

IMMEDIATE

F.No. 13 / 10 / 2006-PR
Ministry of Finance
Government of India
Department of Financial Services

Jeevan Vihar Building, Parliament Street,
New Delhi, Dated the 18th June, 2010.

To

The Chairman,
Pension Fund Regulatory & Development Authority,
1st Floor, ICADR Building,
Plot No. 6, Vasant Kunj, Institutional Area, Phase-II,
New Delhi - 110070

Subject: Implementation of Swavalamban Schemes - approval of Operational Guidelines.

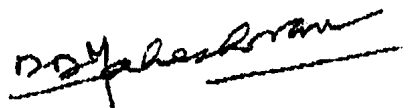
Sir,

In pursuance to the announcement of Swavalamban Scheme in the Union Budget 2010-11, a roadmap has been drawn for implementation of the Scheme to achieve the intended objectives. PFRDA had finalized draft Operational Guidelines in this regard. These Operational Guidelines have been approved by the Government. A copy of the approved guidelines is enclosed.

2. PFRDA was in process of finalising guidelines for appointment of Aggregator/Contribution Collection Agents. A copy of the draft guidelines for appointment of Aggregator/Contribution Collection Agents, as finalised by PFRDA, may kindly be provided to this Office at the earliest.

3. Vide this Office letter dated 10th June, 2010, PFRDA was requested to indicate the preparedness of PFRDA for launch of the Scheme on 1st August, 2010. You are requested to kindly indicate your views in this regard to this Office at the earliest.

Yours faithfully,



(D.D. Maheshwari)
Under Secretary to the Government of India
Ph. 23748760
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Encl - 2/2 (3 pages)

DRAFT

Swavalamban Scheme: Operational Guidelines

The Scheme and its applicability

1. The scheme will be called Swavalamban Yojana. 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).

Benefits under the Scheme

✓2. Under the scheme, Government will contribute Rs. 1000 per year to each NPS account opened in the year 2010-11 for the next three years, that is, 2011-12, 2012-13 and 2013-14. The benefit will be available only to persons who join the NPS with a minimum contribution of 1,000 and maximum contribution of Rs. 12,000 per annum.

Definitions:

✓3. **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

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

Eligibility:

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

Run at query

6. 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.

Funding

7. The scheme will be funded by grants from Government of India. The grants would be given such that monthly payment in the subscriber accounts would be possible.

Operation

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

9. 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 3 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.

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keep it separate

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.

10. At the end of each financial year the CRA will, by 7th April of the following year, send to the PFRDA details of the NPS accounts opened during the year, showing separately the number of eligible NPS accounts in which the subscriber's contribution has been between Rs. 1,000 and Rs. 12,000. CRA will also send these details with individual PRAN to the Trustee Bank.

→ for what - (contradicts point 7)

Exit from NPS

11. The exit from the Swavalamban Scheme would be on the same terms and conditions on which exit from Tier-I account of NPS is permitted, that is, exit at age 60 with 40% minimum annuitisation of pension wealth and exit before age 60 with 80% annuitisation of pension wealth. This exit would be subject to the condition that the minimum pension out of his accumulated pension wealth would be Rs. 1,000 per month, which may be revised from time to time.

→ not clear

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.

