

Report on Orientation Workshop on Atal Pension Yojana

Patna, Bihar

Supported by PFRDA

Under
Poorest States Inclusive Growth (PSIG) Programme



Date: 5th October'2015
Patna, Bihar



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 of MFIs, 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 the Orientation on Atal Pension Yojana:

The Government of India introduced a new scheme called the 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 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 9th May 2015. Other two schemes are insurance schemes. These three schemes are being implemented since 1st June, 2015. While the insurance schemes have picked up a momentum at both the 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 the various aspects of APY was identified by the implementing agencies as well as banks, MFIs, BC organizations, etc. Participants 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 an Orientation programme on APY with support from PFRDA for bankers and other implementing agencies in Patna on 5th October, 2015.

Summary of the Orientation Programme

An orientation Programme on APY was organized in Patna on 5th October 2015, which was attended by 42 participants from different banks (commercial, RRBs and State Cooperative Bank), RBI, NABARD, MFIs, BC organizations, SHPIs, Government representatives, PFRDA, NSDL, Centum Learning etc (participant list of the workshop is provided in **Annexure 1**).The orientation programme was formally initiated with welcome address by ACCESS ASSIST followed by introduction of the participant.

Opening Remarks by Ms Sonmani Choudhary, PSIG State Director, SIDBI: SIDBI is implementing the PSIG programme funded by UKAid through Department for International Development (DFID), UK. The programme aims to ensure poor and vulnerable people in low income states (especially women) benefit from economic growth through better access to financial services.

Under Poorest State Inclusive Growth Programme, which is working in four states (Bihar, MP, UP and Odisha), there are four outputs:

- **Output I:** Policy and institutional environment that encourages provision of financial services to poor people in a responsible manner facilitated :ACCESS ASSIST is assigned to coordinate the initiatives under this component.
- **Output II:** Institutions providing diverse financial services promoted: Channel neutral, supports promotion of institutions providing diverse range of financial services that meet client requirements, such as savings, credit, insurance and transfer services etc. In Bihar, PSIG has partnered with MFIs and Regional Rural Banks.
- **Output III:**Impact on Investment, which is being managed by SIDBI Venture Capital Ltd.
- **Output IV-** Women's capacities to tackle financial and gender issues enhanced: Under this, we have supported pilot projects in the states of UP and Bihar for creating a cadre of community resource persons (called Master Trainers) on Financial Literacy by a 30 hr. rigorous training module. Indian School of Microfinance for Women (ISMW) engagement as Resource Organization for implementing the project

Presentation on National Pension Scheme (NPS) and Atal Pension Yojana by Shri Mohan Gandhi, DGM, PFRDA: Presentation by PFRDA included features of both, NPS and APY. Major points covered under presentation were –

National Pension Scheme -

- Evolution of NPS and setting up of PFRDA
- Mandate of PFRDA Act 2013 – There are five mandates of PFRDA Act 2013, which are –
 1. Develop and regulate NPS and Pension Scheme
 2. Register and regulate intermediaries
 3. Protection of Subscriber's interest
 4. Redressal of grievances
 5. Education and Training

- Different variants of NPS like – Government model, corporate model, all citizens of India model, APY.
- Tax benefits under NPS – tax deduction under 80CCD.
- Benefits of NPS, like portable, real time update, tax and withdrawal benefit, professional fund manager etc.
- Withdrawal norms in NPS – In case of superannuation, resignation, critical needs and death.

Atal Pension Yojana –

- Triple assured benefits –
 1. Minimum guaranteed pension of Rs 1000-5000 at the age of 60 yrs.
 2. The same pension is payable to spouse after death of subscriber.
 3. Return of indicative pension wealth to nominees after death of spouse.
- Eligibility, accumulation (including provisions for delayed contribution and Government of India co-contribution) and exit policy under APY.
- Exit provisions for Swavalamban subscribers for both above and below 40 yrs of age.
- Unique features of APY –
 1. GoI co-contribution payable into SB account at the year end.
 2. An acknowledgement slip provided to the subscribers after enrolment informing the minimum guaranteed pension amount, due date of contribution payment, PRAN etc.
 3. Switching option – for e.g. switching from Rs. 1000 of pension to Rs. 5000.
 4. SMS alerts regarding balance in the account, contribution credits etc.
- Investment pattern for APY - under government securities, debt instruments, equities, ABS.
- Potential APY subscribers –contractual staffs of banks and government departments, customers mobilized under PMJDY, members of associations, trusts etc, labours working in unorganized sectors etc.
- Role of banks in APY.
- Projected benefits of APY –
 1. Better life in post retirement phase
 2. Voluntary Savings
 3. Mitigation of longevity risk
 4. Decreased burden on Social Security/Public Health System
 5. Improved quality of infrastructure/deployment of long term savings in needy sector
- APY form, related websites and state performance. Currently Maharashtra is leading with 81,434 enrolments followed by Karnataka, Uttar Pradesh, Tamil Nadu and West Bengal.

Discussion – PFRDA conducted a very interactive and engrossing session on the various features of APY. The members took active part in the session by putting across a number of interesting questions and queries. Major questions/discussion points, during the sessions, are mentioned below –

1. **With Swavalamban scheme already in place, why did the Atal Pension Yojana get established?**
– A large portion of India's population is working in the unorganized sector. APY aims at providing them with a post retirement security scheme. Further, under Swavalamban scheme, pension amount and return on contribution is not guaranteed, which was a concern for implementing agencies. That is why a new scheme is launched with guaranteed return on investment with guaranteed pension amount.
2. **Why the entry is restricted only till 40 years of age, not till 60?** – To provide certain pension amount, a fixed corpus is needed. If a person joins the scheme at the age of 57, in 3 years, he may not be able to contribute a consolidated amount to get minimum Rs. 1000 as pension. However, the government is flexible on this issue and PFRDA is proposing to increase the entry age from 40 years to 50 years. It is in proposal and not decided yet.
3. **Withdrawal under NPS, before attaining 60 years of age** – After contributing minimum for 10 years, a person can withdraw 25% of total contribution till date. This facility is available for maximum 3 times.
4. **In case of absence of spouse, can someone else become nominee** – Yes, in case of unavailability of spouse (passed away/ divorced, etc.), the subscriber can name any other person as nominee.
5. **What will happen, if a person passes away before attaining 60 years of age?** – In that case his/her spouse (default nominee) will get the pension. In other cases (absence of spouse) the registered nominee will be entitled.
6. **Government co-contribution** – Government will contribute 50% of contribution by subscriber or Rs. 1000, whichever is less. This facility is not available for tax payers. If a subscriber is not earning or not paying tax due to less income, s/he will get government co-contribution, but if s/he comes under tax bracket, 2 years after joining APY, then government co-contribution will be discontinued. Subscriber will be needed to give self declaration about his/her income tax.
7. **Exit criteria** – There are two exit criteria before 60 years of age- voluntarily, and terminal illness or death. In case of voluntarily exit, interest portion on subscriber's contribution will be given but government co-contribution will be forfeited.
8. **Swavalamban to APY** – Subscribers (below 40 years of age) are satisfied with APY, then they can continue with that, if not, they can switch to APY. For subscribers, above 40 years of age, have two options – to continue with Swavalamban or exit.
9. If spouse is not working his/her contribution can be claimed for tax redemption.
10. **Fee to banks** – For every new enrolment bank will get Rs. 120 and for renewal in subsequent years banks will get Rs. 100 per subscriber.
11. **Date for deduction of contribution** – Contribution can be made on any date of the month. In case of default, the contribution and charges for default will be deducted as per cash availability in account.
12. **How will a subscriber know about his/her total corpus** - Currently there is provision of sending annual statement to subscriber, but in near future, along with annual statement, the subscribers will be able to see the status online. This development is under progress.
13. Aadhar is currently not mandatory for enrolment in APY.
14. Option of APY should be incorporated in online banking.

15. Terms and conditions for penalty of delayed contribution and any other charges (if applicable) should be made clear to banks and other stakeholders.

Presentation by Shri Sandeepan Mukherjee, NSDL: Presentation by NSDL was focused on roles and activities of Credit Recordkeeping Agency. National Securities Depository Limited (NSDL) has been appointed as the CRA. The recordkeeping administration and customer service functions for all subscribers of the NPS shall be centralized and performed by CRA. Major points covered under presentation were –

- Roles and responsibilities of CRA –
 1. Issuance of PRAN kit
 2. Maintenance of the KYC documents
 3. Provision to change subscriber details
 4. Issuance of Annual Statement
 5. Alerts to subscribers
 6. Central Grievance Management System
- Accessibility to NSDL for grievance settlement or any other information.
- Scheme wise return
- How to get statement of transaction

Vote of Thanks –the orientation programme was concluded with vote of thanks given by Ms. Sonmani Choudhary from SIDBI. She thanked the participants for actively participating in the discussion. She expressed her gratitude towards officials of PFRDA, NSDL and Centum to give insight on the subject and address doubts and questions of the participants.

ANNEXURE 1 –

SI No	Name	Designation	Organization
1	Sandeepan Mukherjee	NSDL -CRA	NSDL -CRA
2	Prodip Mukherjee	Manager -IT	JagaranMicrofin Pvt. Ltd
3	Dr. S. K. Sinha	Advisor	JagaranMicrofin Pvt. Ltd
4	Amarendra Kumar	Sr. Manager	DENA Bank -ZO
5	Govind Kumar	Sr. Manager	Uttar Bihar Gramin Bank
6	AnujShrivastava	Sr. Manager	Cashpor Micro Credit
7	Sushant Kumar Kar	Manager	Cashpor Micro Credit
8	S.C. Karan	Trainer	Centum Learning
9	Kishore Sah	Dy RM	Central Bank of India
10	M P Bhagat	Dy Director (Banking)	Dept. of Finance (Institutional)
11	Raushan Kumar	Asstt. Manager	Indian Overseas Bank
12	T.K. Chatterjee	Sr. Manager	Bihar Gramin Bank
13	KunjBihari Singh	Sr. Manager	Bank of India
14	Bhim Chaudhary	Manager	Reserve Bank of India
15	Kshitiz Kumar	Sr. Manager	Madhya Bihar Gramin Bank
16	Shivanand	Chief Manager	Bank of Baroda
17	Mukesh Chandra	Manager	AKRSP (I)
18	Deepak Singh Sardar	Dy. Manager	CDOT, Patna
19	Kumar Vikas	Officer	Canara Bank
20	VidyaBhushan Shah	Senior Manager	Indian Bank ZO, Patna
21	Sapan Kr Choudhary	Manager	Union Bank of India
22	V R Vimal	Chief Manager	SBI LHO, Patna
23	RajuMalakar	Marketing Manager	Oriental Bank of Commerce
24	Shishir Singh	Cluster Head	FinoPaytech Ltd.
25	Gangesh Kumar	Manager	NABARD
26	Dhruv Kumar	AGM	NABARD
27	Tapan Kr. Palit	Chief Manager	Punjab National Bank
28	Sayantani Mukherjee	Project Coordinator	ACCESS ASSIST
29	Priyanka Sharma	YP	JEEVIKA
30	Jiban Kr. Jha	SPM, Insurance	JEEViKa
31	AtulKhare	RBDM	Bank of Baroda
32	Suresh Prasad Sah	B. Office Sup.	KVIB, Patna
33	KunjBihari Mishra	Assistant	Bihar State Khadi and Village industries Board
34	N Ramesh Kumar	AM (RD)	Syndicate Bank, RO, Patna
35	Abhishek Kumar Pandey	Manager (Adm.)	United Bank of India
36	K S Rakshit	MD	Bihar State Cooperative Bank

37	ShoubhagyaNayak	Manager Strategy& Activity	Saija Finance Pvt. Ltd
38	Rashid Iqbal	Circle -Nodal Manager	Axis Bank Ltd.
39	K Mohan Gandhi	DGM	PFRDA
40	SonmaniChoudhary	State Director	SIDBI
41	AparnaShukla	Manager	ACCESS ASSIST
42	Tushar Krishna	SPC	ACCESS ASSIST