

Aadhaar now Mandatory for PMVVY Pension Scheme

written by iaseexam.com | 27/12/2019



The government has made Aadhaar mandatory for subscribers of the Pradhan Mantri Vaya Vandana Yojana (PMVVY), a pension scheme for senior citizens. The scheme, which envisages an assured rate of return of 8% annually, is being implemented through Life Insurance Corporation of India (LIC). It was announced in Union Budgets of 2017-18 and 2018-19.

As per the new rules introduced, “An individual eligible for receiving the benefit under the scheme shall hereby be required to furnish proof of possession of Aadhaar number (the unique 12-digit biometric identity number) or undergo Aadhaar authentication”. It further said any individual desirous of availing benefit under the scheme that does not possess the Aadhaar number or has not yet been enrolled for Aadhaar “shall be required to apply for Aadhaar enrolment before registering for the scheme”.

In cases where Aadhaar authentication fails due to poor biometrics, the Ministry’s Department of Financial Services through its implementing agency will make provisions to help the beneficiaries get the Aadhaar number. Further, where biometric or Aadhaar one-time password or time-based OTP authentication is not possible, benefit under the scheme may be given on the basis of physical Aadhaar letter whose authenticity may be verified through the quick response (QR) code printed on the Aadhaar letter.

About the Scheme

Pradhan Mantri Vaya Vandana Yojana (PMVVY) is a Pension Scheme announced by the Government of India exclusively for the senior citizens aged 60 years and above which is available from 4th May, 2017 to 31st March, 2020.

Following are the major benefits under the Pradhan Mantri Vaya Vandana Yojana (PMVVY):

- Scheme provides an assured return of 8% p.a. payable monthly (equivalent to 8.30% p.a. effective) for 10 years.
- Pension is payable at the end of each period, during the policy term of 10 years, as per the frequency of monthly/ quarterly/ half-yearly/ yearly as chosen by the pensioner at the time of purchase.
- The scheme is exempted from Service Tax/ GST.
- On survival of the pensioner to the end of the policy term of 10 years, Purchase price along with final pension installment shall be payable.
- Loan upto 75% of Purchase Price shall be allowed after 3 policy years (to meet the liquidity needs). Loan interest shall be recovered from the pension installments and loan to be recovered from claim proceeds.
- The scheme also allows for premature exit for the treatment of any critical/ terminal illness of self or spouse. On such premature exit, 98% of the Purchase Price shall be refunded.
- On death of the pensioner during the policy term of 10 years, the Purchase Price shall be paid to the beneficiary.
- The ceiling of maximum pension is for a family as a whole, the family will comprise of pensioner, his/her spouse and dependants.
- The shortfall owing to the difference between the interest guaranteed and the actual interest earned and the expenses relating to administration shall be subsidized by the Government of India and reimbursed to the Corporation.
- The Scheme can be purchased offline as well as online through Life Insurance Corporation (LIC) of India which has been given the sole privilege to operate this Scheme