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National Pension System and Atal Pension Yojana

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Why in News

Recently, the **Pension Fund Regulatory and Development Authority (PFRDA)** announced that **Assets Under Management (AUM)** under the **National Pension System (NPS)** and **Atal Pension Yojana (APY)**, crossed the milestone of **Rs. 6 trillion**.

AUM is the **total market value of the investments** that a person or entity handles on behalf of investors.

Key Points

- **National Pension System:**

- **About:**

- The Central Government has introduced the National Pension System (NPS) with effect from **January 2004** (except for armed forces).

In 2018 to **streamline the NPS and make it more attractive**, the Union Cabinet approved **changes in the scheme** to benefit central government employees covered under NPS.

- NPS is being **implemented and regulated by PFRDA** in the country.
- **National Pension System Trust (NPST)** established by PFRDA is the registered owner of all assets under NPS.

- **Structure:** NPS is structured into **two tiers:**

- **Tier-I account:**

This is the **non-withdrawable permanent retirement account** into which the accumulations are deposited and invested as per the option of the subscriber.

- **Tier-II account:**

- This is a **voluntary withdrawable account** which is allowed only when there is an active Tier I account in the name of the subscriber.
- The **withdrawals are permitted from this account as per the needs of the subscriber as and when claimed.**

- **Beneficiaries:**

- NPS was made available to **all Citizens of India from May 2009.**
- Any individual citizen of India (both resident and Non-resident) in the **age group of 18-65 years** can join NPS.
- However, **OCI (Overseas Citizens of India) and PIO (Person of Indian Origin)** card holders and **Hindu Undivided Family (HUFs)** are not eligible for opening of NPS accounts.

- **Atal Pension Yojana:**

- **About:**

- The scheme was **launched in May, 2015**, with the **objective of creating a universal social security system for all Indians**, especially the poor, the under-privileged and the workers in the unorganised sector.
- The scheme has been **implemented comprehensively across the country covering all states and Union Territories** with **male to female subscription ratio of 57:43**.

However, only **5% of the eligible population has been covered** under APY till date.

- **Administered By:**

PFRDA through NPS.

- **Eligibility:**

- **Any citizen of India** can join the APY scheme. The age of the subscriber should be between **18-40 years**.
- The **contribution levels would vary and would be low if a subscriber joins early** and increases if she joins late.

- **Benefits:**

- It provides a **minimum guaranteed pension** ranging from Rs 1000 to Rs 5000 on attaining 60 years of age.
- The **amount of pension is guaranteed for lifetime to the spouse** on death of the subscriber.
- In the event of death of both the subscriber and the spouse, **the entire pension corpus is paid to the nominee**.

Pension Fund Regulatory and Development Authority

- **About:**

- It is the **statutory Authority** established by an enactment of the Parliament, to regulate, promote and ensure orderly growth of the **National Pension System (NPS)**.
- It works under the **Department of Financial Services** under the Ministry of Finance.

- **Functions:**

- It performs the function of **appointing various intermediate agencies like Pension Fund Managers, Central Record Keeping Agency (CRA)** etc.
- It develops, **promotes and regulates the pension industry under the NPS** and also **administers the APY**.

Source: PIB