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Pradhan Mantri Vaya Vandana Yojana Extended

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Why in News

The Union Cabinet has extended **Pradhan Mantri Vaya Vandana Yojana (PMVVY)** for a period of three years. This social security scheme for senior citizens will **now be valid till March 2023**.

- Earlier, the scheme was open till 31st March, 2020.
- Initially **an assured rate of return of 7.40% per annum** for the year 2020-21 per annum will be provided and thereafter to be reset every year in line with the Senior Citizen Savings Scheme (SCSS).
- **The Finance Minister will approve an annual reset rate of return at the beginning of every financial year.**

Key Points

- The **Pradhan Mantri Vaya Vandana Yojana** was **launched in 2017 by the Ministry of Finance** to offer a guaranteed payout of pension to senior citizens every month.
- The Scheme can be purchased offline as well as online through the **Life Insurance Corporation (LIC)** which has been given the sole privilege to operate this Scheme.
- **Eligibility:**
 - Minimum Entry Age: 60 years (completed)
 - Maximum Entry Age: No limit

- **Components:**
 - One can **invest a maximum amount of Rs. 15 lakh** under PMVVY scheme. The tenure of policy is set at 10 years.
 - Senior citizens can draw a **minimum pension of Rs. 1,000 per month** depending on the amount invested in the scheme. The **maximum pension amount is limited at Rs. 10,000 per month.**
 - Pension will be payable as per the frequency of monthly, quarterly, half-yearly, yearly as chosen by the pensioner at the time of purchase.
 - **Aadhar has been made mandatory** to avail the benefit of the scheme.
- **Role of the Government:**
 - The Government's financial liability is limited to the extent of the difference between the market return generated by LIC and the assured rate of return (7.4% for 2020-21).
 - The **pension is based on the assured rate of return.**
 - This protects elderly persons aged 60 years and above against a future fall in their interest income due to uncertain market conditions.
- **Other Benefits:**
 - Loan upto 75% of Purchase Price shall be allowed after 3 policy years.
 - The scheme is **exempted from Goods & Services Tax (GST).**

Source: Mint