Swavalamban Scheme: Guidelines

The Scheme and its applicability

1. The scheme will be called Swavalamban Scheme. It will be applicable to all citizens in the unorganised sector who join the New Pension System (NPS) administered by the Interim Pension Fund Regulatory and Development Authority (PFRDA).

Eligibility

2. . The scheme will be applicable to all persons in the unorganised sector subject to the condition that the benefit of Central Government contribution be available to the subscribers whose contribution to NPS is minimum Rs.1,000 and maximum Rs. 12,000 per annum, for both Tier I and II accounts under NPS, taken together, provided that the person makes a minimum contribution of Rs. 1000 per annum to his Tier I NPS account.

3. As a special case and in recognition of their faith in the NPS, all NPS accounts opened in 2009-10 will be entitled to the benefit of Government contribution under this scheme as if they were opened as new accounts in 2010-11 subject to the condition that they fulfill all the eligibility criteria prescribed under these guidelines.

Benefits under the Scheme

4. Under the scheme, Government will contribute Rs. 1000 per year to each NPS account of eligible subscribers opened in the year 2010-11, 2011-12, 2012-13. Such subscribers registered during the period between 2009-10, 2010-11, 2011-12 and 2012-13 will get the benefit of five years as under:

   i. The pioneer Subscribers registered in 2009-10 will get the benefit till 2013-14
   ii. Subscribers registered in 2010-11 will get the benefit till 2014-15
   iii. Subscribers registered in 2011-12 will get the benefit till 2015-16
   iv. Subscribers registered in 2012-13 will get the benefit till 2016-17
   v. Subscribers registered in 2013-14 and in the subsequent years till 2016-17 will get the benefit upto 2016-17 only.

Exit from NPS

5. The exit from the Swavalamban Scheme is permitted at age 50 or a minimum tenure of 20 years, whichever is later, with 40% minimum annuitisation of pension wealth. Exit before age 50 or tenure less than 20 years, is possible with 80% minimum annuitisation of pension wealth.

However, the exit would be subject to the overriding condition that the amount of pension wealth to be annuitised should be sufficient to yield a minimum amount of Rs. 1,000 per month. If the annuitised pension wealth does not yield an amount of Rs. 1,000 per month, the percentage of pension wealth to be annuitised would be increased so that the pension amount becomes Rs. 1,000 per month, failing which the entire pension wealth would be subject to annuitisation. This minimum pension ceiling may be revised from time to time.

Definitions:

6. **Unorganised sector:** For the purpose of this scheme, a person will be deemed to belong to the unorganised sector if that person:

- is not in regular employment of the Central or a state government, or an autonomous body/ public sector undertaking of the Central or state government having employer assisted retirement benefit scheme, or
- is not covered by a social security scheme under any of the following laws:
- Employees' Provident Fund and Miscellaneous Provisions Act,1952
- The Coal Mines Provident Fund and Miscellaneous Provisions Act,1948
- The Seamen's Provident Fund Act, 1966
- The Assam Tea Plantations Provident Fund and Pension Fund Scheme Act, 1955
- The Jammu and Kashmir Employees' Provident Fund Act, 1961

7. All other definitions as given in the NPS offer document will apply to the terms used in this scheme.

Funding

8. The scheme will be funded by grants from Government of India.

Operation

9. A person will have the option to join the NPS as an individual as per the existing scheme or through the Aggregators under CRA Lite approved by PFRDA.

10. At the time of joining the NPS the subscriber will have to declare whether he/she falls within the definition of unorganised sector as defined in para 6 above and would also declare that his contribution would range between Rs. 1,000 to Rs. 12,000 per annum. If subsequent to opening the NPS account it is found that the subscriber has made a false declaration about his eligibility for the benefits under this scheme or has been wrongly given the benefit of government contribution under this scheme for whatsoever reason, the entire government contribution will be deducted along with penal interest as may be specified from time to time.

If the status of the subscriber changes to ineligible after joining the NPS, he/she should immediately declare so and the benefit of government contribution will not accrue to the subscriber's account after the date on which the subscriber becomes ineligible.

11. At the end of each financial year the CRA will, by 7th April of the following year, or such extended time as the PFRDA may decide, send to the PFRDA details of the NPS accounts in which the subscribers contribution has been between Rs.1000 and Rs.12,000. CRA will also send these details with individual PRAN to the Trustee Bank. Based on the details of the subscription details given to PFRDA by the CRA, the co-contribution of Government would be credited into the accounts of the subscribers.

Miscellaneous

12. PFRDA may permit members of an existing pension scheme to migrate to NPS under such terms and conditions as may be approved by the Government.

Removal of Doubts

13. In case of any doubts on the eligibility, operation of the scheme or any other issue, the Central Government will decide the matter in consultation with PFRDA and the decision of the Central Government will be final.

******