



Mahatma Gandhi Pravasi Suraksha Yojana

A special "Social Security Initiative"

by
Ministry of Overseas Indian Affairs
Government of India



Agenda Items

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Agenda Items

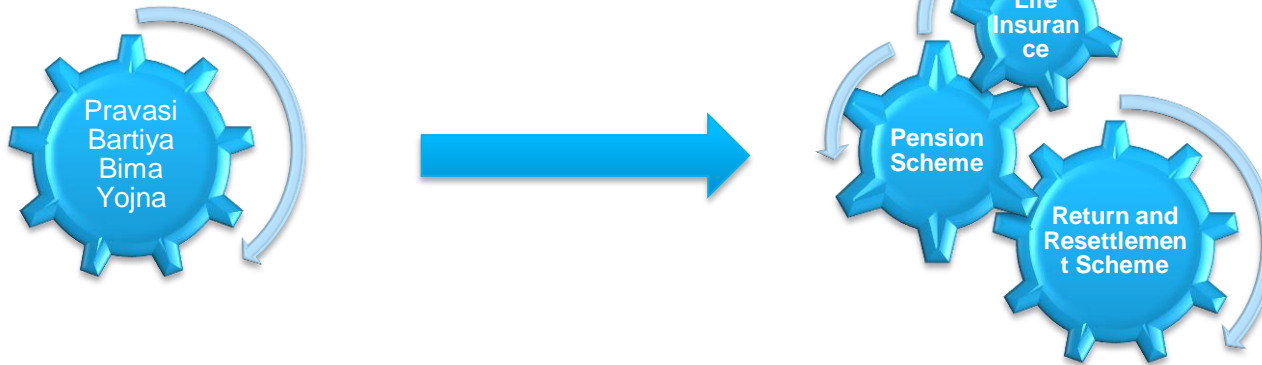
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Background



Background (1/3)

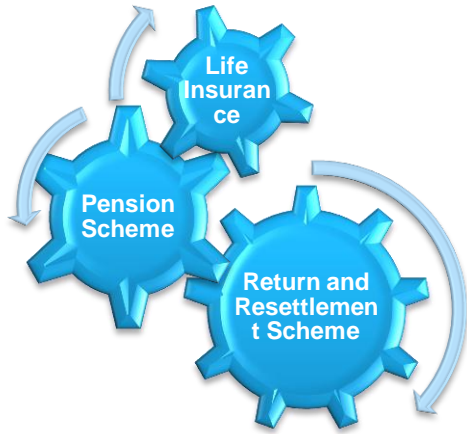
- ❑ An estimated 5 Million semi-skilled and unskilled Indian nationals with ECR passports are working across 17 ECR countries.
- ❑ These workers are largely excluded from formal social security benefits.
- ❑ Pravasi Bharatiya Bima Yojana (PBBY), is the only and compulsory insurance scheme available for these workers supported by Government.

Background (2/3)

- ❑ A feasibility study revealed strong need to enable overseas Indian workers to voluntarily :
 - (a) save for their return and resettlement
 - (b) save for their old age
 - (c) obtain a life insurance cover against natural death
- ❑ The Ministry in consultations with Indian missions, Department of Financial Services, the Pension Fund Regulatory and Development Authority (PFRDA) and leading financial institutions, proposed to sponsor a voluntary **Pension and Life Insurance Fund (PLIF)**.

Background (3/3)

- ❑ In January 2012, Ministry has obtained cabinet approval on the scheme.
- ❑ The scheme was launched successfully on 1st May 2012 in Kerala at a pilot level under the name of Mahatma Gandhi Pravasi Suraksha Yojna
- ❑ The scheme was made operational through a network of enrolment center on 21st July 2012 in Kerala.
- ❑ Ministry is now looking forward to rollout MGPSY in UAE .



About MGPSY



Mahatma Gandhi Pravasi Suraksha Yojana (MGPSY)

- MGPSY is a specially designed social security scheme launched by the Ministry of Overseas Indian Affairs (MOIA) for overseas Indian workers under ECR category working in UAE and other ECR countries.
- The scheme is implemented using the existing platform offered by –
 - Pension Fund Regulatory and Development Authority (PFRDA),
 - Security and Exchange Board of India (SEBI), and
 - Insurance Regulatory and Development Authority (IRDA) regulated products as per their institutional architectures.
- The scheme demands for an integrated enrolment process for the subscribers who will be issued a unique MGPSY number upon enrollment.

What is ECR (Emigration Check Required)

- ECR stands for Emigration check required. This is a stamp put on passport for people with below matriculation qualification. Under this category you are required to get emigration clearance from POE to enter any of the following countries for employment:



Afghanistan



Bahrain



Indonesia



Jordan



Kuwait



Lebanon



Libya



Malaysia



Oman



Qatar



Saudi Arabia



Sudan



Syria



Thailand

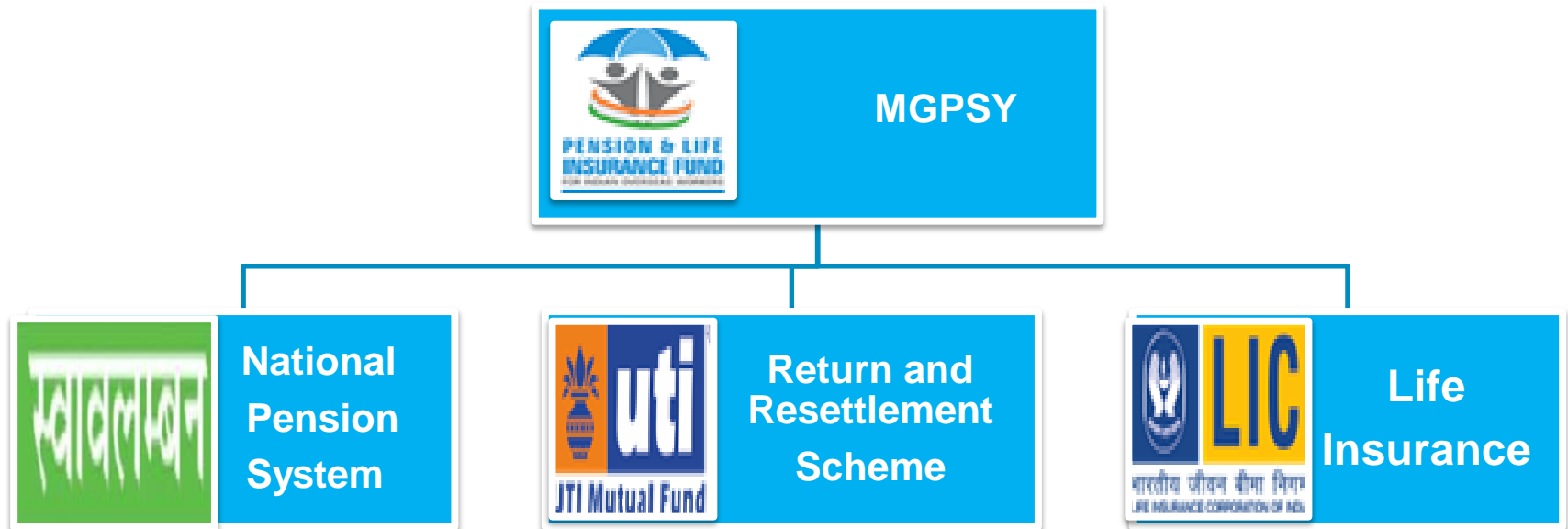


UAE



Yemen

MGPSY and Its' Scheme Partners



Benefits in MGPSY



Pension in old age through investment in PFRDA regulated NPS Lite



Savings for Return & resettlement (R and R) by investment in a SEBI regulated UTI MIS scheme



Free Life Insurance cover against natural and Accidental death during the period of coverage under Janashree Bima Yojana (JBY) of LIC

Government Co-contribution in MGPSY

- Rs.1,000 per annum per subscriber by Ministry in line with Swavalamban platform for all the subscribers who save between Rs.1,000 and Rs.12,000 per year in their NPS-Lite account;
- An additional co-contribution of Rs.1,000 per annum by Ministry for overseas Indian women workers who save between Rs.1,000 and Rs.12,000 per annum in NPS-Lite; and
- An annual co-contribution of upto Rs 900 by Ministry to each eligible subscriber who save Rs 4000 or more per annum towards Return and Resettlement
- Insurance to subscriber under MGPSY if free

Government Co-contribution in MGPSY

- Rs.1,000 per annum per subscriber by Ministry in line with Swavalamban platform for all the subscribers who save between Rs.1,000 and Rs.12,000 per year in their NPS-Lite account;
- An **Male Worker** – Ministry contribution is almost to the tune of 40% of what subscriber's contribution in MGPSY for over Rs.1,000 per annum and
- An **Female Worker** – Ministry contribution is almost to the tune of 60% of what subscriber's contribution in MGPSY for over Rs.1,000 per annum and
- An **eligible subscriber** who saves more per annum will get a higher contribution from the Government and Resettlement
- Insurance to subscriber under MGPSY if free

Eligibility Criteria in MGPSY

- **Indian Nationality**
- **ECR Stamped Passports**
- **Age between 18 & 50 years**
- Emigrating or have already emigrated overseas on valid employment and contract Visa's **with necessary PoE Clearance**

Service Provider must check and collect all documents properly to ensure benefits are offered to eligible subscriber only.

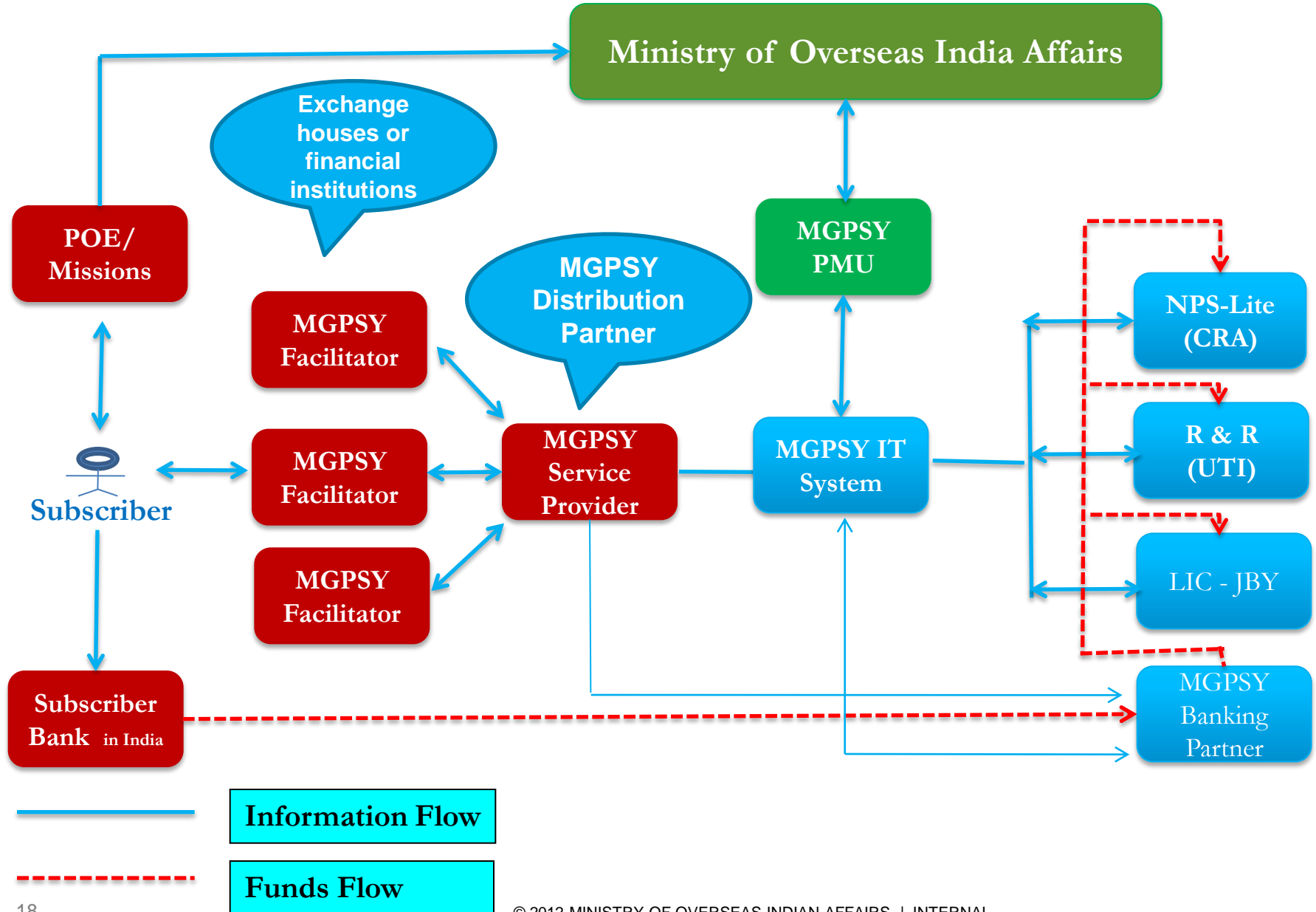
Nature of Scheme - MGPSY

- ❑ MGPSY is a **voluntary** scheme. The subscriber can join this scheme on his/her own discretion.
- ❑ MGPSY offers all the **three Partner schemes in the form of a package not in isolation**. Subscriber have to opt in all three partner schemes if he wishes to subscribe in MGPSY.
- ❑ Registration in MGPSY will stand cancelled if subscriber fails to get register in any of the three sub scheme.
- ❑ **Government will co- contribute** for a period of **five financial years** or till you return to India, whichever is earlier.

MGPSY Architecture & Key Stakeholders



MGPSY Architecture



MGPSY - Major Stakeholders

Oversight

- Ministry
- Embassy of India
- PMU
- SEBI
- PFRDA
- IRDA
- RBI

Front End

- MGPSY Service Provider
- POE/Missions
- Banking Partner
- MGPSY System
- MGPSY Call Center

Back End

- NPS-Lite (CRA)
- UTI AMC
- LIC

Stakeholder's Roles and Responsibility



Ministry of Overseas Indian Affairs



- ❑ Ministry is the overall owner and the sponsor of MGPSY
- ❑ Design, develop and rollout MGPSY in all ECR countries & India
- ❑ Provides Contribution under Pension & R & R scheme & also the life Insurance premium on behalf of subscriber
- ❑ Over Progress Monitoring of All stakeholder and MGPSY
- ❑ Subscriber awareness and publicity campaign
- ❑ Distribution/(monitoring of distribution) of remuneration to all Stakeholders under MGPSY
- ❑ To take up and finalize policy related issues in MGPSY
- ❑ Providing necessary support to MGPSY stakeholder wherever required

MGPSY Service Provider

- ❑ Education & Awareness of subscribers
- ❑ Deploy trained manpower and Infrastructure
- ❑ Coordinate with stakeholders
- ❑ Setting up of subscriber enrolment stations
- ❑ Enrolment of Subscriber
- ❑ Forwarding of forms to Scheme Partner
- ❑ Collection and forwarding of subscriber contribution amount to various partner schemes in MGPSY
- ❑ Collecting and forwarding other instructions to/from subscribers
- ❑ Collecting withdrawal and claim request

MGPSY Facilitator and Service Provider



Facilitator

- Setting up of Enrollment Center
- Subscriber awareness
- Subscriber Registration in system
- KYC verification
- Collection & forwarding of subscriber Forms & other documents to Service Provider's nodal office
- Collecting withdrawal and claim request
- Sending periodic reports to Service Provider

- Identify Facilitator's in Overseas
- Enter into an MoU with Facilitator
- Monitoring Facilitator performance
- Capacity Building of Facilitator
- Coordinate with stakeholders
- Collecting & forwarding of Forms & SI/ECS mandate
- Document management

Service Provider

MGPSY Facilitator and Service Provider



- Setting up of Enrollment Center
- Subscriber awareness
- Subscriber Registration in system

- Identify Facilitator's in Overseas
- Enter into an MoU with Facilitator
- Monitoring Facilitator performance

Facilitator – Service Provider model is applicable where latter does not have a direct presence. While the customer interfacing and subscriber enrollment will be a part of Facilitators responsibility, liasoning with the scheme partners will essentially be service providers job. For any matters Ministry will intervene only with the Service Provider.

Facilitator

Service Provider

- KYC verification
- Collection & forwarding of Subscriber Forms & other documents
- Service Provider
- Collecting with
- Sending periodic reports to Service Provider

MGPSY Banking Partner



- Opening of Bank Accounts for subscribers
- Managing the scheme accounts
- Contribution collection through SI/ECS
- Reconciliation and consolidation of funds
- Reporting to Ministry

MGPSY IT System



- ❑ Subscriber Enrollment
 - Data Digitization
 - Generation of forms and PLIF Id
 - Generation of Ack receipt
- ❑ Information Exchange
- ❑ MIS Reporting & Dashboard
- ❑ Document Management
- ❑ Grievance Management
- ❑ Subscriber Servicing
- ❑ Individual Portfolio Management
- ❑ IVR /Call center

MGPSY Scheme Partner

❑ PFRDA

- PFRDA regulated NPS Lite scheme is incorporated for providing pension at the age of 60
- Old age saving of subscriber as well as co-contribution from Ministry would flow to NPS Trustee Bank and
- Investments under the scheme shall be managed by PFRDA regulated fund managers



❑ UTI

- UTI provides a Return & Resettlement Account
- Investment will be made under SEBI regulated UTI MIS Scheme
- Subscriber can withdraw this amount on return to India or can remain invested



MGPSY Scheme Partner

□ LIC

- LIC is offering Life Insurance Cover through Janashree Bima Yojana
- Issuance of a Master policy to Ministry and its renewal
- Processing of Insurance Claim and remittance of the claim amount into subscribers account



Scheme Partners will also provide periodic and Ad hoc reports as defined by Ministry

Scope of work for Service Provider



Scope of Work – Service Provider

- ❑ Setting up credible infrastructure for the branches to be operational
- ❑ Promotion and awareness of MGPSY
- ❑ Issuance of MGPSY card to the subscriber
- ❑ Verification of KYC documents and accuracy & completion of all documents
- ❑ Collection and further remittance of subscriber contribution
- ❑ Coordinating with Banking Partner for opening bank accounts for eligible subscribers
- ❑ Keeping records of transaction information and Reconciliation support
- ❑ Data sharing with stakeholders & system

Scope of Work – Service Provider

- ❑ Subscriber services:
 - Distribution of PRAN/SOTs
 - Grievance
 - Claim/Withdrawal/redemption request
- ❑ MIS and other responsibility/service as assigned by Ministry

Important Aspects in Subscriber Enrollment



Procedure to join MGPSY

For enrolling under MGPSY, Subscriber can approach -

- ❑ Any MGPSY Service Provider enrolment centre nearest:
 - City
 - POE offices in India /Indian mission offices in ECR countries.
- ❑ Subscriber would need to fill up/Sign the prescribed integrated MGPSY application forms, KRA, SI/ECS mandate and provide KYC proof (Passport copy) along with 3 passport size photograph and necessary eligibility criteria proof.
- ❑ To join this scheme, s/he must have a valid bank account.
- ❑ Subscriber must provide details of atleast one nominee.

It is mandatory for MGPSY subscriber to provide the nomination details to avoid complication in unforeseen situation.

Subscriber Contribution in MGPSY

- ❑ In UAE first & all subsequent contribution in MGPSY will be made through direct debit from subscribers' bank account by means of SI/ECS instructions.
- ❑ Subscriber to submit SI/ECS to Service Provider
- ❑ Service Provider will submit these SI/ECS instruction to Banking partner who will get these instructions registered and will start collecting the remittances,
- ❑ Subscriber can contribute on monthly, quarterly, bi-annually (twice in a year) or annually basis.
- ❑ Minimum contribution under R &R scheme is Rs 1,000 and in NPS lite it is Rs 100

Service Provider must guide and insure that the amount remitted through SI/ECS totals upto Rs 1000 (min) in NPS Lite and Rs 4000 (min) in UTI R&R fund in a given financial year to ensure subscriber gets his due contribution from Ministry.

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Document required to join MGPSY

If a subscriber wants to join MGPSY s/he only requires:

- A valid bank account for making initial and subsequent contribution (NRE or NRO)
- Copy of your Passport
- Copy of ECR stamp and PoE clearance
- Visa/Work Permit Copy
- 3 Passport size photographs
- Necessary KYC document in case of a different correspondence address

Bank account is a mandatory requirement for a subscriber to join MGPSY

Why is it mandatory to have a bank account

- ❑ SEBI and RBI Regulations
- ❑ MGPSY savings cannot be collected in cash.
- ❑ Subsequent contribution in MGPSY will be collected through SI/ECS instruction
- ❑ All transfer of money post maturity will be made through direct account debits.
- ❑ Further all this will ensure a fraud free environment in MGPSY
- ❑ It will also incubate the habit of savings in subscribers

Investment in MGPSY can only be made through subscriber's NRO/NRE bank account.

What if bank account is not there

- ❑ The subscriber needs to open a bank account in such cases
- ❑ MGPSY Service provider will help subscriber to open a Saving/NRO account depending upon the documents produced by subscriber
- ❑ In case of a saving bank account ,Service Provider through SI/ECS request will convert the saving bank account to NRO bank account.
- ❑ Service provider must ensure that at the time of account opening of the subscriber sufficient funds are deposited by the subscriber to meets his subscription need.
- ❑ BoB to provide service of banking correspondent towards the opening of Bank account. If required 2-3 lose cheque may also be supplied.

All bank accounts which will get opened should be NRE account or NRO account

Statement of Account in MGPSY

- ❑ NPS Lite – PFRDA appointed Central Recordkeeping agency will send an annual Statement of Transaction at the subscriber registered address in India
- ❑ R &R Scheme – UTI AMC will send Statement of Transaction bi-annually to subscriber Indian or Oversea address depending upon the option selected by subscriber.
- ❑ Subscriber can also approach MGPSY service provider or can call center to obtain details related to the his corpus in NPS Lite and R&R scheme.
- ❑ Information shall also be made available on the subscriber mobile numbers through SMS in case of R&R scheme.

Accessibility of subscriber account through MGPSY system and call center will be made available in near future. Currently the same is under development.

What if Subscriber does not contribute

- ❑ The savings accumulated in subscriber's MGPSY account will remain secure and invested in NPS-Lite and UTI in his/her own name.
- ❑ There is no penalty by MOIA in the event of no contribution from subscriber.
- ❑ Subscriber will not get any kind of co-contributory benefit from MOIA if s/he does not contribute but will cover under Insurance
- ❑ The subscriber may fail to save sufficient amount of money towards his old age pension and resettlement.
- ❑ Subscriber must be encouraged to save regularly to accumulate enough savings for your old age and for your resettlement.

When can a subscriber withdraw his corpus

- ❑ R&R Scheme - Subscriber is permitted to withdraw from R&R savings when the subscriber returns to India or after 5 years from joining the MGPSY – whichever is earlier.
- ❑ NPS Lite – Withdrawal in NPS Lite is not permitted before attaining the age of 60 years. Upon attaining the age of 60 years subscriber can start receiving a pension from his/her NPS-Lite account. The exit policy of PFRDA would be applicable.

Growth of Subscriber corpus

- ❑ Subscribers' pension and resettlement amount will depend on (1) how much they have saved, (2) and the returns that NPS-Lite and UTI earns for their savings and the (3) co-contribution benefits
- ❑ Investment under MGPSY is carried out primarily in government securities and bonds which will earn reasonable returns on investment.
- ❑ Investment ration in both R&R scheme and NPS Lite is 85:15 where 85 % is in Government securities and corporate bonds and 15 % in Equity
- ❑ The returns under the scheme are market driven, hence, the rate of return is neither fixed nor guaranteed.

Subscriber Charges in MGPSY

Pension Account in NPS Lite

| Aggregator | Customer Service | No Charge |
|--------------|---|--|
| CRA | PRA Opening charges | Rs. 35 (onetime payment) |
| | Annual PRA Maintenance cost per account | Rs. 70 per annum |
| | Charge per transaction | Rs. 5 (first 12 transaction P.A. free) |
| Trustee Bank | Per transaction emanating from a non-RBI location | Rs. 15 |
| Custodian | Asset Servicing charges | 0.0075% p.a for Electronic segment & 0.05% p.a. for Physical segment |

R&R Savings – UTI MIS Scheme

| | | |
|---------------------------|---|-------|
| Entry Load (As % of NAV) | Nil | |
| Annual recurring expenses | Total recurring expenditure as % to daily average NAV | 1.80% |
| | Total Management Fees as % to Daily Average NAV | 0.9 % |

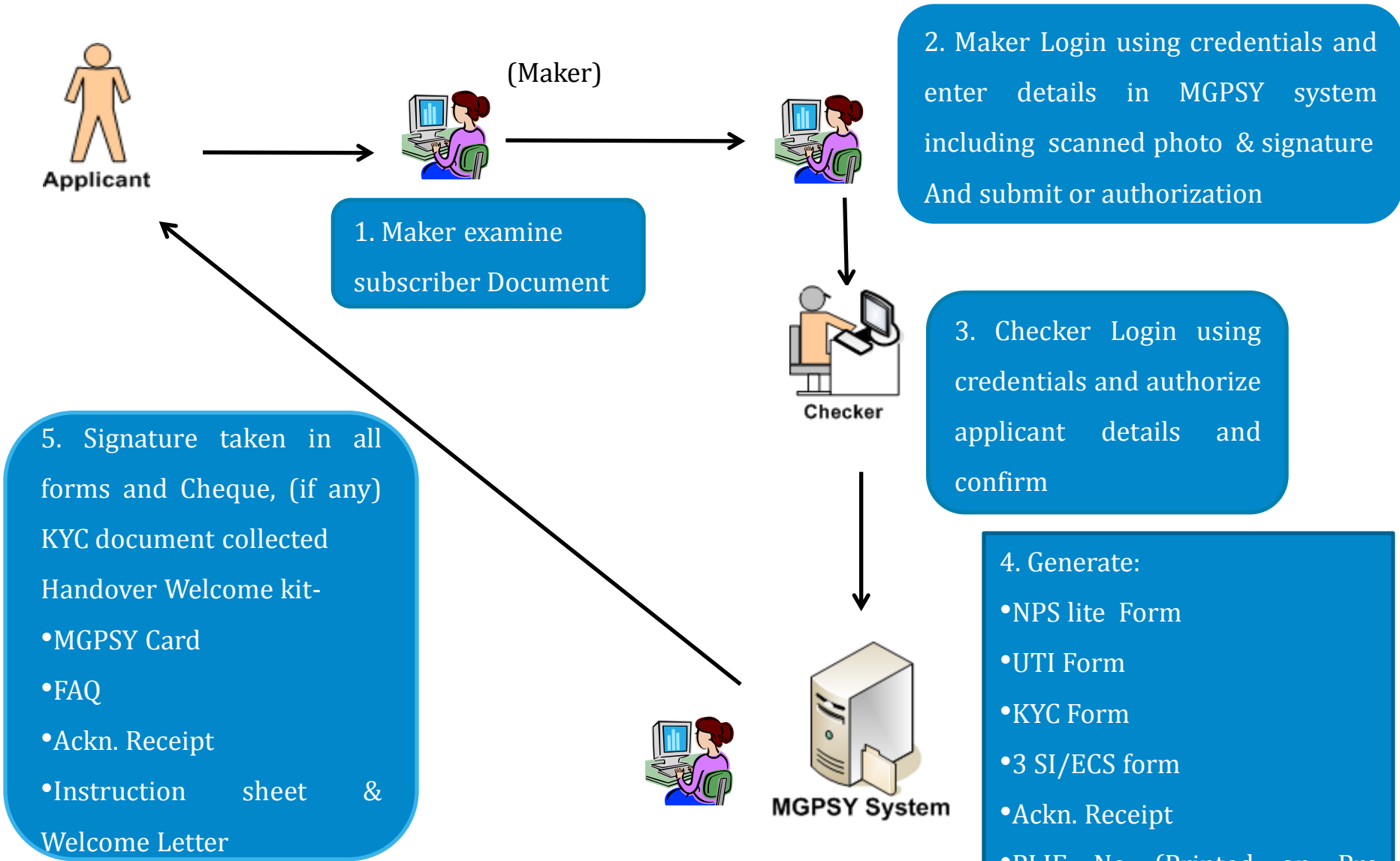
MGPSY Enrollment Approach and Procedure



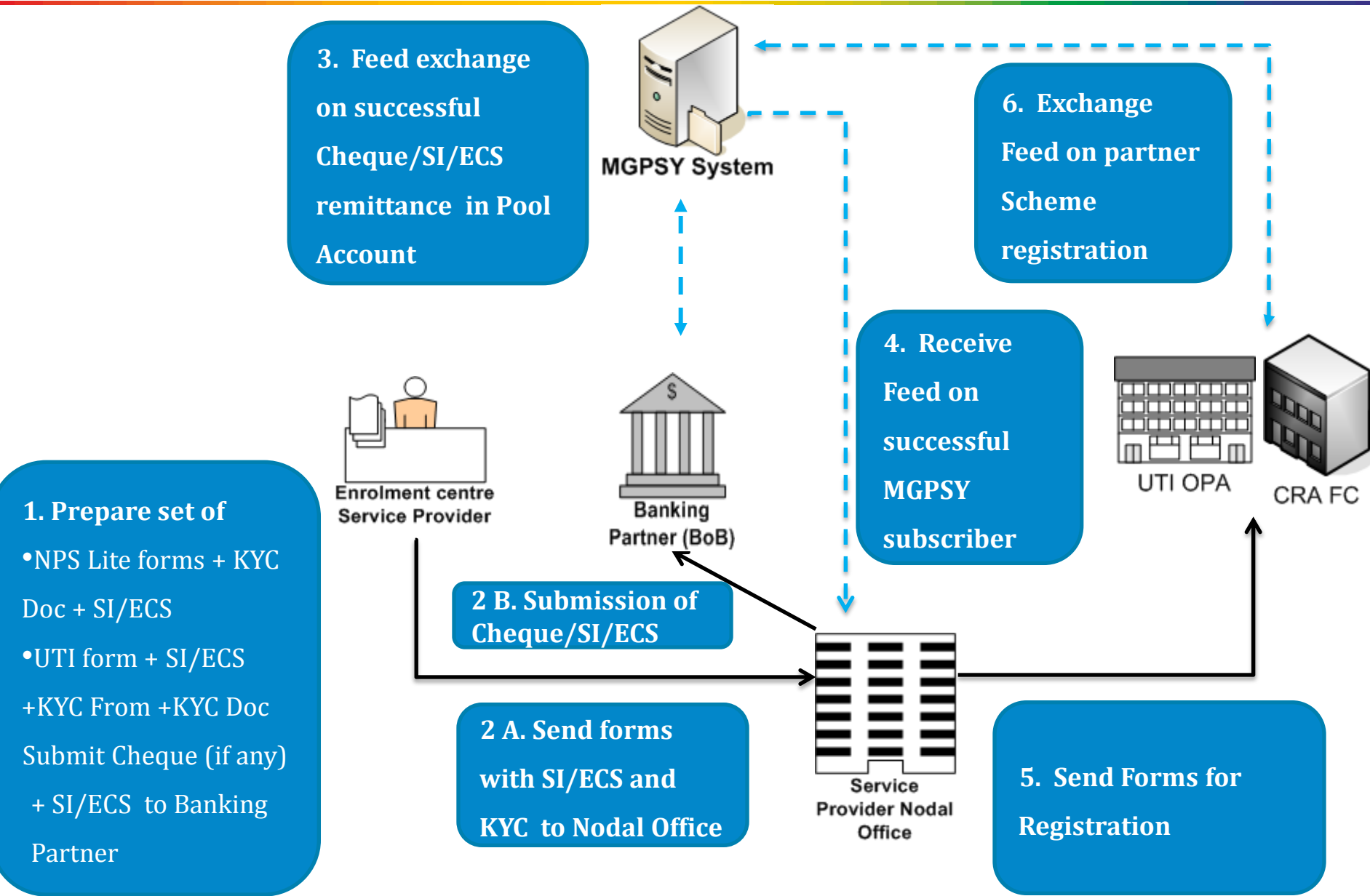
MGPSY Enrollment Approach in ECR Country

- 1. Subscriber Enrolment at the Missions/CGI office** – while the subscriber visits to obtain necessary clearance to work in ECR country.
- 2. Subscriber Enrolment at subscriber residential camp** – through enrolment camps or mobile enrollment vans in various camps/pockets having high density of emigrant workers.
- 3. Subscriber enrollment at the work site during mid day break** – through the permission and support of the employers service provider can also stations mobile enrollment van of camp at work locations (onsite) during the mid day break and can register the subscriber in MGPSY
- 4. Enrolment at branch offices of service providers**– the subscriber can visit the enrollment center opened in the selected braches having proximity with workers camp and can get registered in MGSPY.

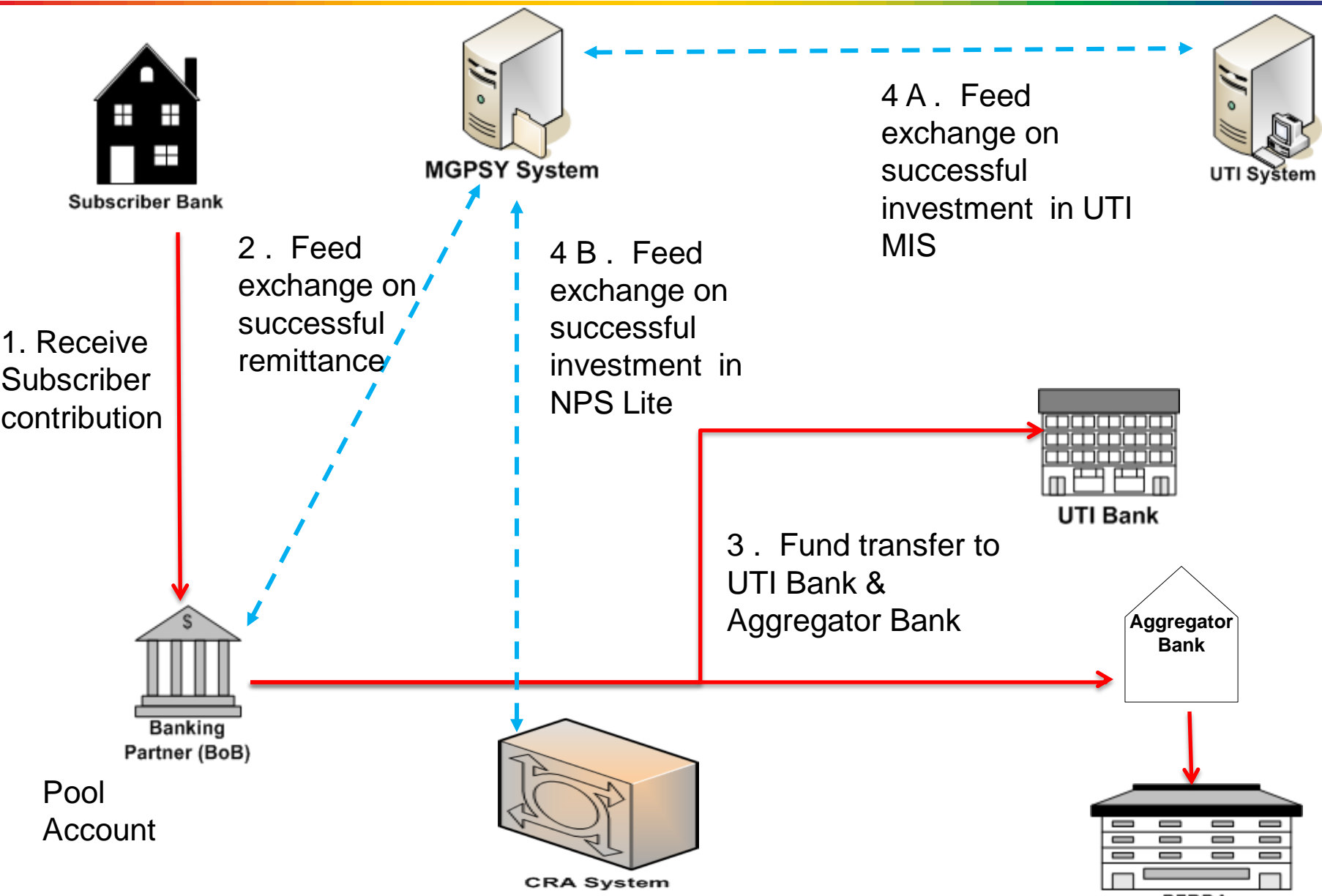
Subscriber Registration in MGPSY



Subscriber Registration in Partner Scheme



Subscriber Contribution Flow in MGPSY



MGPSY – Infrastructure



Infrastructure

Service Provider shall have following adequate IT infrastructure defined below at each Enrollment Station

| <i>Requirement</i> | <i>Quantity</i> |
|-----------------------------|------------------------|
| Digital Signature | 2 |
| Computer System | 2 |
| Web / Digital Camera | Preferable |
| Scanner | 1 |
| Color Printer | 1 |
| UPS | 2 |
| Internet connection | For 2 systems |

Other necessary office fixtures as required at the enrollment stations site should be arranged by the service provider.

Thank you

