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Atal Pension Yojana

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Atal Pension Yojana

Practice: 5 MCQs



A roadside vegetable vendor in Bihar. Workers who run their own stalls are the kind of worker APY is aimed at. Photo by Gannu03, Wikimedia Commons, CC BY-SA 4.0, resized.

A street vendor has no employer and no pension. Atal Pension Yojana (APY) is built for workers like that. It promises a fixed monthly pension from age 60. This lesson covers who can join, what it costs and who gets the pension after a death. It also gives the UPSC question on APY.

- **Launched:** 9 May 2015, in Kolkata.
- **Who can join:** Indian citizens aged 18 to 40. Income-tax payers are barred since 1 October 2022.
- **Pension:** Rs 1,000, 2,000, 3,000, 4,000 or 5,000 a month, from age 60.
- **Co-contribution:** 50 percent or Rs 1,000 a year, for 5 years, only for joiners from 1 June 2015 to 31 March 2016.

- **After a death:** the spouse gets the same pension. The nominee gets the corpus after both have died.
- **Size:** 9.29 crore cumulative enrolments on 30 June 2026.
- **Exam:** UPSC CSP 2016 Q76 answer is 1 and 3 only. The trap is “one member per family”.

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1. What is Atal Pension Yojana, and who runs it?

Atal Pension Yojana (APY) is a **voluntary pension scheme** of the Government of India. It is meant for all citizens. It is aimed especially at the poor and at **workers in the unorganised sector**.

APY promises a minimum monthly pension. The subscriber picks the amount when joining. The pension starts at age **60** and lasts for life.

1.1 Who runs APY?

PFRDA administers APY. The full name is the Pension Fund Regulatory and Development Authority. It works under the set-up of the National Pension System (NPS). The PFRDA Act, 2013 backs the authority.

Three groups do the day-to-day work.

- **Banks and the Department of Posts** enrol subscribers and collect contributions.
- **Pension funds** invest the money. They are SBI Pension Funds, LIC Pension Fund and UTI Retirement Solutions.
- **PFRDA** prescribes the investment guidelines for APY.

The same authority also regulates the NPS. See PFRDA: Pension Fund Regulatory and Development Authority for more on its role.

1.2 How is APY different from the NPS?

APY is a **defined benefit** scheme. That means the pension amount is fixed in advance. The NPS is a **market-linked defined contribution** scheme. There, the pension depends on how the saved money performs.

The Government of India guarantees the minimum pension. Suppose the real returns on contributions fall below the assumed returns. Then the Government funds the shortfall.

The guarantee does not cap the pension. If real returns beat the assumed returns, the extra benefit goes to the subscribers.

An NPS subscriber can also join APY. The person must meet the APY eligibility rules.

Sources:

- PFRDA, APY FAQs
- PIB, Financial Inclusion backgrounder, 12 Aug 2026

- NPS Trust, About APY
- NPS Trust, APY eligibility
- NPS Trust, Functions of PFRDA
- NPS Trust, About NPS
- Department of Financial Services, APY FAQs

APY pays a market-linked pension, like the National Pension System.

2. How did APY begin?

2.1 What did the 2015 Budget say?

The Union Budget speech for 2015-16 announced APY. The Finance Minister said the Government “will also launch the Atal Pension Yojana”. It would give “a defined pension, depending on the contribution, and its period.”

The speech named APY as one of three social security schemes. The other two were the Pradhan Mantri Suraksha Bima Yojana and the Pradhan Mantri Jeevan Jyoti Bima Yojana.

The speech also promised a government top-up. It said the Government would contribute 50 percent of the premium, limited to ₹1,000 each year, for five years. It named accounts opened before 31 December 2015. Section 6 shows how the final window differed.

2.2 Where and when was it launched?

APY was launched on **9 May 2015** in **Kolkata**. The Prime Minister, Narendra Modi, launched it with two other schemes. The three schemes opened in simultaneous functions at **115 venues** across the country.



Prime Minister Narendra Modi at the launch of the three social security schemes, including Atal Pension Yojana, at Nazrul Manch, Kolkata, 9 May 2015. Photo by Prime Minister's Office, Wikimedia Commons, GODL-India.

2.3 Can earlier NPS Lite (Swavalamban) subscribers move to APY?

Yes. Subscribers of the older NPS Lite or Swavalamban scheme can move to APY if they are 18 to 40 years old. Their balance shifts to the APY account on a T+1 basis, which is the day after registration.

Sources:

- Union Budget 2015-16 speech
- PIB, 9 May 2015
- PMO, PM’s remarks, 9 May 2015
- PIB, Cabinet note, 21 Jan 2026
- PFRDA, APY FAQs (section 2)

3. Who can join APY?

A person can join only if every rule below is met.

Requirement	Rule
Citizenship	An Indian citizen. NRIs who meet the other rules can also join.
Age	18 to 40 years. The subscriber then pays for at least 20 years.
Account	A savings bank account or post office savings account. This is mandatory.
Income tax	Nobody who is or has been an income-tax payer can open a new account from 1 October 2022.
Nomination	Nominee details are mandatory.
Accounts	One APY account for each person.

3.1 Does the type of job matter?

No. The job does not decide eligibility. Employees of the Central or State Government and of public sector undertakings can join. So can NPS subscribers. The test is the income-tax rule, not the employer.

3.2 What did the 1 October 2022 rule change?

From **1 October 2022**, any citizen who is or has been an income-tax payer cannot open a new APY account. Older accounts are treated differently.

- People who joined on or before 30 September 2022 can continue. This holds whatever their tax status.
- A later joiner may be found to have been an income-tax payer on the application date. The account is then closed. The saved pension wealth goes back to the subscriber. There is no penalty.
- A spouse who is not an income-tax payer can open a separate account. This holds even when the other spouse pays income tax.

Some older notes say any Indian citizen aged 18 to 40 can join, whatever the job. That is now incomplete. The job still does not matter. The income-tax test now does.

3.3 How does a person join?

The usual route is the bank branch or post office that holds the savings account. A person without an account can open one there. A digital route also exists. Online registration through e-APY fetches the details from Aadhaar and uses an e-sign.

Aadhaar is desirable at enrolment, but it is not mandatory at that point. The details can be given later. A mobile number can be given to get updates on the account.

Sources:
- PFRDA, APY FAQs (section 3)
- NPS Trust, APY eligibility (section 3)
- NPS Trust, About APY (section 3)
- Department of Financial Services, APY FAQs (section 3)

A person who is or has been an income-tax payer can open a new APY account today.

4. Can only one person per family join APY?

No. This is a common exam trap. The real rule is **one APY account per individual**, not one per family.

An individual can open only one account. Multiple accounts are not allowed. Still, every eligible family member aged 18 to 40 can open an individual account.

4.1 What does that look like for a couple?

Take a husband aged 30 and a wife aged 28. Both are eligible. Each can open an account and pick a pension slab. This example is illustrative only.

Each account is separate. Each person gets the pension from their own account. The spouse's pension rights from the other account come on top, as section 7 explains.

4.2 Why is the "one member per family" idea wrong?

The trap mixes up two rules. The "one account" rule limits each person. It does not limit a household. A statement that says "only one member of a family can join" is false.

Sources:

- PFRDA, APY FAQs (section 4)
- Department of Financial Services, APY FAQs (section 4)

Only one member of a family can join APY.

Think it through: can one person hold two APY accounts?

No. The limit is one account for each person. A husband and wife can each hold one. So a family can hold several accounts. A single person cannot hold two.

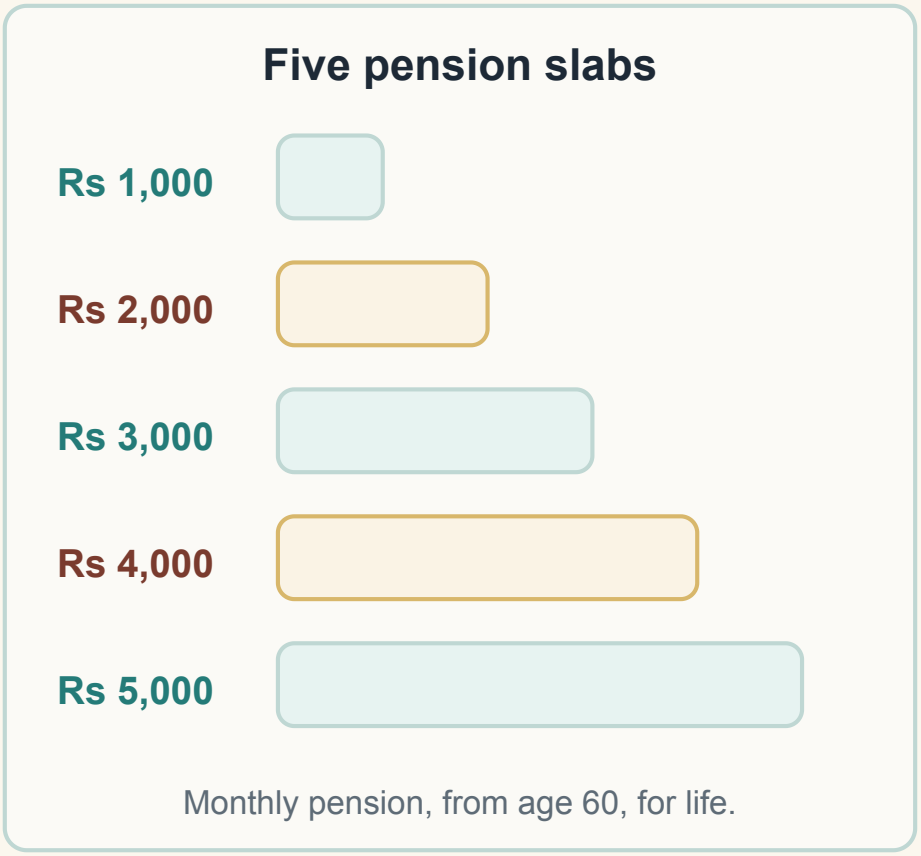
5. What pension can a subscriber choose, and what does it cost?

5.1 Which pension slabs are on offer?

There are five slabs. A subscriber chooses one.

- ₹1,000 a month
- ₹2,000 a month
- ₹3,000 a month
- ₹4,000 a month
- ₹5,000 a month

The pension is payable from age **60** until death. It is guaranteed by the Government of India. A subscriber can raise or lower the slab once in a financial year.



The five pension slabs. Original explanatory diagram.

5.2 How much must a subscriber pay each month?

The monthly amount depends on three things. These are the age at joining, the pension slab and how often the person pays. A person who joins earlier pays less each month, because the payments run for longer. This table gives the monthly figures from the PFRDA FAQ annexure.

Age at joining	Years of payment	₹1,000 pension	₹3,000 pension	₹5,000 pension
18	42	₹42	₹126	₹210
25	35	₹76	₹226	₹376
30	30	₹116	₹347	₹577
35	25	₹181	₹543	₹902
40	20	₹291	₹873	₹1,454

The same annexure gives an indicative corpus for the nominee. This is the money returned after both the subscriber and the spouse have died.

- ₹1,000 pension: **₹1.7 lakh**
- ₹3,000 pension: **₹5.1 lakh**
- ₹5,000 pension: **₹8.5 lakh**



Cost by age at joining. Original explanatory diagram.

5.3 How are payments made, and what if one is missed?

Payments are taken by auto-debit from the savings account. The subscriber can choose monthly, quarterly or half-yearly payments. The mode can be changed once a year.

A late payment carries overdue interest. The bank collects ₹1 for every ₹100 of contribution, or part of it, for each month of delay. The overdue interest stays in the subscriber's pension corpus.

An APY account never closes because of non-payment. The subscriber can clear the dues later, with overdue interest. Account charges keep being deducted until the balance reaches zero.

5.4 What are the charges?

- **Account opening:** ₹15.
- **Yearly maintenance:** ₹20 in the PFRDA FAQ. The NPS Trust page gives ₹15, excluding taxes.
- **Each transaction:** free.
- **Changing the pension slab:** ₹50, shared equally by the bank or post office and the record-keeping agency.

Sources:

- NPS Trust, About APY (section 5)
- PFRDA, APY FAQs (section 5)
- APY Scheme Details brief
- NPS Trust, Charges under APY

An APY account is closed as soon as one contribution is missed.

6. What was the government co-contribution, and who got it?

This benefit was a one-time window. It is not a running feature of the scheme.

- The Government paid **50 percent** of the subscriber's contribution, or **₹1,000 a year**, whichever was lower.

- It paid for **5 years**, from 2015-16 to 2019-20.
- It applied only to subscribers who joined between **1 June 2015 and 31 March 2016**.
- The subscriber must not have been a member of any statutory social security scheme. The subscriber must also not have been an income-tax payer.

6.1 Which end date is right?

Two official documents differ. The 2015 Budget speech and the 2015 scheme brief said accounts opened before 31 December 2015. The Finance Ministry FAQ gives the window as 1 June 2015 to 31 March 2016. The PFRDA FAQ also refers to subscribers who joined before 31 March 2016. This lesson follows the later window.

6.2 How did “whichever is lower” work?

Work it out from the table in section 5. A subscriber paying ₹42 a month pays ₹504 a year. Half of that is ₹252. That is below ₹1,000, so the top-up would be ₹252.

A subscriber paying ₹1,454 a month pays ₹17,448 a year. Half of that is ₹8,724. The ₹1,000 cap applies, so the top-up would be ₹1,000.

6.3 What happens if such a subscriber leaves early?

A subscriber who took the co-contribution and leaves before 60 does not receive it. The income earned on it is also not paid.

Sources:

- Department of Financial Services, APY FAQs (section 6)
- APY Scheme Details brief (section 6)
- Union Budget 2015-16 speech (section 6)
- PFRDA, APY FAQs (section 6)

A person who joins APY today gets the Government co-contribution.

Explain it back: who got the Government top-up, and for how long?

Subscribers who joined between 1 June 2015 and 31 March 2016. They must not have been income-tax payers or members of a statutory social security scheme. The Government paid 50 percent of their contribution, up to Rs 1,000 a year, for five years.

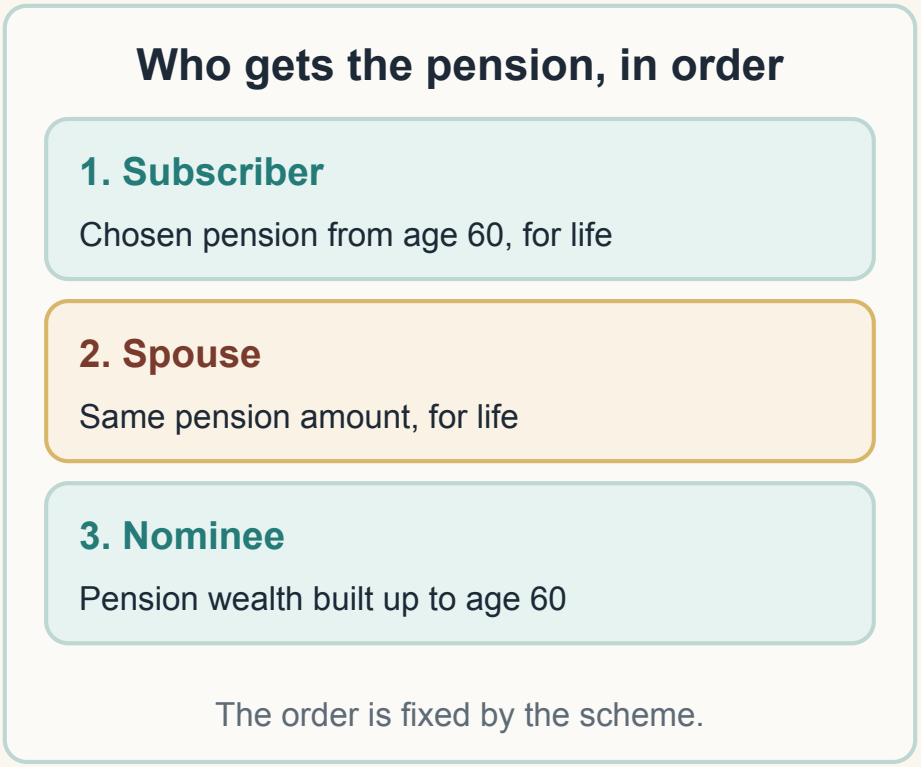
7. What happens to the pension after the subscriber dies?

7.1 What if the subscriber dies after the pension starts?

The benefit runs in three steps.

- The **subscriber** gets the chosen pension from age 60 until death.
- The **spouse** then gets the same pension amount until the spouse's death.
- The **nominee** then gets the pension wealth built up until the subscriber turned 60.

A married subscriber's spouse is the default nominee. The nominee who gets the final lump sum must be someone other than the spouse.



The order of benefits. Original explanatory diagram.

7.2 What if the subscriber dies before 60?

The spouse has two options.

- **Option 1:** continue the account in the spouse's name. The spouse keeps paying the same amount. This runs until the date the subscriber would have turned 60. The spouse then gets a lifelong pension from this account. It is held in addition to any APY account the spouse already has.
- **Option 2:** take back the entire corpus built up so far. If the subscriber was unmarried, the corpus goes to the nominee.

7.3 Can a subscriber leave before 60 by choice?

Official pages differ. The PFRDA FAQ and the Finance Ministry FAQ say a voluntary exit before 60 is allowed. The subscriber then gets back the contributions plus the income earned, less account charges. The NPS Trust page allows an early exit only in exceptional cases, namely death or terminal disease. The PFRDA FAQ also urges subscribers to keep paying until 60 to get all three guaranteed benefits.

7.4 What happens at 60?

At 60, the pension wealth goes into an annuity. An annuity is a regular payout for life. The NPS Trust page describes this as a 100 percent annuitisation of the pension wealth.

Sources:

- PFRDA, APY FAQs (section 7)
- NPS Trust, About APY (section 7)
- APY Subscriber Information Brochure
- Department of Financial Services, APY FAQs (section 7)

After the subscriber dies, the spouse gets the same pension amount for life.

Explain it back: who gets what, and in what order?

The subscriber gets the chosen pension from age 60. The spouse then gets the same amount for life. After both have died, the nominee gets the pension wealth built up until the subscriber turned 60.

8. How big is APY, and what changed recently?

8.1 How many people have enrolled?

The Cabinet note of 21 January 2026 said over **8.66 crore** subscribers had enrolled, as of 19 January 2026. A Rajya Sabha reply on 21 July 2026 gave **9.29 crore** cumulative enrolments, as on 30 June 2026. Cumulative means the running total since launch.

8.2 What did the Cabinet decide in January 2026?

On **21 January 2026**, the Union Cabinet approved APY's continuation up to **FY 2030-31**. It also approved funding support for two things.

- Promotion and development, to spread awareness and build capacity among unorganised workers.
- Gap funding, to meet the scheme's viability needs.

For how APY fits the wider push to bring people into formal finance, see Financial Inclusion in India: PMJDY and the JAM Trinity.

APY in dates

Union Budget 2015-16

APY announced

9 May 2015

Launched in Kolkata

31 March 2016

Co-contribution window closes

1 October 2022

Income-tax payers cannot join

21 January 2026

Cabinet extends APY to 2030-31

30 June 2026

9.29 crore cumulative enrolments

Dates from the sources in this lesson.

Six dates to remember. Original explanatory diagram.

Sources:

- PIB, Cabinet note, 21 Jan 2026 (section 8)
- PIB, Rajya Sabha reply, 21 Jul 2026
- PFRDA, Cabinet approval note

9. What has UPSC asked about this?

UPSC tested APY in the Civil Services Preliminary Examination 2016, General Studies Paper I. The question has three statements. Statement 1 is true. Statement 2 is false, because there is no one-member-per-family rule. Statement 3 is true. The official key gives (c), “1 and 3 only”.

UPSC Civil Services (Preliminary) Examination 2016, General Studies Paper I, Set A, Q76.
Regarding ‘Atal Pension Yojana’, which of the following statements is/are correct?
1. It is a minimum guaranteed pension scheme mainly targeted at unorganized sector workers.
2. Only one member of a family can join the scheme.
3. Same amount of pension is guaranteed for the spouse for life after subscriber’s death.
Select the correct answer using the code given below.
(a) 1 only
(b) 2 and 3 only
(c) 1 and 3 only
(d) 1, 2 and 3

Read the UPSC question paper (Set A, printed page 28) and the UPSC answer key (Series A). The key gives (c).

Sources:

- PFRDA, APY FAQs (section 9)
- UPSC CSP 2016 answer key

Your understanding checks

Your 6 quick checks Answered 0 of 6 · Correct 0

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Practice: 5 MCQs

Practice MCQs

1. Regarding 'Atal Pension Yojana', which of the following statements is/are correct?
1. It is a minimum guaranteed pension scheme mainly targeted at unorganized sector workers.
2. Only one member of a family can join the scheme.
3. Same amount of pension is guaranteed for the spouse for life after subscriber's death.

Select the correct answer using the code given below.

A. 1 only

B. 2 and 3 only

C. 1 and 3 only

D. 1, 2 and 3

See answer ↓

2. Under Atal Pension Yojana, what is the range of guaranteed monthly pension a subscriber can choose, payable from age 60?

A. ₹2,000 to ₹10,000

B. ₹1,500 to ₹7,500

C. ₹500 to ₹2,500

D. ₹1,000 to ₹5,000

See answer ↓

3. What is the age range within which an eligible Indian citizen can join the Atal Pension Yojana?

A. 18 to 40 years

B. 18 to 60 years

C. 16 to 35 years

D. 21 to 45 years

See answer ↓

4. The Atal Pension Yojana is regulated by which statutory authority?

A. RBI

B. IRDAI

C. SEBI

D. PFRDA

See answer ↓

5. The Government of India's co-contribution benefit under Atal Pension Yojana was available only to subscribers who joined the scheme within which window?

A. 9 May 2015 to 31 December 2015

B. 1 April 2015 to 31 March 2020

C. 1 January 2016 to 31 December 2016

D. 1 June 2015 to 31 March 2016

See answer ↓

Answer Key

1. **C.**
   The answer is 1 and 3 only. UPSC's Series A key gives this answer for Q76. Statement 1 is true. APY gives a guaranteed minimum pension, and it is aimed at unorganised-sector workers. Statement 2 is false. Each person can hold only one account, but every eligible family member can open one. Statement 3 is true. After the subscriber dies, the spouse gets the same pension amount for life.
   ↑ Q1
2. **D.**
   The answer is ₹1,000 to ₹5,000. A subscriber picks one of five slabs: ₹1,000, ₹2,000, ₹3,000, ₹4,000 or ₹5,000 a month. The pension starts at age 60 and lasts until death. The Government of India guarantees it.
   ↑ Q2
3. **A.**
   The answer is 18 to 40 years. An Indian citizen in this age band can join. Age is not the only test. From 1 October 2022, a person who is or has been an income-tax payer cannot open a new account.
   ↑ Q3
4. **D.**
   The answer is PFRDA. The Pension Fund Regulatory and Development Authority administers APY under the set-up of the National Pension System. The PFRDA Act, 2013 backs the authority.
   ↑ Q4
5. **D.**
   The answer is 1 June 2015 to 31 March 2016. The Government paid 50 percent of the contribution, or ₹1,000 a year, whichever was lower. It paid for five years, from 2015-16 to 2019-20. Early documents named accounts opened before 31 December 2015. The Finance Ministry FAQ gives the longer window.
   ↑ Q5

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