

# ATAL PENSION YOJANA

## The Inside 'n Out – Episode Number Ten

Named after the ex-prime minister of India, Atal Bihari Vajpayee, Atal Pension Yojana also known as APY Scheme was launched in continuation to the Jan Dhan Yojana Scheme to bring those employed in rural and unorganized sector under the ambit of Pension Schemes. The idea of the scheme is to provide a definite pension to all Indians.

It was originally mentioned in the 2015 Budget speech by Finance Minister Arun Jaitley in February 2015. It was formally launched by Prime Minister Narendra Modi on 9 May in Kolkata.

### **How it works?**

People who work in the private sector or employed in occupations that do not give them the benefit of pension can apply for the scheme. They can opt for a fixed pension of INR 1,000 or 2,000 or 3,000 or 4,000 or 5,000 on attaining the age of 60. The amount of contribution and the individual's age will determine the pension. Upon the contributor's death, the spouse of the contributor can claim the pension and after the spouse's death the nominee will be returned the corpus accrued.

### **Who is Eligible?**

The Atal Pension Yojana (APY) is open to all Indians between the age of 18 and 40. This allows an individual to contribute for at least 20 years before reaping the benefits of the scheme. Any bank account holder who is not a member of any statutory social security scheme can avail of the scheme.

### **Government Contribution in Atal Pension Yojana**

As all the previous schemes launched by Narendra Modi, this scheme too has an incentive attached with it. If a person enrolls in it on or before 31st March 2016 then he or she would be getting a government contribution. Government will contribute maximum of Rs 1000 per year for first 5 years. The yearly contribution should be more than Rs 2000 to get this amount. If the yearly contribution (X Rs) is less than Rs 2000 then, the person will get Rs  $X/2$  as government contribution.

### **Important Atal Pension Yojana Features**

If a subscriber joins APY and opts for a 5000 pension plan and pays his premium as mentioned in the chart then he will start getting Rs 5000 pension till he is alive after attaining 60 years of age. After subscriber is dead then his/her spouse will get the pension amount that subscriber was getting. After both are gone then Nominee will get the corpus amount of Rs 8.5 lakhs.

### **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 enrol subscribers under APY.

### **Enrolment agencies**

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 BCs/Existing non - banking aggregators, micro insurance agents, and mutual fund agents as enablers for operational activities. The banks may share the incentives received by them from PFRDA/Government, as deemed appropriate.

**THANK YOU!!!**