

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

FINANCE MINISTER RELAUNCHES THE VARISHTHA PENSION BIMA YOJANA (VPBY); WILL BENEFIT THE VULNERABLE SECTION OF SOCIETY WITH LIMITED RESOURCES; WILL PROVIDE MONTHLY PENSION RANGING FROM RS 500/ TO RS 5,000/ PER MONTH TO SENIOR CITIZENS OF THE COUNTRY

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The Union Finance Minister Shri Arun Jaitley said that Varishtha Pension Bima Yojana (VPBY) will benefit the vulnerable section of society with limited resources as it will provide monthly pension ranging from Rs 500/ to Rs 5,000/ per month to senior citizens of the country. The Union Finance Minister Shri Arun Jaitley was speaking after re-launching the Varishtha Pension Bima Yojana (VPBY) here today on the eve of the 68th Independence Day of the country.

The Finance Minister Shri Jaitley said that VPBY is like reverse of a normal insurance policy as in case of VPBY, the beneficiary gets an income at the overall rate of 9.38 % per annum on their deposits as they are being paid on monthly basis. The Finance Minister Shri Jaitley had in his recent Budget Speech 2014-15 announced the revival of the Varishtha Pension Bima Yojana (VPBY), which had been introduced earlier in 2003-04 by then NDA Government during its last term in office, as a pension scheme for senior citizens. 3.16 Lakh annuitants who had applied under that earlier window are being benefitted today with pension payments ranging from a minimum of Rs.250 per month to a maximum of Rs.2000 per month based on their subscriptions, and the associated corpus amounts to Rs. 6,095 Crore.

The revived scheme will be open during the window stretching from 15th August, 2014 to 14th August, 2015 for the benefit of citizens aged 60 years and above, and will provide financial security by ensuring regular income during their advancing years. Like on the last occasion, the scheme will be administered by the LIC. This initiative reflects the commitment of the government to the welfare and well-being of the senior citizens of the country, which is especially important in light of the increasing longevity in India, which has gone up substantially. The subscription to the scheme is likely to create a corpus of more than Rs. 10,000 crore, and would thus also be a significant source of resource mobilization for the development of the country.

Earlier, speaking on the occasion, Dr G.S. Sandhu said that under this revived Varishtha Pension Bima Yojana (VPBY) formally launched today by the Finance Minister, the senior citizens would get pension on fixed basis either on yearly or monthly basis. He said that it will provide social security to senior citizens.

Shri S.K. Roy, Chairman, Life Insurance Corporation (LIC) of India said that we are targeting to cover about 5 lakh senior citizens under this Scheme during the current year 2014-15.

Among others present on the occasion include Shri R.P.Watal, Expenditure Secretary, Shri Shakti Kanta Das, Revenue Secretary and Smt Snehlata Shrivastava, Additional Secretary, Department of Financial Services (DFS).

Some key features of the scheme are:

- Available to citizens aged 60 years and above.
- Pension would be on immediate annuity basis in monthly, quarterly, half-yearly or annual mode, varying, respectively, between Rs. 500 to 5000 (monthly), Rs. 1500 to 15,000 (quarterly), Rs. 3000 to Rs. 30,000 (half-yearly) and from Rs. 6,000 to Rs. 60,000 (annually), depending on the amount subscribed and the option exercised.
- The payout implies an assured return of 9% on monthly payment basis, which amounts to an annualized return of 9.38%.
- Loan (up to 75% of subscribed amount) can be availed after 3 years from the Date of Commencement.
- On death, the full purchase price will be refunded to nominee.
- Exit/surrender would be allowed after 15 years or earlier in special circumstances like critical / terminal illness of self or spouse.
- Payment will be through ECS or NEFT
