

ATAL PENSION YOJANA (APY)

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, Government has launched 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 fixed minimum pension would be guaranteed by the Government.

2. Benefit of APY

2.1 Fixed pension for the subscribers ranging between Rs. 1000 to Rs. 5000, 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.

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 between the period 1st June, 2015 and 31st March, 2016 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.

5. Use of Aadhaar under APY

MOF, GOI, vide their Gazette Notification No 1335/17, F.No.1183/2017/P&D Dept-APY dated 11.05.2017 has notified S.O. 1512 (E) as given below:-

The use of Aadhaar as identity document for delivery of services or benefits or subsidies simplifies the Government delivery processes, brings in transparency and efficiency, and enables beneficiaries to get their entitlements directly in a convenient and seamless manner and Aadhaar obviates the need for producing multiple documents to prove one's identity.

6. Focus of APY

6.1 Mainly targeted at unorganised sector workers.

7. Enrolment and Subscriber Payment

7.1 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/quarterly/half yearly contribution regularly. The subscribers can opt to decrease or increase pension amount during the course of accumulation phase, as per the available 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.

8. Enrolment agencies

8.1 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 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.

9. Operational Framework of APY

9.1 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.

10. Funding of APY

10.1 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.

11. Migration of existing subscribers of Swavalamban Scheme to APY

11.1 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.

11.2 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.

11.3 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.

12. Penalty for default

12.1 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 be **Rs.1 per Rs. 100/- contribution amount per month.**

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

12.2 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.

13. Operation of additional amount for delayed payments

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

13.2 The due date for recovery of monthly contribution may be treated as the first day /or any other day during the calendar month or 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.

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

13.4 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.

14. Investment of the contributions under APY

14.1 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.

15. Continuous Information Alerts to Subscribers

15.1 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.

15.2 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.

16. Exit and pension payment

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

16.2 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.

If the APY account is closed due to terminal illness or death of the Subscriber, the accumulated corpus (subscriber contribution, Government co-contribution and the returns thereon) in the subscriber account will be returned to the subscriber or the nominee as the case may be.

In case a subscriber, who has availed of Government co-contribution under APY, chooses to voluntarily exit APY before attaining the age of 60 years, he/ she shall be refunded the contributions made by him/her to APY along with the net accrued income earned on his/her contributions after deducting the account maintenance, investment management, etc. charges. The Government co-contribution and the accrued income earned on the Government co-contribution shall not be given to such subscribers. Funds redeemed will be transferred to the subscriber's Bank account registered in APY. Following steps would be allowed for Voluntary Closure of APY accounts:

1. Subscriber will submit the Account Closure request in the specified format to the concerned branch including the reason for closure.
2. Branch shall verify the Form and signature of the subscriber. On acceptance of request, branch shall provide an acknowledgement to the subscriber.
3. Branch has to send the request for closure to circle office. Circle offices to send the request to FID, Head Office for further processing of closure request. Branches are advised not to send the requests directly to Head office.

17. INCOME TAX EXEMPTION NOTIFICATION UNDER ATAL PENSION YOJNA (APY)

Department of Revenue, MoF, GOI, vide their Notification No 7/2016, F, No.

173/394/2015-ITA-I dated 19.02.2016 has notified S.O. 529 (E) as under:

“In exercise of the powers conferred by **sub – section (I) of section 80CCD of the Income tax Act, 1961 (43 of 1961)**, the Central Government hereby notifies the „Atal Pension Yojna (APY) as published in the Gazette of India, Extraordinary, Part I, Section I, vide number F. No. 16/01/2015-PR dated the 16th October, 2015 as a **pension scheme for the purpose of the said section.**”

18. Atal Pension Yojana (APY) - Upgrading/ Downgrading Pension Amount

As per present procedure and guidelines, subscribers choose the Pension amount and Frequency of Contribution in the APY registration Form. The contribution is debited from subscriber`s bank Account (mapped with APY) on periodic frequency based on the Standing instruction (SI).

As per recent communication received from PFRDA, now the subscriber will have the option to upgrade or downgrade his pension amount i.e. subscriber can change the minimum guaranteed amount of pension opted by him. In such cases, the contribution that the subscriber would pay under APY will be changed based on the new Pension Amount opted by him. The subscriber will be allowed to exercise this option in pension amount only once in a year during the month of April.

- For up gradation, the subscribers have to pay the differential amount of contribution at the rate of 8% p.a. on monthly compounding basis where as in the case of down gradation due to subscribers request or by error, the excess amount collected from the subscriber would be refunded along with returns generated. For up gradation or down gradation other than error cases, the subscribers would be required to pay a fee of Rs-50.00, of which Rs 25/- will be recovered by the branch along with change request form and rest amount Rs-25/- will be recovered by CRA

19. Will I get any statement of transactions?

The physical statement of APY account will be provided to the subscribers annually.

Process to download a transaction Statement & APY e-PRAN- Annexure-2

Go to link (URL): <https://npscra.nsdl.co.in> >>>Home>>> Atal Pension Yojana (APY)

20. ATAL PENSION YOJANA (APY) MOBILE APP

NSDL CRA has launched a Mobile Application for the convenience of subscribers of APY. The mobile application will enable the subscribers to remain informed about their APY account. The Mobile Application is posted on Google Play Store and is live and available for download.

The key features available in the Mobile Application which can be used by the subscribers is listed below.

1. View Current Holdings under APY
2. Download Transaction Statement under APY
3. View Account details under APY
4. View Last 5 contribution transactions under APY