PMSYM: Need More Shram and Man

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Abstract: *After a dismal enrolment performance of* ***Pradhan Mantri Shram Yogi Maan-dhan (PMSYM)*** *scheme for several consecutive months, the government of India seems to involve citizens of the country in a voluntary effort to ensure the pension to the workers of the unorganised sector, which may be named as "Donate a pension" scheme. Under this article we will try to understand the PMSYM scheme, the reason for its dismal performance when other financial inclusion schemes have been successful and how this new scheme may be revived to increase the coverage of pension in the unorganized sector*.

Pradhan Mantri Shram Yogi Maan-dhan (PMSYM) is a contributory and voluntary pension scheme for the unorganised sector launched in Feb 2019. Under the PMSYM scheme, the subscribers are eligible to get a minimum pension of Rs. 3000 per month after the age of 60 years. However, the subscribers will have to contribute to the scheme in the range of Rs. 55 to Rs. 200 per month till the age of 60 years. The central government will also contribute an equal amount of contribution. This scheme is for the labour class in the unorganized sector who fall in the age group 18 years to 40 years and income is less than Rs 15000 per month. The PM Shram Yogi Mandhan Yojana is administered by the Ministry of Labour and Employment and the implementation is through Common Services Centres (CSC) and the Life Insurance Corporation of India. The scheme also provides the benefits of family pension to the spouse of the beneficiary.

Initially, the scheme was relatively successful but off late the scheme is losing its steam continuously, especially in recent months. Following are the figures of enrollments under this scheme since its launch in Feb 2019.

As on	Numbers of enrolment	New addition in numbers
31.03.2019	2772780	2772780
31.03.2020	4364744	1591964
31.03.2021	4494725	129981

30.11.2021	4511589	16864

(Source: Prepared by the researcher)

The subscription has fallen to a level where it could get only 35 enrollments in October 2021 which shows how the scheme has failed to attract the subscribers.

The analysts are unable to comprehend the core reason for this dismal performance of a flagship scheme of the central government, especially when the incumbent government has a gigantic and successful track record and experience of implementation of several financial inclusion and social security schemes.

Following is the performance of some of the financial inclusion and social security schemes (subscriber wise) of the central government (as on 31.10.2021).

Name of Financial Inclusion scheme	Numbers of Subscribers/Enrollments
PM Jan DhanYojna	43.76 crores
PMSBY	26.85 crores
PMJJBY	11.67 crores
Mudra	31.80 crores
Atal Pension Yojna	3.50 crores

(Source: https://financialservices.gov.in/)

The above data indicates that the PMSYM scheme has not fared well in comparison to all other financial inclusion /social security schemes. The numbers of enrollment in most of the schemes are much higher.

The PMSYM scheme is mostly similar to the APY scheme which also guarantees a fixed minimum pension of ₹1,000-5,000 for a fixed amount of contributions. APY scheme is also available for Indian citizens between the age of 18 years and 40 years and it provides for a pension starting from age of 60 years. Still, the enrollment is much higher in the APY scheme. Following is the year-wise enrollment under PMSYM and APY scheme over the years

	PMSYM (Numbers Cumulative)	APY (Numbers Cumulative)
First Financial year since launch	27,72,780	24,84,895
Second Financial year since launch	43,64,744	48,83,829
Third Financial year since launch	44,94,725	97,05,461
Fourth Financial year since launch	45,11,589	1,54,18,285
Fifth Financial year since launch		2,23,01,658
Sixth Financial year since launch		3,02,15,800
Seventh Financial year since launch		3,50,29,468

(Source: https://financialservices.gov.in/)

Data indicates that the PMSYM scheme has gained good numbers of enrollment in the first 2 financial years since its launch in comparison to the APY scheme. However, after that, the enrolment has been shrinking continuously.

Let us try to understand and compare the scheme features of APY and PMSYM.

	APY	**PMSYM**
Type of Scheme	Defined benefit guaranteed by Government	Defined benefit guaranteed by Government
Entry age	18-40 years	18 -40 years
Income eligibility	No Criteria	Up to Rs. 15,000 per month only
Govt contribution	Nil after FY 2019-20	monthly contribution similar

		to that made by subscribers
Monthly pension benefits	Rs. 1000- Rs. 5000	Rs. 3000
Access points	Banks	CSC
Premium (for similar pension of Rs 3000)	126-792	55-200
Pension start age	60	60
Option to premium	Monthly/Quarterly/HY etc.	Monthly only
Return of corpus	APY provides for the return of corpus on the death of a subscriber/spouse	No corpus only pension to worker/spouse
Managed by	PFRDA	Labour Ministry
Premature exit	Not allowed before age 60 except terminal illness/death etc.	Allowed after 10 years of contribution

(Source: Prepared by the researcher)

The PMYSM scheme has not been able to get the aggressive enrollment even when the premium paid under the PMYSM scheme is 56% to 74% lower than the premium paid under the Atal pension Yojna scheme which is considered its twin brother scheme.

Following is the minimum and maximum premium to get the pension of Rs 3000/- in both the schemes.

Name of the scheme	Entry Age	Minimum premium for the pension of Rs 3000	Maximum premium for the pension of Rs 3000
Atal Pension Yojna	18-40	126	792

PMSYM	18-40	55	200

(Source: Prepared by the researcher)

Further APY scheme does not allow the premature exit before age of 60 years except for death or terminal illness while PMYSM allows the premature exit after 10 years of enrollment along with interest at the rate of saving bank rate. Despite lower premium and exit options, the PMSYM scheme is struggling to get the enrollment vis a vis APY scheme due to the following reasons.

Wider Range of monthly pension option in APY: APY scheme provides pension in a wider range from Rs 1,000-Rs 5,000 per month, while the PMSYM scheme provides a fixed pension of just Rs 3,000 per month. Hence the subscriber may choose the pension based on his need in APY while this option is not available in PMSYM. Further even the amount of Rs 3000 per month is quite low considering the inflation impact over the years.

Eligibility Restriction: entry to the PMSYM scheme is only available to people who has an income of Rs 15,000 or lower, whereas APY provides no such income limitation for registration in the scheme.

Premium Payment option: PMSYM scheme provides only for the monthly contribution which means a labourer has to spend one working day each month to ensure that his contribution is credited to the scheme. This is a bigger hindrance as daily wagers have to lose their one-day job earning or in the case of seasonal worker, he may not have income available all months of the year. While in APY, the subscriber may choose to contribute monthly, quarterly or half-yearly. This type of payment pattern helps the labourers who are in an unorganized sector with irregular income.

Sharing of Corpus on the death of subscriber: APY scheme not only provides for pension to spouse on the death of subscriber but also returns the corpus on the death of subscriber and spouse. Wherein the PMSYM scheme only provides for pension to a subscriber and his /her spouse but the accumulated corpus is not shared with dependents or family members on the death of the subscriber and his/her spouse.

Non-Participation of Banking channel in PMSYM scheme: APY and other Schemes like PMJJBY and PMJBY were implemented by the Banking industry under the guidance of the Ministry of Finance. The banking sector, especially the public sector banks have contributed to the enrollment in these schemes in a significant manner as the banking sector has the capability, necessary infrastructure (both online and offline), network, trained manpower, knowledge and skills for implementing this type of schemes. Banking sector owned up the responsibility and even gave targets to operating units which helped in getting more enrolments. The PMSYM was implemented by common service centres which have its limitation in knowledge and skills vis a vis commercial banks in promoting and implementing these types of schemes

Low awareness: The product awareness about this scheme is also limited in comparison to APY and other social security schemes.

Reduction in disposable income due to Covid: Covid knocked on the door of the Indian economy in FY 2020 and lockdown started in March 2020. This has led to the loss of workdays and unavailability of work opportunities even after the removal of lockdown. Adoption of automation to minimize human interaction and work from home culture led to a significant loss of work opportunities. If we study the data, we will find that the scheme fared well till march 2020 however since then the scheme has not been able to recover due to the unavailability of disposal income with the labour class.

Proposed action by the government to increase the penetration:

Following the lacklustre performance and reduced disposable income with the labour class, the government is planning to launch a "Donate a pension" scheme. Under this scheme, the Government is planning to launch a campaign on the theme of the 'Give it up' campaign which focused the well-off citizens to voluntary give up their subsidies on cooking gas in favour of the poor. The success of the "Give It India" campaign led to the success of Pradhan Mantri Ujjawala Yojana which has over 8.80 crore beneficiaries as on date. Similarly, under this new scheme (Donate a Pension), an individual may need to donate Rs 36,000 per worker as a one-time fund donation that will compensate for the monthly contribution required to be made by the worker during his entire work life under the PMSYM scheme.The government officials expect that if this campaign is approved and implemented successfully that they will be able to bring a majority of unorganized sector workers (which are estimated as 380 million) under the social security scheme.

Conclusion:

The new campaign may be successful as the government has experience in running this type of campaign in the past. However, this campaign will only address the issue of disposable income to some extent but the issues related to distribution and marketing of the scheme remains unaddressed.

Further getting a bulk amount of Rs 36000 may not fare well with the proposed well-off donors. Instead, people may be persuaded for donating the amount in monthly installments (say 36 installments of Rs 1000). The government may also need to work upon the features of the scheme and provide flexible premium payment options, flexible monthly pension options, ease out the income restriction and above all provide for corpus on the death of the subscriber. This addition of features will make the scheme competitive vis a vis APY.

Apart from the above, any positive involvement of the banking sector in the marketing and distribution of the PMSYM scheme will certainly bring the necessary improvement in the scheme enrollment. The banking sector has the necessary capability, infrastructure, network and skills to bring the majority of unorganized sector labour under this scheme as their suggestions and recommendation in financial matters are taken with respect and interest by the common man and the Government has no better alternative than to play its trump card (i.e., to involve banking sector) if they want this scheme to become a grand success.

References:

1. Source: https://www.pmuy.gov.in/
2. Economic Time of India
3. https://financialservices.gov.in/