

# A Report on Sensitization programme on Atal Pension Yojana at Gaya and Begusarai

On  
19<sup>th</sup> January and 4<sup>th</sup> February, 2016

Supported by: Centum Learning



Under:  
**Poorest States Inclusive Growth (PSIG) Programme**



## **Introduction:**

The DFID supported Poorest States Inclusive Growth (PSIG) programme is being implemented by SIDBI to enhance income and employment opportunities of poor households in four of the underserved states viz Bihar, Odisha, Uttar Pradesh and Madhya Pradesh. The key purpose of the program is to improve income and reduce vulnerability of poor people and small producers by expanding their access to finance and markets. The PSIG programme is envisaged to benefit the poor and vulnerable, especially women, in the above low-income states, providing financial access to 12 million poor people by way of capacity building, facilitating technology led models, product development and roll-out, setting up risk funds etc.

ACCESS-ASSIST, a specialized affiliate of Access Development Services for Financial Inclusion, has been assigned the task to coordinate the policy component of the programme in the above four states and at national level. One of the identified priorities within the PSIG policy mandate is to work towards making government schemes accessible to everyone, ACCESS-ASSIST has been organizing various thematic workshops, roundtable discussions, consultative meetings etc. at both national and state levels, involving different key stakeholders and facilitating constructive and forward looking discussions specifically between banks and Government entities, beneficiaries etc.

## **Need for Sensitization Programme on APY (Atal Pension Yojana):**

The Government of India introduced a new scheme called Atal Pension Yojana (APY) in the 2015-16 budget. The scheme is administered by the Pension Fund Regulatory and Development Authority (PFRDA) through NPS architecture. APY, as a social security product mainly focuses on the working poor from the unorganized sector who do not have membership with any other statutory social security scheme. Under the APY, the subscribers would receive the minimum guaranteed 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, depending on their contributions and on the age of joining the APY. The minimum age of joining APY is 18 years and maximum age is 40 years. This scheme is one among the three social security schemes launched by Prime Minister on 9<sup>th</sup> May 2015, other two are insurance schemes. These three schemes are being implemented since 1<sup>st</sup> June, 2015. While the insurance schemes have picked up a momentum at both national and state level (Bihar enrolment wise), enrolment under APY has not seen such growth patterns. In the course of various activities under PSIG programme, the need for a detailed round of discussion on various aspects of APY was identified by the implementing agencies as well as banks, MFIs, BC organizations, etc. Stakeholders from various sector pointed out towards a lack of clarity in terms of the basic features of APY like exit policy, nominees, etc. Keeping this as the background the action point was further developed by organizing a sensitization programme on APY with support from PFRDA for bankers and other implementing agencies in Patna on 5<sup>th</sup> October, 2015. While conducting sensitization programme and feedback from State Financial Inclusion Forum Meetings, a need to sensitize financial institutions at district level too came up as a need. We thus consulted institutional finance, SLBC, NABARD, RRBs and commercial banks and thus organized two district level sensitization programme on 19<sup>th</sup> January, 2016 at Gaya and 4<sup>th</sup> February, 2016 at Begusarai.

## Summary of the Sensitization Programme

Sensitization programme on Atal Pension Yojana was organized in Gaya on 19<sup>th</sup> of January, 2016 where 31 participants attended the programme and in Begusarai on 4<sup>th</sup> of February, 2016 where 49 participants attended the same. The sensitization programme was attended by different banks (commercial and Regional Rural Banks), Lead District Bank, NABARD, Government Departments, RSETI, BC Organization, SHPIs among others (participant list of the workshop is provided in Annexure 1).

**Inauguration and Opening Remarks by Mr. Kamlesh Kar, Lead District Manager, Gaya and Mr. Vivek Anand, District Development Manager, NABARD at Gaya on 19<sup>th</sup> of January, 2016:** Atal Pension Yojana, a newly launched scheme has been introduced by Government of India, with a view to convert a pension less Society to a pensioned Society. There are three newly launched schemes that are Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana and Atal Pension Yojana, which needs to run through support of banks. To make the scheme a success, there is a need of active participation of banks. We request to take the insights from the training programme and ask questions in case of any query.

**Inauguration and opening remarks by Mr. A.S. Shekhawat, Chairman, Bihar Gramin Bank on 4<sup>th</sup> of February, 2016:** The sensitization programme on Atal Pension Yojana is one of the necessities that were felt among bankers. The programme has been launched in the current budget (FY 2015-16) and it is our responsibility to implement the scheme successfully. We request everyone to gain from this workshop.

### **Presentation on Atal Pension Yojana, by Binod Kumar Mishra, Trainer, Centum Learning:**

➤ **About Atal Pension Yojana:**

- Atal Pension Yojana is a GoI scheme administered by PFRDA through NPS. The objective of APY is to encourage the persons to save small amounts during their productive years to enable them to draw a pension in old age.
- APY is based on defined benefit for providing fixed pension ranging from Rs. 1, 000 to Rs. 5, 000 per month.

➤ **Eligibility for Atal Pension Yojana:**

- APY is open to all bank account holders.
- Subscribers between the age group of 18 to 40 years.
- GoI will also co-contribute 50% of the subscriber's contribution or Rs. 1000 per annum, whichever is lower. for a period of 5 years, i.e., from 2015-16 to 2019-20.
- GOI co-contribution is available for the subscribers who are not covered under any statutory social security scheme/non income tax payers.
- Minimum fixed pension is guaranteed by the GOI to all the APY account holders.
- The Government co-contribution will be credited to subscriber savings accounts once in a year.

➤ **The other points discussed in the workshop are:**

- Enrolment and subscriber payment
- Modalities on Recovery of Contribution
- Defaulted Contribution under APY

- Flow of Information under APY
- Exit guideline under APY
- Contribution chart
- Potential APY subscribers to support Marketing campaigns of banks under APY
- How to open APY account

➤ **Discussion**

Centum learning conducted a very interactive session as participants raised many questions to clarify the doubts and Centum Learning clarified all their doubts. Major questions/discussion points, during the session, are:-

**1. Is Aadhar important for opening the account:** Aadhar is not mandatory in opening the account, but banker should ask for it in order to remove duplicacy in receiving co-contribution from the Government.

**2. If a client does not want to write spouse details, can someone be the nominee:** No, the spouse in any case would be the first nominee, other than that; the subscriber can nominate any other person as the nominee. If the spouse is not available (dead or taken divorce or case of unmarried), then subscriber can left blank details of spouse and can name any other person as nominee.

**3. What will happen, if a person dies before attaining 60 years of age? Will the whole lump sum amount be received by nominee:** If the person dies before attaining 60 years, the amount of pension wealth in the APY account will be paid to spouse who is the default nominee or the nominee prescribed by the subscriber. No fixed/guaranteed pension is payable in this case.

**4. What will happen if the customer stops paying the contribution? When will his money be received:** The main motive of APY is to strengthen oneself financially after attaining 60 years of age. Exit is permitted only in the case of exceptional circumstances, i.e. in the event of death/terminal disease. In case of wilful default, account would be closed as per scheme and GoI co-contribution is forfeited.

**5. How to do measures to reduce large increasing inactive accounts?** The motivation is the only way through which customers can be retained. Literacy on the importance of pension plays a major role here.

**6. What will happen if I will not pay the instalment on time on the said date?** The APY module which is merged with banking software will raise demand on the due date of each subscriber. The due date of the recovery of month contribution may be treated as the first day/or any other day during the calendar month for each subscriber. The account will get triggered everyday, bank can recover amount any day till the last day of the month. The due amount is recovered as and when funds are available. However, banks have to collect additional amount for delayed payments. Rs. 1 per month for contribution upto Rs. 100 per month; Rs. 2 per month for contribution upto Rs. 101 to Rs. 500 per month; Rs. 5 per month for contribution between Rs. 501 to Rs. 1001 per month; Rs. 10 per month for contribution beyond Rs. 1001/- per month. The fixed amount of overdue interest will remain as a part of the pension corpus of the subscriber. If the continuous default of contribution exists; after 6 months account will be frozen; after 12 months account will be closed.

**7. What are the benefits of banks:** Banks will get a benefit of. Rs. 100 to Rs. 150 in opening the account to maintaining it on yearly basis depending on number of accounts banks are maintaining.

**8. We are working in exploring opportunities with BCAs for promoting APY. Did PFRDA have any comments on this?** It is solely bank's decision to incentivize BC agents. PFRDA didn't refer any note about it.

**9. For how many years the programme will run?** Since pension is a long term product, the scheme will run for a longer tenure.

**10. I am a person who is maintaining Government pension, NPS, how APY benefit me?** Atal Pension Yojana is targeted for such a section of society who is pension less and needs money when they are unable to do activities to survive. The installments and others were fixed concerning them. Meanwhile, other people who too have government pension and NPS can enroll in APY, but according to terms & conditions, co-contribution will not be given to such customers. APY will help secure life financially after attaining 60 years of age.

**Other Issues and recommendations:**

**a) Periodic training of bankers and BCAs:** : A periodic training can take place for bank officials and BC agents as the scheme is new and many changes are happening till now on periodic basis

**b) PFRDA's support in implementation:** PFRDA officials can visit periodically and see overall progress. They can comment, guide and hence make a path for more enrolment.

**c) Increasing willful defaulters:** APY is a long term benefit product. The impatience of people leads to default and inactiveness of APY account.

**d) Option of APY should be incorporated in online banking.**

**Action point:**

**a) Sensitization programme as such could be rolled out:** More district level sensitization programme has come up as demand. Bihar Gramin Bank (BGB) has asked support from PSIG and PFRDA to train more bankers on APY. This ultimately will help increase APY enrolment.

**b) Emphasizing financial literacy campaign:** While defaulters in APY is also coming out as a major issue, need of financial literacy has come out as a major action point.

**Vote of thanks:** The orientation programme was concluded with vote of thanks given by Mr. Tushar Krishna, ACCESS-ASSIST. He thanked the participants for actively participating in the discussion. He expressed his gratitude towards Chairman, Bihar Gramin Bank, LDMs, DDM NABARD, trainer from Centum Learning to give insight on the subject and address doubts and questions of the participants.

**Poorest State Inclusive Growth (PSIG) Programme****District Level APY Sensitization Programme****Hotel Vishnu Vihar, Gaya****19<sup>th</sup> January, 2016****Registration Sheet**

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