Pradhan Mantri VayaVandhanaYojana

This scheme deals with senior citizen insurance scheme which promises assured annual return of 8% for 10 years. The insurance is sold by Life Insurance of India for the citizens. The Minimum age of entry is 60 years of age with no maximum limit.

Recent news

The Union Cabinet has extended Pradhan Mantri Vaya Vandana Yojana (PMVVY) for a period of three years. This social security scheme for senior citizens will now be valid till March 2023.

- Earlier, the scheme was open till 31st March, 2020.
- Initially an assured rate of return of 7.40% per annum for the year 2020-21 per annum will be provided and thereafter to be reset every year in line with the Senior Citizen Savings Scheme (SCSS).
- The Finance Minister will approve an annual reset rate of return at the beginning of every financial year.

Imp points

- The Pradhan Mantri Vaya Vandana Yojana was launched in 2017 by the Ministry of Finance to offer a guaranteed payout of pension to senior citizens every month.
- The Scheme can be purchased offline as well as online through the Life Insurance Corporation (LIC) which has been given the sole privilege to operate this Scheme.
- Eligibility:
  - Minimum Entry Age: 60 years (completed)
  - Maximum Entry Age: No limit
- Components:
  - One can invest a maximum amount of Rs. 15 lakh under PMVVY scheme. The tenure of policy is set at 10 years.
  - Senior citizens can draw a minimum pension of Rs. 1,000 per month depending on the amount invested in the scheme. The maximum pension amount is limited at Rs. 10,000 per month.
  - Pension will be payable as per the frequency of monthly, quarterly, half-yearly, yearly as chosen by the pensioner at the time of purchase.
  - Aadhar has been made mandatory to avail the benefit of the scheme.
- Role of the Government:
  - The Government’s financial liability is limited to the extent of the difference between the market return generated by LIC and the assured rate of return (7.4% for 2020-21).
  - The pension is based on the assured rate of return.
  - This protects elderly persons aged 60 years and above against a future fall in their interest income due to uncertain market conditions.
- Other Benefits:
  - Loan upto 75% of Purchase Price shall be allowed after 3 policy years.
  - The scheme is exempted from Goods & Services Tax (GST).