.1 Mainly targeted at unorganised sector workers.

6. Enrolment and Subscriber Payment

6.1 All bank account holders under the eligible category may join APY with auto-debit facility to accounts, leading to reduction in contribution collection charges. The subscribers should keep the required balance in their savings bank accounts on the stipulated due dates to avoid any late payment penalty. Due dates for monthly contribution payment is arrived based on the deposit of first contribution amount. In case of repeated defaults for specified period, the account is liable for foreclosure and the Govt co-contributions, if any shall be forfeited. Also any false declaration about his/her eligibility for benefits under this scheme for whatsoever reason, the entire government contribution shall be forfeited along with the penal interest. For enrolment, Aadhaar would be the primary KYC document for identification of beneficiaries, spouse and nominees to avoid pension rights and entitlement related disputes in the long-term. The subscribers are required to opt for a monthly pension from Rs. 1000 - Rs. 5000 and ensure payment of stipulated monthly contribution regularly. The subscribers can opt to decrease or increase pension amount during the course of accumulation phase, as per the available monthly pension amounts. However, the switching option shall be provided once in year during the month of April. Each subscriber will be provided with an acknowledgement slip after joining APY which would invariably record the guaranteed pension amount, due date of contribution payment, PRAN etc.

7. Enrolment agencies

7.1 All Points of Presence (Service Providers) and Aggregators under Swavalamban Scheme would enrol subscribers through architecture of National Pension System. The banks, as POP or aggregators, may employ Business Correspondents (BCs) / existing non-banking aggregators, Micro Finance Institutions (MFIs) as enablers for operational activities. The banks would be paid an incentive for mobilising each subscriber account under APY. Further, the banks may share the following incentives, received by them from the Government, with the BCs/MFIs/Non-Bank Aggregators in the ratio 50:50.

- (i) Per capita incentive @ Rs. 100
- (ii) Incentive payable for promotion and development of APY

S. No.	Number of subscribers under APY with each Bank	Incentives for promotional efforts (only for new accounts opened during the year)
1.	Less than 1 lakh	Rs. 20/-
2.	More than 1 lakh and upto 3 lakh	Rs. 30/-
3.	More than 3 lakh and upto 5 lakh	Rs. 40/-
4.	More than 5 lakh	Rs. 50/-

8. Operational Framework of APY

8.1 It is Government of India Scheme, which is administered by the Pension Fund Regulatory and Development Authority. The Institutional Architecture of NPS would be utilised to enrol subscribers under APY. The offer document of APY including the account opening form would be formulated by PFRDA.

9. Funding of APY

9.1 Government would provide (i) fixed pension guarantee for the subscribers; (ii) would co-contribute 50% of the total contribution or Rs. 1000 per annum, whichever is lower, to eligible subscribers; and (iii) would also reimburse the promotional and development activities including incentive to the contribution collection agencies to encourage people to join the APY.

10. Migration of existing subscribers of Swavalamban Scheme to APY

10.1 The existing Swavalamban subscriber, if eligible, may be automatically migrated to APY with an option to opt out. However, the benefit of five years of government Co-contribution under APY would not exceed 5 years for all subscribers. This would imply that if, as a Swavalamban beneficiary, he has received the benefit of government Co-Contribution of 1 year, then the Government co-contribution under

APY would be available only 4 years and so on. Existing Swavalamban beneficiaries opting out from the proposed APY will be given Government co-contribution till 2016-17, if eligible, and the NPS Swavalamban continued till such people attained the age of exit under that scheme.

10.2 The existing Swavalamban subscribers between 18-40 years will be automatically migrated to APY. For seamless migration to the new scheme, the associated aggregator will facilitate those subscribers for completing the process of migration. Those subscribers may also approach the nearest authorised bank branch for shifting their Swavalamban account into APY with PRAN details.

10.3 The Swavalamban subscribers who are beyond the age of 40 and do not wish to continue may opt out the Swavalamban scheme by complete withdrawal of entire amount in lump sum, or may prefer to continue till 60 years to be eligible for annuities there under.

11. Penalty for default

11.1 Under APY, the individual subscribers shall have an option to make the contribution on a monthly basis. Banks are required to collect additional amount for delayed payments, such amount will vary from minimum Rs. 1 per month to Rs 10/- per month as shown below:

- Rs. 1 per month for contribution upto Rs. 100 per month.
- Rs. 2 per month for contribution upto Rs. 101 to 500/- per month.
- Rs. 5 per month for contribution between Rs 501/- to 1000/- per month.
- Rs. 10 per month for contribution beyond Rs 1001/- per month.

The fixed amount of interest/penalty will remain as part of the pension corpus of the subscriber.

11.2 Discontinuation of payments of contribution amount shall lead to following:

- After 6 months account will be frozen.
- After 12 months account will be deactivated.
- After 24 months account will be closed.

12. Operation of additional amount for delayed payments

12.1 APY module will raise demand on the due date and continue to raise demand till the amount is recovered from the subscriber's account.

12.2 The due date for recovery of monthly contribution may be treated as the first day /or any other day during the calendar month for each subscriber. Bank can recover amount any day till the last day of the month. It will imply that contribution are recovered as and when funds are available any point during the month.

12.3 Monthly contribution will be recovered on FIFO basis- earliest due instalment will recovered first along with the fixed amount of charges as mentioned above.

12.4 More than one monthly contribution can be recovered in month subject to availability of the funds. Monthly contribution will be recovered along with the monthly fixed due amount, if any. In all cases, the contribution is to be recovered along with the fixed charges. This will be banks' internal process. The due amount will be recovered as and when funds are available in the account.

13. Investment of the contributions under APY

13.1 The amount collected under APY are managed by Pension Funds appointed by PFRDA as per the investment pattern specified by the Government. The subscriber has no option to choose either the investment pattern or Pension Fund.

14. Continuous Information Alerts to Subscribers

14.1 Periodical information to the subscribers regarding balance in the account, contribution credits etc. will be intimated to APY subscribers by way of SMS alerts.

The subscribers will have the option to change the non – financial details like nominee’s name, address, phone number etc whenever required.

14.2 All subscribers under APY remain connected on their mobile so that timely SMS alerts can be provided to them at the time of making their subscription, auto-debit of their accounts and the balance in their accounts.

15. Exit and pension payment

15.1 Upon completion of 60 years, the subscribers will submit the request to the associated bank for drawing the guaranteed monthly pension.

15.2 Exit before 60 years of age is not permitted, however, it is permitted only in exceptional circumstances, i.e., in the event of the death of beneficiary or terminal disease.

16. Age of Joining, Contribution Levels, Fixed Monthly Pension and Return of Corpus to the nominee of subscribers

16.1 The Table of contribution levels, fixed minimum monthly pension to subscribers and his spouse and return of corpus to nominees of subscribers and the contribution period is given below. For example, to get a fixed monthly pension between Rs. 1,000 per month and Rs. 5,000 per month, the subscriber has to contribute on monthly basis between Rs. 42 and Rs. 210, if he joins at the age of 18 years. For the same fixed pension levels, the contribution would range between Rs. 291 and Rs. 1,454, if the subscriber joins at the age of 40 years.

Table of contribution levels, fixed monthly pension of Rs. 1,000 per month to subscribers and his spouse and return of corpus to nominees of subscribers and the contribution period under Atal Pension Yojana

Age of Joining	Years of Contribution	Indicative Monthly Contribution (in Rs.)	Monthly Pension to the subscribers and his spouse (in Rs.)	Indicative Return of Corpus to the nominee of the subscribers (in Rs.)
18	42	42	1,000	1.7 Lakh
20	40	50	1,000	1.7 Lakh
25	35	76	1,000	1.7 Lakh
30	30	116	1,000	1.7 Lakh
35	25	181	1,000	1.7 Lakh
40	20	291	1,000	1.7 Lakh

Table of contribution levels, fixed monthly pension of Rs. 2,000 per month to subscribers and his spouse and return of corpus to nominees of subscribers and the contribution period under Atal Pension Yojana

Age of Joining	Years of Contribution	Indicative Monthly Contribution (in Rs.)	Monthly Pension to the subscribers and his spouse (in Rs.)	Indicative Return of Corpus to the nominee of the subscribers (in Rs.)
18	42	84	2,000	3.4 lakh
20	40	100	2,000	3.4 lakh
25	35	151	2,000	3.4 lakh
30	30	231	2,000	3.4 lakh
35	25	362	2,000	3.4 lakh
40	20	582	2,000	3.4 lakh

Table of contribution levels, fixed monthly pension of Rs. 3,000 per month to subscribers and his spouse and return of corpus to nominees of subscribers and the contribution period under Atal Pension Yojana

Age of Joining	Years of Contribution	Indicative Monthly Contribution (in Rs.)	Monthly Pension to the subscribers and his spouse (in Rs.)	Indicative Return of Corpus to the nominee of the subscribers (in Rs.)
18	42	126	3,000	5.1 Lakh
20	40	150	3,000	5.1 Lakh
25	35	226	3,000	5.1 Lakh
30	30	347	3,000	5.1 Lakh
35	25	543	3,000	5.1 Lakh
40	20	873	3,000	5.1 Lakh

Table of contribution levels, fixed monthly pension of Rs. 4,000 per month to subscribers and his spouse and return of corpus to nominees of subscribers and the contribution period under Atal Pension Yojana

Age of Joining	Years of Contribution	Indicative Monthly Contribution (in Rs.)	Monthly Pension to the subscribers and his spouse (in Rs.)	Indicative Return of Corpus to the nominee of the subscribers (in Rs.)
18	42	168	4,000	6.8 Lakh
20	40	198	4,000	6.8 Lakh
25	35	301	4,000	6.8 Lakh
30	30	462	4,000	6.8 Lakh
35	25	722	4,000	6.8 Lakh
40	20	1164	4,000	6.8 Lakh

Table of contribution levels, fixed monthly pension of Rs. 5,000 per month to subscribers and his spouse and return of corpus to nominees of subscribers and the contribution period under Atal Pension Yojana

Age of Joining	Years of Contribution	Indicative Monthly Contribution (in Rs.)	Monthly Pension to the subscribers and his spouse (in Rs.)	Indicative Return of Corpus to the nominee of the subscribers (in Rs.)
18	42	210	5,000	8.5 Lakh
20	40	248	5,000	8.5 Lakh
25	35	376	5,000	8.5 Lakh
30	30	577	5,000	8.5 Lakh
35	25	902	5,000	8.5 Lakh
40	20	1,454	5,000	8.5 Lakh