

Atal Pension Yojana (APY)

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In news– The Department of Financial Services under the Ministry of Finance has recently issued notification stating that eligibility rules for opening an Atal Pension Yojana (APY) account opening is going to change from 1st October 2022.

What are the changes?5

- **From 1st October 2022, an income tax payers won't be eligible for subscribing to the Atal Pension scheme.**
- The central government has made it clear that if an income tax payer opens an APY account under the APY scheme, his or her account shall be liable to be closed.
- Hence, the APY account of income tax payers, who join the APY scheme in and after October 2022 will be closed.
- For the purpose of this clause, the **expression "income-tax payer" shall mean a person who is liable to pay income-tax in accordance with the Income Tax Act, 1961, as amended from time to time.**
- However, the new notification will not apply to subscribers who have joined or joined the scheme before October 1, 2022.

About Atal Pension Yojana (APY)-

- It is a **government-backed voluntary scheme meant to provide old-age income security** in the form of minimum assured pension in the unorganised sector.
- **APY, launched on June 1, 2015, provides old-age income security in the form of a minimum assured pension** (ranging from Rs 1,000-Rs 5,000/month), in proportion to individual contributions from the age of 60 years.
- **APY scheme basically aims to provide social security to the people working in an unorganised sector** as people

working in such sectors mainly belong to a low income group.

- The **same pension would be paid to the spouse of the subscriber after the demise** of subscriber and on demise of both the subscriber and spouse, the pension wealth as accumulated till age 60 of the subscriber would be returned back to the nominee.
- Currently, all Indian citizens between the age group of 18-40 years can join APY through bank or post office branches where one has a savings bank account.
- Even NRI in the above mentioned age group having a bank account with APY POP is eligible to open an APY account.
- It forms 70% or 38.2 million out of the 54.3 million total subscriber base under the fold of the National Pension System (NPS) while the remaining 30% includes subscribers from the central government sector, state government, and corporate sector and individuals.