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PART I, SECTION 1,

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES**

New Delhi, 17th August, 2015.

NOTIFICATION

F. No. 16/1/2015-PR – The Government of India has launched the Atal Pension Yojna (APY) to implement the budget announcement 2015-16 relating to providing a defined pension system specially for the poor and the under-privileged depending on the contribution, and its period.

1. The APY is primarily focused on all citizens in the unorganised sector, who join the National Pension System (NPS) administered by the Pension Fund Regulatory and Development Authority (PFRDA). However, all citizens of the country in the eligible category may join the scheme. Under the APY, the subscribers would receive the guaranteed minimum pension of Rs.1000 per month or Rs.2000 per month or Rs.3000 per month or Rs.4000 per month or Rs.5000 per month, at the age of 60 year, 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 APY has been implemented from 1st June, 2015.

2. Benefit of APY

2.1 The Guaranteed minimum pension for the subscriber ranging between Rs. 1000 and 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. The Government would also co-contribute 50% of the total contribution or Rs. 1000 per annum, whichever is lower, to eligible subscribers.

2.3 Tax benefit for subscribers under APY would be the same, as applicable under National Pension System (NPS), for which a separate notification is proposed to be issued under the Income-tax Act, 1961.

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 APY before 31st December, 2015 and who are not members of any statutory social security scheme and who are not income tax payers. The scheme will continue after this date but Government Co-contribution will not be available. However, the members of any statutory social security scheme who are income tax payers can also join APY and avail the benefit of minimum guaranteed monthly pension, but they will not receive any Government co-contribution. The prospective subscriber can have only one APY account in his name and hence opening of multiple accounts for the same beneficiary is not permitted.

3.2 The Government co-contribution is payable into subscriber's savings bank account at the end of Financial Year once subscriber has made the entire contribution for the year and this co-contribution would be transferred to the APY account by the bank.

4. Age of joining and contribution period

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.

5. Enrolment and Subscriber Payment

All bank account holders under the eligible category may join APY with auto debit facility to accounts, by filling up a simple one-page form. The subscribers should keep the required balance in their savings bank accounts on the stipulated due dates to avoid any late payment penalty. The monthly / quarterly / half-yearly contribution must be deposited on the first date of month / quarter / half year in the savings bank account. However, if there is inadequate balance in the SB A/c of the subscriber till the last date of the month / last date of the first month in a quarter / last day of the first month in a half year, it will be treated as a default and contribution will have to be paid in the subsequent month along with overdue interest for delayed payment. In case of 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 cost of servicing / maintenance of the account. For enrolment, Aadhaar is the recommended KYC document for identification of beneficiaries, spouse and nominees to avoid pension rights and entitlement related disputes in the long-term. However, it is not mandatory at the time of enrolment. The subscribers are required to opt for a monthly pension from Rs.1000 to Rs.5000 and ensure payment of stipulated contribution regularly. The subscribers can opt to decrease or increase the target monthly pension amount during the course of accumulation phase. 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 minimum guaranteed pension amount, due date of contribution payment, Permanent Retirement Account Number (PRAN) etc.

6. Enrolment agencies

All Points of Presence (Service Providers) and Aggregators under Swavalamban Scheme may be utilised to enrol subscribers through the architecture of National Pension System. The banks, as POP or aggregators, may employ Business Correspondents (BCs) / existing non-banking aggregators, Micro Finance Institutions (MFIs) etc. as enablers for mobilisation of subscribers. Post Offices under CBS platform may also be considered as APY service providers in due course. The banks etc. / post offices would be paid an incentive for mobilising each subscriber account under APY. Further, the banks may share the incentives, received by them from the Government, with the BCs/MFIs/Non-Bank Aggregators in the ratio prescribed by PFRDA from time to time in consultation with Government. Banks etc./ Post offices shall be paid an incentive per subscriber for persistence in subsequent years, which can be decided and modified by PFRDA in consultation with Government, with adequate prior notice to the banks etc./ Post offices.

7. Operational Framework of APY

7.1 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.

7.2 State Governments can also co-contribute under APY to their underlying workers like Anganwadi, ASHA, Construction Labour etc. to encourage the subscribers to join the scheme and secure their old age. The additional amount co-contributed by the state shall be invested and kept under the same PRAN of subscriber and remain as an additional wealth of the subscriber till the time of exit. This additional amount may be given to the subscriber as enhanced pension benefit on exit at the age of 60 years. The treatment of the State Government co-contribution will be identical to contribution made under APY scheme.

8. Funding of APY

Government would provide the following funding support to APY:

- (i) Minimum pension guarantee for the subscribers;
- (ii) Co-contribution of 50% of the total contribution or Rs. 1000 per annum, whichever is lower, to eligible subscribers; and
- (iii) Reimbursement of the promotional and development activities including incentive to the contribution collection agencies to encourage people to join APY.

9. Migration of existing subscribers of Swavalamban Scheme to APY

9.1 The existing Swavalamban subscriber, if eligible, may be automatically migrated to APY with an option to opt out. 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. 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 APY will be given Government co-contribution till 2016- 17, if eligible, and the NPS Swavalamban account will continue till such people attained the age of exit i.e., 60 years under that scheme.

9.2 The accumulated corpus of existing Swavalamban subscriber between the age group of 18-40 years which get migrated to APY will be kept under the same PRAN and remain as an additional wealth of the subscriber till the time of exit. This additional amount may be given to the subscriber as enhanced pension benefit or as lump-sum withdrawal. The Swavalamban subscribers who are beyond the age of 40 and do not wish to continue under the scheme may opt out the Swavalamban by complete withdrawal of entire amount in lump sum, or may prefer to continue till 60 years to be eligible for annuities there under.

10. Overdue interest for delayed contributions

10.1 Under APY, the individual subscribers shall have an option to make the contribution on a monthly, quarterly, half yearly basis. Banks are required to collect additional amount for delayed payments. The overdue interest for delayed contributions would be as shown below:

Overdue interest for delayed contribution

Rs. 1 per month for contribution for every Rs. 100, or part thereof, for each delayed monthly payment.

Overdue interest for delayed contribution for quarterly / half yearly mode of contribution shall be recovered accordingly. The overdue interest amount collected will remain as part of the pension corpus of the subscriber.

10.2 Discontinuation of payments of contribution amount

Once the account balance in the subscriber's account becomes zero due to deduction of account maintenance charges and fees, the account would be closed immediately. For those subscribers, who have availed Government Co-contribution, the account would be treated as becoming zero when the subscriber corpus minus the Government Co-contribution would be equal to the account maintenance charges and fees and hence the net corpus becomes zero. In this case, the Government co-contribution would be given back to the Government. Even when the account balance is non-zero and the subscriber wants to discontinue payment of contribution amount and chooses to close his account, money would be returned as per the exit provisions. However, till the account balance is non-zero, the subscriber can continue contributions to his account in case of delayed contributions by paying the overdue interest along with the contributions-in-arrears, as mentioned in para 10.1 and para 11. The account maintenance charges and fees for various NPS intermediaries would be as under:

Table of all charges and fees of APY

Intermediary	Charge Head	Service charge	Method of collection
Points of Presence	(i) Initial subscriber registration (ii) Subsequent Persistence	Rs.120/- to 150/-, depending upon the number of subscribers. Rs.100/- per annum per subscriber.	Paid by Government as incentive, promotion and development charges for APY, on the pattern of Swavalamban
Central Recordkeeping Agencies	(i) Account opening Charges (ii) Account Maintenance Charges	Rs.15/- per account per annum. Rs. 40/- per account per annum.	Cancellation of units.
Pension Fund Managers	Investment Management Fee	0.0102% per annum of AUM	Adjusted in Net Asset Value
Custodian	Investment Maintenance Fee	0.0075% for electronic and 0.05% per annum for physical segment of AUM	Adjusted in Net Asset Value

11. Recovery of contribution for delayed payments

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

11.2 The due date for recovery of monthly/ quarterly / half yearly contribution would be any day during the calendar month or first calendar month of the quarter or first calendar month of the half year till the last day of the month. It will imply that contributions are recovered as and when funds are available any day during the month / during the first calendar month of the quarter / during the first calendar month of the half year.

11.3 Monthly / Quarterly / Half Yearly contribution will be recovered on First-in-first-out (FIFO) basis- earliest due contribution will be recovered first along with the amount of charges as mentioned above.

11.4 More than one monthly / quarterly / half yearly contribution can be recovered subject to availability of the funds. In all cases, the contribution is to be recovered

along with the charges. This will be banks' internal process. The due amount will be recovered as and when funds are available in the account.

12. Investment of the contributions under APY

12.1 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.

13. Continuous Information Alerts to Subscribers

13.1 Periodical information to the subscribers regarding activation of PRAN, 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.

13.2 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.

14. Exit and pension payment

14.1 Upon completion of 60 years, the subscribers will submit the request to the associated bank for drawing the guaranteed minimum monthly pension or higher monthly pension, if investment returns are higher than the guaranteed returns embedded in APY. The same amount of monthly pension amount is payable to spouse (default nominee) upon death of subscriber. Nominee will be eligible for return of pension wealth accumulated till age 60 of the subscriber upon death of both the subscriber and spouse.

14.2 Exit before 60 years of age is generally not permitted, it may be permitted only in exceptional circumstances, i.e., in the event of the death of beneficiary or terminal disease etc.

14.3 Subject to the conditions mentioned at 14.2 above, in case a subscriber, who has availed Government co-contribution under APY, chooses to voluntarily exit APY at a future date, he shall only be refunded the contributions made by him to APY, along with the net actual interest earned on his contributions (after deducting the account maintenance charges), whereas, the Government co-contribution, and the interest earned on the Government co-contribution, shall not be returned to such subscribers.

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

15.1 The Table of Monthly / Quarterly / Half-Yearly contribution levels, minimum monthly pension to subscribers and his spouse and return of corpus to nominees of subscribers and the contribution period is given below at Annex – 1. For example, to get a 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 pension levels, the contribution would range between Rs. 291 and Rs. 1,454, if the subscriber joins at the age of 40 years.

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Monthly, Quarterly and Half-yearly contributions under APY for different minimum guaranteed amount of pension at different age entry and the return of corpus amount to the nominee

		Minimum Guaranteed Pension of Rs. 1000/month			Minimum Guaranteed Pension of Rs.2000/month			Minimum Guaranteed Pension of Rs.3000/month			Minimum Guaranteed Pension of Rs.4000/month			Minimum Guaranteed Pension of Rs.5000/month		
Return of Corpus Amount to the Nominee		Rs. 1.7 Lakh			Rs. 3.4 Lakh			Rs. 5.1 Lakh			Rs. 6.8 Lakh			Rs. 8.5 Lakh		
Age at entry	Vesting period	Monthly contribution	Quarterly contribution	Half yearly contribution	Monthly contribution	Quarterly contribution	Half yearly contribution	Monthly contribution	Quarterly contribution	Half yearly contribution	Monthly contribution	Quarterly contribution	Half yearly contribution	Monthly contribution	Quarterly contribution	Half yearly contribution
18	42	42	127	256	84	254	512	126	381	769	168	507	1025	210	634	1281
19	41	46	139	281	92	278	561	138	417	842	183	553	1116	228	689	1391
20	40	50	151	305	100	302	610	150	453	915	198	598	1208	248	749	1513
21	39	54	163	329	108	326	659	162	489	988	215	649	1312	269	812	1641
22	38	59	178	360	117	353	714	177	535	1080	234	707	1428	292	882	1781
23	37	64	193	390	127	384	775	192	580	1171	254	767	1550	318	960	1940
24	36	70	211	427	139	420	848	208	628	1269	277	837	1690	346	1045	2111
25	35	76	230	464	151	456	921	226	683	1379	301	909	1836	376	1136	2294
26	34	82	248	500	164	495	1001	246	743	1501	327	988	1995	409	1235	2495
27	33	90	272	549	178	538	1086	268	809	1635	356	1075	2172	446	1347	2721
28	32	97	293	592	194	586	1184	292	882	1781	388	1172	2367	485	1465	2959
29	31	106	320	647	212	640	1293	318	960	1940	423	1277	2581	529	1598	3227
30	30	116	350	708	231	698	1409	347	1048	2117	462	1395	2819	577	1743	3520
31	29	126	381	769	252	761	1537	379	1145	2312	504	1522	3075	630	1903	3844
32	28	138	417	842	276	834	1684	414	1250	2526	551	1664	3362	689	2081	4204
33	27	151	456	921	302	912	1842	453	1368	2764	602	1818	3673	752	2271	4588
34	26	165	498	1007	330	997	2013	495	1495	3020	659	1990	4020	824	2489	5027
35	25	181	547	1104	362	1093	2209	543	1640	3313	722	2180	4405	902	2724	5503
36	24	198	598	1208	396	1196	2416	594	1794	3624	792	2392	4832	990	2990	6040
37	23	218	658	1330	436	1317	2660	654	1975	3990	870	2627	5308	1087	3283	6632
38	22	240	725	1464	480	1450	2928	720	2174	4393	957	2890	5839	1196	3612	7297
39	21	264	797	1611	528	1595	3221	792	2392	4832	1054	3183	6430	1318	3980	8041
40	20	291	879	1775	582	1758	3551	873	2636	5326	1164	3515	7101	1454	4391	8871

