

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3109

ANSWERED ON:07.08.2015

Swavalamban Scheme

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Will the Minister of FINANCE be pleased to state:

- a) the details and salient features of the Swavalamban Scheme under National Pension Scheme (NPS) being implemented for the workers of unorganized sector;
- b) the coverage of the Scheme along with the allocation made, State-wise during the last three years and the current year;
- c) whether the NPS has several drawbacks and restriction which make it untenable for small investors; and
- d) if so, the details thereof and the steps taken by the Government to make the NPS more cost effective and viable for small investors?

Answer

The Minister of State in the Ministry of Finance
(SHRI JAYANT SINHA)

a) Swavalamban Scheme, a co-contributory Scheme, was introduced from September 2010 onwards to encourage the unorganised sector to voluntary save for their old age, wherein Government contributes a sum of Rs.1000 in each National Pension System (NPS) account opened under the Scheme where the subscriber is able to save a minimum of Rs.1000 and a maximum of Rs.12000 during a Financial Year. Government will provide contribution for 5 years to the beneficiaries who register in the year 2010-11, 2011-12 and 2012-13. The Scheme otherwise is up to the year 2016-17 on an yearly contribution basis from Government for the remaining years from 2013-14. This scheme is open to those citizens of India who are not part of any statutory pension/provident scheme. Swavalamban Scheme which is available to all Indian citizens, operates through 76 Aggregators and is being administered by Pension Fund Regulatory and Development Authority (PFRDA).

b) Funds have been allocated to the PFRDA, based on the number of subscribers joining NPS-Lite. The total funds allocated under the Swavalamban scheme during the last three years are as under:

Financial Year Funds Allocated

2012-13 Rs. 104.41 Crore

2013-14 Rs. 152.90 Crore

2014-15 Rs. 195 crore

The coverage of the Scheme during the last three years is given at Annexure A. Further, it may be stated that consequent upon the launch of the Atal Pension Yojana with effect from the 1st of June 2015, fresh enrolments under NPS-Swavalamban has been discontinued w.e.f 01-04-2015. However, for existing subscriber the scheme would continue till their exit or attaining the age of 60 years. Therefore, there is no enrolment for current year.

(c) and (d) No, Sir. The National Pension System (NPS) for the unorganized sector is a voluntary, defined contribution pension scheme. Further, NPS is a unique low-cost and unbundled architecture, with specialised intermediaries. The charges levied to the subscribers under NPS schemes are transaction based, such as, Investment Management Fee, Custodian Fee, Points of Presence (PoP) charges, Trustee Bank Charges and Central Recordkeeping and Accounting Charges etc. The cost structure of NPS is transparent. The all-in-cost of NPS are less than 0.50% of the accumulated pension wealth over the total contribution period under NPS and all-in-cost of NPS is one of the lowest in the country.
