Atal Pension Yojana (APY)

A guaranteed ₹1,000–₹5,000 monthly pension for the unorganised sector.

Guaranteed ₹1,000-₹5,000/month pension | Government-guaranteed pension

What is APY?

Atal Pension Yojana is a government-guaranteed pension scheme aimed at workers in the unorganised sector. You choose a fixed monthly pension, ₹1,000 to ₹5,000, and pay a small, age-based contribution until 60, after which the government pays you (and then your spouse) that pension for life. The younger you start, the tinier the contribution: a ₹5,000 pension costs about ₹210 a month if you join at 18.

In brief

Suits	Workers in the unorganised sector aged 18–40 who want a fixed pension.
You get	A guaranteed pension of ₹1,000–₹5,000 a month from age 60.
Your money	Monthly contributions till 60, auto-debited from a savings account.
Tax	Contributions follow NPS tax rules.
Watch for	Income-tax payers cannot join (since 1 October 2022).

Key facts

Pension	Fixed ₹1,000 / 2,000 / 3,000 / 4,000 / 5,000 a month from 60
Entry age	18 to 40 years
Contribution	Age-based; e.g. ₹42–₹210/month at 18
Eligibility	Savings-account holders; income-tax payers barred (since Oct 2022)
Guarantee	Pension amount guaranteed by the Government of India

What's new

Jan 2026 The Cabinet approved continuing APY up to 2030-31, with support for promotion and gap funding. The scheme has more than 8.6 crore subscribers.

Questions and answers

THE BASICS

What is Atal Pension Yojana?

APY is a guaranteed-pension scheme run by PFRDA for the unorganised sector. You pick a target monthly pension of ₹1,000, ₹2,000, ₹3,000, ₹4,000 or ₹5,000, contribute a fixed monthly amount until 60, and the government guarantees that pension to you for life, and to your spouse after you.

How much do I have to contribute?

It depends on your entry age and chosen pension. Some examples for a ₹5,000 pension: joining at 18 costs about ₹210 a month; at 30 about ₹577; at 40 about ₹1,454. For a ₹1,000 pension: about ₹42 a month at 18, rising to about ₹291 at 40. The exact figure comes from the official APY contribution chart.

Why is it cheaper to start young?

Because your contributions have more years to compound before 60. Joining at 18 gives 42 years of growth, so a tiny monthly amount is enough; joining at 40 gives only 20 years, so you must pay far more for the same pension. Starting early is the single biggest lever.

ELIGIBILITY

Who can join APY?

Any Indian citizen aged 18 to 40 with a savings bank or post-office account and a mobile number/Aadhaar. Because the entry cap is 40 and you must contribute until 60, everyone contributes for at least 20 years.

Can income-tax payers join?

No, since 1 October 2022, anyone who is (or has been) an income-tax payer is NOT eligible to enrol in APY. The scheme is now targeted purely at lower-income, unorganised-sector workers. If you're a taxpayer looking for a pension, consider NPS instead.

CONTRIBUTIONS

How are contributions collected?

They're auto-debited monthly (or quarterly/half-yearly) from your linked savings account. You must keep sufficient balance, a missed contribution attracts a small penalty, and prolonged default can freeze or close the account.

Can I change my pension amount later?

Yes, you can upgrade or downgrade the chosen pension amount once a year, and your contribution is adjusted accordingly (with any differential settled). This flexibility lets you raise the target as your income grows.

PENSION & PAYOUT

When and how does the pension start?

The guaranteed monthly pension begins once you turn 60 and continues for your lifetime. After your death, the same pension is paid to your spouse; after both of you, the accumulated corpus is returned to your nominee.

Is the pension really guaranteed?

Yes, the Government of India guarantees the chosen pension amount. If the scheme's actual investment returns fall short, the government tops up the difference; if returns are higher, you may get an enhanced pension. This sovereign guarantee is APY's defining feature.

EXIT & EDGE CASES

Can I exit before 60?

Voluntary exit before 60 is generally discouraged and allowed only in exceptional cases, you get back your own contributions plus net returns, minus account-maintenance costs (the government's co-contribution and its returns are not paid on early voluntary exit). On death or terminal illness before 60, special provisions apply.

What are the tax benefits?

APY contributions qualify for deduction under section 124 (earlier 80CCD(1B)) (the same ₹50,000 window as NPS) for those eligible, though note that income-tax payers can no longer enrol. The pension received after 60 is taxable at slab.

Sources: Business Today on the Cabinet decision (PIB).

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