

Government of India
Ministry of Finance
Department of Financial Services
Lok Sabha
Unstarred Question No. 3205

Friday, January 05, 2018/Pausha 15, 1939 (Saka)

PMVVY

3205. SHRI PRATHAP SIMHA:

KUMARI SHOBHA KARANDLAJE:

Will the Minister of FINANCE
be pleased to state:

- (a) whether the Government has launched the Pradhan Mantri Vaya Vandana Yojana (PMVVY) to provide social security during old age and to protect elderly persons aged 60 and above and if so, the details thereof and the salient features of the scheme;
- (b) whether the scheme is exclusively for the senior citizens and if so, the details thereof;
- (c) whether the scheme is exempted from GST and if so, the details thereof;
- (d) the steps being taken by the Government to ensure that the benefits of the scheme reach to the needy elderly persons/ senior citizens; and
- (e) whether the scheme is at par with other schemes for senior citizens such as Senior Citizens Saving Scheme (SCSS) and if so, the details thereof?

Answer

Minister of State in the Ministry of Finance
(Shri Shiv Pratap Shukla)

(a) to (d): Government has launched the 'Pradhan Mantri Vaya Vandana Yojana (PMVVY)' to provide social security during old age and to protect elderly persons aged 60 and above against a future fall in their interest income due to uncertain market conditions. The scheme enables old age income security for senior citizens through provision of assured pension/return linked to the subscription amount based on government guarantee to Life Insurance Corporation of India (LIC).

The scheme provides an assured return of 8% per annum for 10 years. The differential return, i.e. the difference between return generated by LIC and the assured return of 8% per annum would be borne by Government of India as subsidy on an annual basis. Pension is payable at the end of each period during the policy tenure of 10 years as per the frequency of monthly/quarterly/ half-yearly/yearly as chosen by the subscriber at the time of purchase. Minimum purchase price under the scheme is Rs.1,50,000/- for a minimum pension of Rs. 1,000/- per month and the maximum purchase price is Rs.7,50,000/- for a maximum pension of Rs.5,000/- per month. The scheme is exempted from Goods and Services Tax (GST).

The scheme is open for subscription till 3rd May 2018.

(e): Senior Citizens Savings Scheme, 2014 is a deposit scheme for individuals who have attained the age of 60 years. However, persons retiring on superannuation or under any Voluntary Retirement Scheme (VRS) who have attained the age of 55 years and retiring defense personnel who have attained the age of 50 years can also open the account subject to certain conditions. The upper limit of investment under this Scheme is rupees fifteen lakh. The rate of interest under the scheme for the quarter 01.01.2018 to 31.03.2018 is 8.3%. The deposits made in the scheme are exempt from income tax under section 80C of Income Tax Act, 1961. However, the interest earned on the deposit is not exempt from income tax. Provisions of Tax Deduction at Source (TDS) are applicable to the Scheme.