

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

PRIME MINISTER TO LAUNCH PRADHAN MANTRI SURAKSHA BIMA YOJANA (PMSBY), PRADHAN MANTRI JEEVAN JYOTI BIMA YOJANA (PMJJBY) AND THE ATAL PENSION YOJANA (APY) ON 9TH MAY 2015 AT KOLKATA

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It has been mentioned in the Budget Speech of 2015-16 that a large proportion of India's population is without insurance of any kind - health, accidental or life. Further, as the young population of India ages, it is also going to be without any formal pension provision. It is estimated that the unorganised sector workers, which constitute 88% of the total labour force of 47.29 crore, as per the 66th Round of NSSO Survey of 2011-12, do not have any formal pension provision. Encouraged by the success of the Pradhan Mantri Jan Dhan Yojana, the Government has proposed to work towards creating a universal social security system for all Indians, specially the poor and the under-privileged and the workers in the unorganised sector, using the bank accounts as the basis for launching the schemes.

Therefore, the two insurance schemes and one pension scheme have been announced in the Budget. The Prime Minister will launch three ambitious Social Security Schemes pertaining to the insurance and pension sector on 9th May 2015 at Kolkata. This would be a path breaking initiative towards providing affordable universal access to essential social security protection in a convenient manner, linked to auto-debit facility from the bank account of the subscriber. The two insurance schemes to be launched, namely Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), would provide insurance cover in the unfortunate event of death by any cause/death or disability due to an accident. The pension scheme, Atal Pension Yojana (APY), would address old age income security needs and mitigate the longevity risk. The convenient delivery mechanism of the schemes is expected to address the situation of very low coverage of life/accident insurance and old age income security products in the country.

In light of the fact that a large proportion of the population has no accidental insurance cover, PMSBY is aimed at covering the uncovered population at an affordable premium of just Rs.12 per year. The Scheme will be available to people in the age group 18 to 70 years with a savings bank account, who give their consent to join and enable auto-debit on or before 31st May for the coverage period 1st June to 31st May on an annual renewal basis. PMSBY will offer a renewable one year accidental death cum disability cover of Rupees Two Lakh (Rupees One Lakh for partial permanent disability). The scheme would be offered/administered through Public Sector General Insurance companies or other General Insurance companies willing to offer the product on similar terms on the choice of the Bank/RRB/Cooperative Bank concerned.

PMJJBY, on the other hand, will offer a renewable one year life cover of Rupees Two Lakh to all savings bank account holders in the age group of 18 to 50 years, covering death due to any reason, for a premium of Rs.330/- per annum per subscriber. The scheme would be offered/administered through LIC or other Life

Insurance companies willing to offer the product on similar terms on the choice of the Bank / RRB / Cooperative Bank concerned.

APY, the third scheme to be launched, will focus on the unorganised sector and provide subscribers a fixed minimum pension of Rs. 1000, 2000, 3000, 4000 or Rs. 5000 per month starting at the age of 60 years, depending on the contribution option exercised on entering at an age between 18 and 40 years. Thus, the period of contribution by any subscriber under APY would be 20 years or more. The benefit of fixed minimum pension under Atal Pension Yojana would be guaranteed by the Government, in the sense, that if the realised returns on the pension contributions in the account of the subscribers are less than the assumed returns, for minimum guaranteed pension, over the period of contribution, such shortfall shall be funded by the Government. On the other hand, if the actual returns on the pension contributions are higher than the assumed returns for minimum guaranteed pension, over the period of contribution, the subscriber would be able to retain such excess in his account, resulting in enhanced scheme benefits to him. While the scheme is open to bank account holders in the prescribed age group, the Central Government would also co-contribute 50% of the total contribution or Rs. 1,000 per annum, whichever is lower, for a period of 5 years for those joining the scheme before 31st December, 2015 and are not members of any statutory social security scheme and are not income tax payers.

The Prime Minister is going to dedicate the three schemes to the citizens on 9th May, 2015 in Kolkata. There will be simultaneous Nation-wide launch of the schemes through functions organised at 112 centres in various States and UTs which would be attended by the respective Chief Ministers/Governors and the Union Ministers. The pre-launch publicity of the schemes is being done through the electronic and print media and also by organising special camps to start the process of enrolment of subscribers. It is expected that the schemes would be able to attract a sizeable number of subscribers before the formal launch of the scheme by the Prime Minister on 9th May, 2015 and also after the launch.

A higher level of APY enrolments from the informal sector will ensure better life chances for such subscribers in their post-retirement phase and resultant decrease in the burden on social security under the National Social Assistance Programme in future. This will enable the Government to improve the quality of infrastructure and also deploy long-term savings mobilised in other needy sectors, as the pension contributions would be invested in the productive sectors of the economy. The proposed insurance schemes, PMSBY and PMJJBY will provide much needed access to affordable personal accident and life cover to a vast population, currently not having convenient and systematic access of this nature. It will go a long way in improving insurance awareness and insurance penetration / density in the country.
