

**DAK GURU**

THE COMPLETE SELF-LEARNING PLATFORM FOR POSTAL ASPIRANTS

Generated: 05 Apr 2026

www.dakguru.com

SCHEME

Pradhan Mantri Jan Suraksha Yojanas — APY · Launched 09.05.2015; Operational 01.06.2015

Atal Pension Yojana (APY) — Comprehensive Guide

Effective: 01 June 2015

Dak Sutra Series

LDCE / PS Group B

**OFFICIAL PROVISION**

Verbatim legal text

PRIMARY SOURCE



PFRDA · MINISTRY OF FINANCE · GOVERNMENT OF INDIA

Atal Pension Yojana — Statutory & Operational Framework

- APY was **launched on 9 May 2015** and became **operational from 1 June 2015**, replacing the earlier *Swavalamban Yojana (NPS-Lite)*.
- It is regulated by **PFRDA** (Pension Fund Regulatory and Development Authority) and implemented through **banks, post offices, and IPPB**.
- Target beneficiaries: Workers in the **unorganised sector** — domestic workers, farmers, shop workers, daily-wage labourers.
- Subscribers get a **guaranteed minimum pension** of ₹1,000 to ₹5,000 per month from age **60**.
- **Not open to income tax payers** (restriction introduced w.e.f. **1 October 2022**).

APY AT A GLANCE — KEY PARAMETERS

Eligibility Age	18 – 40 Years
Minimum Contribution Period	20 Years
Pension Commencement Age	60 Years
Guaranteed Pension Slabs	₹1,000 / ₹2,000 / ₹3,000 / ₹4,000 / ₹5,000 per month

Payment Mode	Monthly / Quarterly / Half-yearly auto-debit from savings account
Regulator	PFRDA (Pension Fund Regulatory and Development Authority)
Predecessor Scheme	Swavalamban Yojana (NPS-Lite)
Taxability of Pension	Taxable as income in subscriber's hands

📌 INDICATIVE CONTRIBUTION CHART (MONTHLY CONTRIBUTION FOR ₹1,000 & ₹5,000 PENSION)

Age at Entry	Years to Contribute	Monthly (for ₹1,000 pension)	Monthly (for ₹5,000 pension)
18	42	₹ 42	₹ 210
25	35	₹ 76	₹ 376
30	30	₹ 116	₹ 577
35	25	₹ 181	₹ 902
40	20	₹ 291	₹ 1,454

Key Insight: Joining at 18 vs 40 makes a huge difference — ₹210/month vs ₹1,454/month for the same ₹5,000 pension. *Earlier you join, lower the contribution!*

🏠 GOVERNMENT CO-CONTRIBUTION — ELIGIBILITY & TERMS

- Government contributed **50% of the subscriber's contribution** or **₹1,000 per annum** (whichever is lower) for **5 years** (FY 2015-16 to 2019-20).
- **Eligible subscribers** must satisfy ALL three conditions:
 1. Enrolled in APY between **1 June 2015 and 31 March 2016**
 2. Not a beneficiary of any **statutory social security scheme** (e.g., EPF/NPS/ESI)
 3. Not an **income tax payer**
- Co-contribution period: **FY 2015-16 to 2019-20** (5 years total).

- Subscribers who joined after 31.03.2016 are **NOT eligible** for govt. co-contribution.

DEATH & EXIT PROVISIONS

Situation	What Happens
Subscriber dies before 60	Spouse may continue contributions to maintain APY account and receive pension at 60. OR the entire pension corpus is returned to spouse/nominee.
Subscriber dies after 60 (pension started)	Spouse receives same pension for life. On spouse's death, the accumulated pension corpus is returned to the nominee.
Both subscriber and spouse die	Entire pension corpus paid to nominee as a lump sum.
Premature exit (voluntary)	Not permitted except in <i>exceptional circumstances</i> (terminal disease, death of spouse). Only subscriber's own contribution + earned interest (minus charges) is returned — government co-contribution is NOT returned.

ROLE OF DEPARTMENT OF POSTS / IPPB IN APY

- **India Post Payments Bank (IPPB)** is an authorised Point of Presence (PoP) for APY enrollment and administration.
- Customers with **POSB / IPPB savings accounts** can enroll at any post office or via the IPPB mobile app / GDS doorstep service.
- Auto-debit of contributions is set up from the subscriber's linked POSB/IPPB account.
- Postmen and GDS play a vital role in **last-mile enrollment** in rural India where banking penetration is low.
- DOP acts as a PoP-SP (Service Provider) and earns a small incentive per enrollment from PFRDA.



DAK GURU EXPLAINS

Plain-language breakdown

[+ SIMPLIFIED](#)

Understanding APY in Plain Language

APY is essentially a **defined benefit pension plan** for the informal sector. Unlike NPS (where your final pension depends on market returns), APY *guarantees* you a fixed pension — ₹1,000, ₹2,000, ₹3,000, ₹4,000, or ₹5,000 per month — for life, starting at age 60.

You choose your pension slab when you join. Based on your age and the slab chosen, a contribution table tells you how much to pay monthly. The government manages the corpus through PFRDA-approved pension fund managers. If the corpus grows more than assumed, the excess stays in your corpus. If it falls short, the **government makes up the shortfall** — hence "guaranteed".

Who CAN Join APY

- Age 18–40 (Indian citizen)
- Has a savings bank / POSB / IPPB account
- Not an income tax payer (after Oct 2022)
- Not covered by EPF / NPS / ESIC, etc. (for govt. co-contribution only)

Who CANNOT Join APY

- Persons above age 40
- Income tax payers (w.e.f. 1 Oct 2022)
- Persons with existing APY account (only one account per person)
- NRIs

APY vs PMJJBY vs NPS — The Key Differences

Feature	APY	PMJJBY	NPS (Tier I)
Benefit Type	Pension (defined)	Life Insurance	Pension (market-linked)
Regulator	PFRDA	IRDAI	PFRDA
Guaranteed Return	Yes	N/A	No (market-linked)

Default (Non-Payment) Penalty Structure

Monthly Contribution	Overdue Penalty per Month
Up to ₹100 per month	₹ 1
₹101 – ₹500 per month	₹ 2
₹501 – ₹1,000 per month	₹ 5
Above ₹1,001 per month	₹ 10

Consequence of continued default: After 6 months → account frozen. After 12 months → account deactivated. After 24 months → account closed and corpus returned.



PRACTICAL EXAMPLE

Real-world scenario

CASE STUDY

SCENARIO 1: EARLY ENROLLEE – THE SMART MOVE

Kavitha, a domestic worker aged 18, enrolls in APY targeting ₹5,000/month pension. Her monthly contribution is just **₹210**. Over 42 years, she contributes roughly **₹1.06 lakh total** and receives ₹5,000/month pension from age 60 – for life. After her death, her husband receives the same pension; after both die, the **corpus (approx. ₹8.5 lakh)** is returned to their nominee.

SCENARIO 2: LATE ENROLLEE – THE COST OF DELAY

Rajan, aged 40, wants the same ₹5,000 pension. He must contribute **₹1,454/month** for 20 years. Total outgo: **~₹3.49 lakh** – more than 3 times Kavitha's total cost. Same benefit, much higher cost due to delay. This is why APY strongly incentivises early enrollment.

SCENARIO 3: IPPB POSTMAN ENROLLMENT DRIVE

A Grameen Dak Sevak visits a rural hamlet with an IPPB micro-ATM. He helps 5 unbanked workers open IPPB accounts and enrolls them in APY, PMSBY, and PMJJBY simultaneously. This is the **Jansuraksha Trinity** – one visit, three protections: accident cover, life cover, and retirement pension – at a combined monthly cost of under ₹200 for a 30-year-old targeting ₹3,000 pension.

**EXAM INSIGHT**

What the examiner expects

MUST READ**🔥 One-Line Quick Revision — APY**

- ⚡ Full form: **Atal Pension Yojana** (not Atal Pension Yojna)
- ⚡ Launched: **9 May 2015**; Operational: **1 June 2015**
- ⚡ Regulator: **PFRDA** (not SEBI, not IRDAI)
- ⚡ Eligibility: **18–40 years**; Pension starts at: **60 years**
- ⚡ Pension slabs: **₹1,000 / 2,000 / 3,000 / 4,000 / 5,000** per month
- ⚡ Minimum contribution period: **20 years**
- ⚡ Govt. co-contribution: **50% or ₹1,000 p.a.** (whichever lower) — first 5 years only
- ⚡ No govt. co-contribution if enrolled **after 31.03.2016**
- ⚡ Income tax payers: **NOT eligible** (from 01.10.2022)
- ⚡ Predecessor scheme: **Swavalamban Yojana (NPS-Lite)**
- ⚡ On death (post-60): Spouse gets **same pension**; corpus to nominee thereafter
- ⚡ Default penalty starts from: **₹1/month** (for contributions up to ₹100)

**THE JANSURAKSHA TRINITY — COMBINED VIEW**

Feature	PMSBY	PMJJBY	APY
Purpose	Accident protection	Life cover	Retirement pension
Regulator	IRDAI	IRDAI	PFRDA
Annual Cost	₹ 20	₹ 436	Age-based (monthly auto-debit)
Age Limit	18–70	18–50	18–40

**DAK GURU — DAK SUTRA SERIES**

Pradhan Mantri Jan Suraksha Yojanas — APY · Launched 09.05.2015; Operational 01.06.2015 · For educational use only

Visit Dak Sutra @
www.dakguru.com