Atal Pension yojana completes 5 years

Context
The flagship social security scheme of Government of India ‘Atal Pension Yojana’ (APY) has completed five years of successful implementation which was launched on 9th May 2015.

About Atal Pension yojana
Atal Pension Yojana (APY) addresses the old age income security of the working poor and the longevity risks among the workers in unorganised sector. It encourages the workers in unorganised sector to voluntarily save for their retirement. The Government had launched the scheme with effect from 1st June, 2015. The scheme replaces the Swavalamban Yojana / NPS Lite scheme.

Benefits of APY
- Fixed pension for the subscribers ranging between Rs.1000 to Rs. 5000, if s/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 s/he joins late.
- The same pension is payable to Spouse after death of Subscriber.
- Return of indicative pension wealth to nominees after death of spouse.
- Contributions to the Atal Pension Yojana (APY) is eligible for tax benefits similar to the National Pension System (NPS). The tax benefits include the additional deduction of Rs 50,000 under section 80CCD(1).

Eligibility for APY
- Atal Pension Yojana (APY) is open to all bank account holders who are not members of any statutory social security scheme.
- Any individual who is eligible to receive benefits under the APY will have to furnish proof of possession of Aadhaar number or undergo enrolment under Aadhaar authentication. An APY subscriber will have to get the Aadhaar number recorded in his or her APY pension account and also in his/ her savings account where the periodic pension contribution instalments are debited and government co-contribution is to be credited.

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

Focus of APY
Mainly targeted at unorganised sector workers.

Enrollment agencies
All Points of Presence (Service Providers) and Aggregators under Swavalamban Scheme would enroll subscribers through architecture of National Pension System.
Operational Framework of APY

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 enroll subscribers under APY.

Funding of APY

- Government would provide fixed pension guarantee for the subscribers;
- Under the APY, the Central Government’s co-contribution of 50% of the subscriber’s contribution upto Rs. 1000 per annum, was available to each eligible subscriber, for a period of 5 years, i.e. from 2015-16 to 2019-20, who join APY before 31st March, 2016 and who is not a beneficiary of any social security scheme and is not an income tax payer.
- Government would also reimburse the promotional and development activities including incentive to the contribution collection agencies to encourage people to join the APY.

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

The Table of contribution levels, fixed 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.

About PFRDA

Pension Fund Regulatory and Development Authority (PFRDA) is the statutory Authority established by an enactment of the Parliament, to regulate, promote and ensure orderly growth of the National Pension System (NPS) and pension schemes to which this Act applies. NPS was initially notified for central government employees recruits wef 1st Jan 2004 and subsequently adopted by almost all State Governments for its employees. NPS was extended to all Indian citizens (resident/non-resident/overseas) on a voluntary basis and to corporates for its employees.