

Atal Pension Yojana: A Wealth Management Roadway to Empower the Unorganized Section Of India

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Abstract- In the NDA government's agenda financial inclusion and a universal social security system have been high. PM Narendra Modi, FM Arun Jaitley and the Cabinet have worked towards promulgation of new schemes that give financial security to the common man. The government initially launched the Pradhan Mantri Jan Dhan Yojana (PMJDY), which was a major success. In May, 2015 3 more schemes were launched viz. Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana and Atal Pension Yojana. The research paper focuses on "Atal Pension Yojana" which came into action in June 2015, to help the unorganized section of the Indian society such as personal maids, drivers, gardeners etc. It is administered by the Pension Fund Regulatory and Development Authority.

Keywords: Atal Pension Yojana, Wealth Management, Pension.

I. INTRODUCTION

The Indian government is trying hard to create a universal social security system for all its citizens. The major issues like illness in the old age, accidents always hamper the life of individuals. In line with this idea, a National Pension Scheme, the Atal Pension Yojana was introduced from May, 2015. The Government of India is very concerned about the old age income safety of the employed deprived basic amenities and is focused on boosting and enabling them to join the National Pension System.

To address the longevity risks among the workers in unorganized sector and to encourage the workers in unorganized sector to voluntarily save for their retirement the Government had started the Swavalamban Scheme in 2010-11. The sector constitutes 88% of the total labor force do not have any formal pension provision. However, due to lack of clarity of pension benefits at the age after 60 coverage under Swavalamban Scheme becomes inadequate. This led to the launch of Atal Pension Yojana which caters to this sector. The existing subscribers of Swavalamban Scheme will be automatically migrated to APY, unless they wish to opt out.

II. OBJECTIVES

- To study the Operational Framework of Atal Pension Yojana
- To critically review how Atal Pension Yojana is helping the unorganized section of the Indian society.

III. FEATURES OF ATAL PENSION YOJANA

To encourage individuals who are from the weaker section to opt for pension, this would immensely benefit them during their old age. The Atal Pension Yojana scheme can also be taken by individuals or by anyone who is self-employed or working in private sector organizations.

Under the APY, depending on individual contributions, the subscribers would receive the fixed 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.

The benefit of fixed pension would be guaranteed by the Government. For a period of 5 years, i.e., from 2015-16 to 2019-20 the Central Government would also co-contribute 50% of the subscriber's contribution or Rs. 1000 per annum, whichever is lower, to each eligible subscriber account, who join the NPS before 31st December, 2015 and who are not income tax payers

The spouse will be entitled to get the exact same pension amount as the subscriber, until the death of the spouse or after the death of the account holder. After the demise of the subscriber and his spouse the nominee will get the entire pension amount accrued by the account holder. This amount varies yet again with the contribution the subscriber has made previously.

III. GOVERNMENT OF INDIA'S CO-CONTRIBUTION SCHEME

With the aim of getting more account to open under this scheme encouragement has been done by the government of India from a time period of five years, i.e., from 2015 to 2020 by funding a sum towards the pension scheme. Subscriber accounts have been opened between June 1, 2015 to December

31, 2015 so that more number of citizens shall open Atal Pension Yojana account.

To avail the benefits under this scheme the customers should not be income tax payers and should not have been covered under any Statutory Social Security Schemes. The Government of India's contribution is either 50% of the subscriber's monthly contribution amount or Rs. 1000, whichever is lower, for the tenure of five years.

In order to get maximum benefit under this scheme and to receive the Government's contribution, the Atal Pension Yojana subscriber has to make regular monthly contributions during the entire course of the year. Only then will the Government of India credit 50% of the monthly contribution paid, to the subscriber's account.

IV. ELIGIBILITY OF ATAL PENSION YOJANA

The following eligibility criteria need to be met by every applicant. Who is having citizenship of India in order to join the Atal Pension Yojana Scheme?

- Valid savings accounts to open an Atal Pension Yojana account.
- The applicant should be between 18 - 40 years of age.
- Valid mobile number, which has to be registered at the time of application.
- Any person/ bank holder who is not the members of any statutory social security scheme Can open APY account
- **Age of joining and contribution period:** Individuals who are 18 years and above up to a maximum of 40 years can join the scheme. At the time of exit, subscribers need to be at least 60 years. Only after this they will be entitled to get guaranteed fixed pension. Based on the entry and exit years, minimum period of contribution by the subscriber under APY would be 20 years or more.

What is the monthly contribution and mode of payment?

The following table elaborates on the monthly contributions based on your pension plan and age.

| Age of Entry | Years of Contribution | Monthly pension of Rs. 1000. Indicative return of corpus Rs 1.70lacs | Monthly pension of Rs. 2000. Indicative return of corpus Rs3.40 lacs | Monthly pension of Rs. 3000. Indicative return of corpus Rs 5.10 lacs | Monthly pension of Rs. 4000. Indicative return of corpus Rs6.80 lacs | Monthly pension of Rs. 5000. Indicative return of corpus Rs 8.50lacs |
|--------------|-----------------------|--|--|---|--|--|
| 18 | 42 | 42 | 84 | 126 | 168 | 210 |
| 19 | 41 | 46 | 92 | 138 | 183 | 228 |
| 20 | 40 | 50 | 100 | 150 | 198 | 248 |
| 21 | 39 | 54 | 108 | 162 | 215 | 269 |
| 22 | 38 | 59 | 117 | 177 | 234 | 292 |
| 23 | 37 | 64 | 127 | 192 | 254 | 318 |
| 24 | 36 | 70 | 139 | 208 | 277 | 346 |
| 25 | 35 | 76 | 151 | 226 | 301 | 376 |
| 26 | 34 | 82 | 164 | 246 | 327 | 409 |
| 27 | 33 | 90 | 178 | 268 | 356 | 446 |
| 28 | 32 | 97 | 194 | 292 | 388 | 485 |
| 29 | 31 | 106 | 212 | 318 | 423 | 529 |
| 30 | 30 | 116 | 231 | 347 | 462 | 577 |
| 31 | 29 | 126 | 252 | 379 | 504 | 630 |
| 32 | 28 | 138 | 276 | 414 | 551 | 689 |
| 33 | 27 | 151 | 302 | 453 | 602 | 752 |
| 34 | 26 | 165 | 330 | 495 | 659 | 824 |
| 35 | 25 | 181 | 362 | 543 | 722 | 902 |
| 36 | 24 | 198 | 396 | 594 | 792 | 990 |
| 37 | 23 | 218 | 436 | 654 | 870 | 1,087 |
| 38 | 22 | 240 | 480 | 720 | 957 | 1,196 |
| 39 | 21 | 264 | 528 | 792 | 1,054 | 1,318 |

Source : <http://economictimes.indiatimes.com>

The following action will be taken if no payment is made towards the scheme

1. For six months, the holder's account will be frozen
2. For 12 months, the holder's account will be deactivated
3. For 24 months, the holder's account will be closed

V. RECENT DEVELOPMENTS

In order to extend the benefit of the APY Government will expand its network via Post Offices all over the country so as to bring more people under its ambit. The implementation of the scheme through post offices is expected to be more helpful for the people in rural areas.

The government amended the scheme's provisions in March 2016, to give the subscriber's spouse an option to continue contributing to the account for the balance period on premature death of the subscriber.

The Government released Rs 100 crore towards its contribution for Atal Pension Yojana (APY) in 2015-16 fiscal.

- There won't be any tax on the amount deposited under APY and can be claimed under the section 80CCD, as per government statement.
- Over 20 lakh individuals have been enrolled under the scheme so far.
- Over 328 Crore has been deposited till now.

VI. PENALTY CHARGES

This scheme requires regular monthly contributions without any break in payments by the subscribers. The government in collaboration with the respective bank can levy penalty charges if the subscriber does not make regular payments or completely stops contributing, the additional penalty charges that are levied range from Rs.1 to Rs. 10 every month

How do you make withdrawals from Account?

Any subscriber, who attains the age of 60 years, is guaranteed with fix pension amount given to him as per the contribution done previously with 100% annuitisation of benefits. Only Under specific circumstances like, subscriber's untimely death or sudden illness occurring before the age of 60, the accrued pension amount will be handed out to the subscriber or the nominee.

Benefits

Contributors of the Atal Pension Yojana (APY) are eligible for tax benefits according to a circular released by the Income Tax department. The tax benefits include the additional deduction of Rs 50,000 under section 80CCD (1) introduced in last year's Budget. APY brings a big relief for the people from unorganized as the feeling of financial security comes towards the post retirement. By enrolling in this scheme, subscribers will get monthly pension after he/she reaches the age of 60 years.

In case of death of the subscriber (father), the monthly pension would continue to be paid to the wife and to the child (if both father and mother die).

VII. CONCLUSION

The Atal Pension Yojana started by the government of India is empowering the Unorganized Section of India. The operational framework of Atal Pension Yojana had been

designed systematically. Every individual registering for the scheme will be benefited and it will ultimately create roadway for the economic growth.

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