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www.vajiraoinstitute.com
info@vajiraoinstitute.com

TODAY'S ANALYSIS

(05 February 2025)

TOPICS TO BE COVERED

- PM SHRAMYOGI MANDHAN YOJANA
- DEFENCE ALLOCATION IN UNION BUDGET 2025-26
- MCQs

ADDRESS:
19/1A Shakti Nagar, Nagiya Park Near Delhi University, New Delhi - 110007 (India)

+918988885050
+918988886060
www.vajiraoinstitute.com
info@vajiraoinstitute.com

PM SHRAMYOGI MANDHAN YOJANA

The **Pradhan Mantri Shram Yogi Mandhan Yojana** (PM-SYM) is a **pension scheme** designed to provide **old-age security** for unorganized sector workers in India. The scheme ensures a **minimum assured pension** to individuals working in sectors such as street vending, agriculture, construction, and other informal jobs. PM-SYM is a significant step towards providing **social security** to the **unorganized workforce**, which forms the backbone of India's economy.

- **Launched by**: Ministry of Labour and Employment
- **Implemented by**: Life Insurance Corporation of India **(LIC) and CSC e Governance Services India Limited (CSC SPV)**

RECENT BUDGET ALLOCATION

- In the **Union Budget for 2025-26**, the allocation for PM-SYM was **increased by 37%**, signaling the government's emphasis on enhancing the reach of the scheme and providing greater social security benefits.
- This increase in funding will help enroll more workers and improve the pension payouts over time, aligning with the government's **vision of inclusive social security** for all workers.

OBJECTIVES OF PM-SYM

The primary goal of PM-SYM is to ensure **old-age protection** and **social security** for the unorganized sector workers, many of whom do not have access to formal pension schemes such as EPFO, ESIC, or NPS. It aims to:

- Provide **financial support** after the age of 60 years.
- Ensure **retirement security** for millions of unorganized sector workers.
- Offer a **voluntary** and **contributory** pension scheme for informal workers.

ELIGIBILITY CRITERIA

To enroll in PM-SYM, an individual must meet the following criteria:

- **Indian Citizenship**: The person must be a **citizen of India**.
- **Age Group**: **18-40 years** (applicable at the time of joining the scheme).
- **Income**: Monthly income should be **below ₹15,000**.
- **Non-Eligibility for Other Pension Schemes**: The individual must **not be a member** of **EPFO**, **ESIC**, or **NPS** (government-sponsored pension schemes). This targets workers who are outside the formal sector.

TARGET GROUP:

Workers in informal sectors, including **street vendors**, **construction workers**, **agriculture workers**, **carpenters**, **handloom weavers**, **auto-rickshaw drivers**, and others involved in **small-scale work**.

KEY FEATURES OF PM SYM

The PM-SYM pension scheme comes with the following **important features**:

a) Voluntary and Contributory Nature

- The scheme is **voluntary**, meaning workers can choose to opt-in based on their willingness.
- It is a **contributory** scheme, where both the subscriber and the **Central Government** contribute towards the pension fund.

b) Minimum Assured Pension

- Subscribers are assured a **minimum pension** of **₹3,000/month** once they attain the age of **60 years**.

c) Subscriber Contribution

- Contributions by the beneficiary are made through an **auto-debit** system from their **savings bank account** or **Jan Dhan account**.

- **Age-Specific Contribution**: The required monthly contribution depends on the subscriber's age at the time of joining the scheme. The contributions will continue till the subscriber turns **60**.

d) Matching Contribution by Central Government

- The contributions made by the subscriber will be matched by the **Central Government** on a **50:50 basis**.
- This means for every rupee the subscriber contributes, the government contributes an equal amount.

e) Family Pension

- In case of the subscriber's death while receiving the pension, the **spouse** of the subscriber is eligible to receive **50% of the pension** as a family pension.
- If the subscriber dies before reaching the age of 60, the spouse can continue the scheme by paying regular contributions, or they can choose to exit the scheme with the accumulated balance.

f) Exit and Withdrawal Options

- **Before 10 years of joining**: The subscriber can exit the scheme at any time and receive their contributions back along with the savings bank interest.

- **After 10 years but before 60 years**: If the subscriber exits after 10 years of joining but before the age of 60, they will receive the accumulated contributions along with **interest**.

PENSION FUND MANAGEMENT

- The funds accumulated under the scheme will be managed and invested as per the guidelines laid out by the **Government of India**.
- The **Life Insurance Corporation (LIC)** serves as the **Pension Fund Manager**, responsible for the **pension payouts**.

IMPORTANCE OF PM SYM

- **Old-Age Security for Informal Workers**: PM-SYM addresses the gap in social security for informal workers who are not covered by any pension schemes like EPFO or NPS.
- **Financial Inclusion**: By leveraging **auto-debit systems** and **Jan Dhan accounts**, PM-SYM ensures that even workers in rural areas or those without a formal banking relationship can access the scheme.
- **Social Welfare**: It is a step towards **inclusive growth**, as it empowers unorganized workers with the financial support they need for old age, improving their quality of life.

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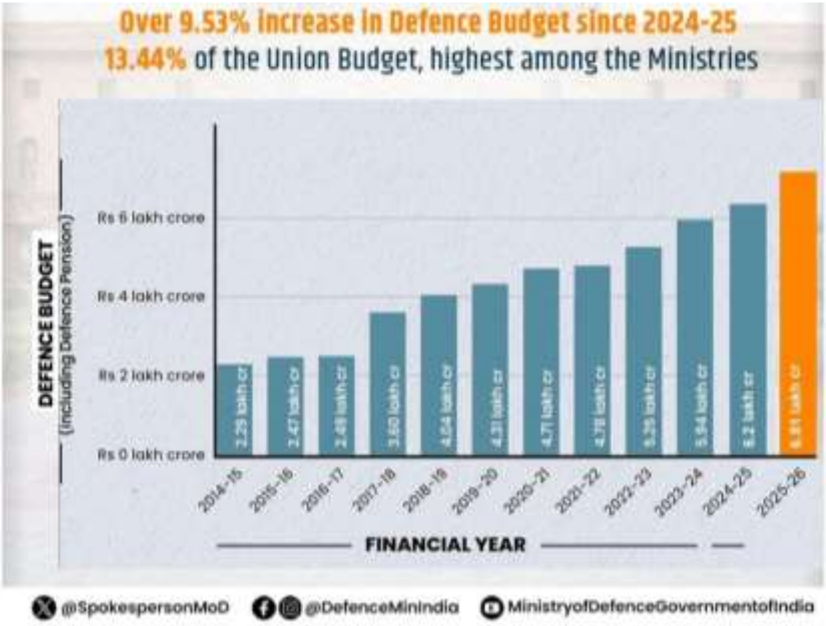
- **Economic Impact**: By providing financial security to millions of workers, the scheme helps reduce dependency on family support in old age and ensures the dignity of workers post-retirement.

CONCLUSION

PM-SYM is a pioneering step to bring unorganized workers under the social security umbrella, offering them an old-age pension and ensuring a **dignified retirement**. With government support and a **50:50 matching contribution**, the scheme ensures that both the individual and the state share responsibility for the worker's old-age welfare. The rise in budgetary allocation highlights the government's commitment to addressing the social security needs of the country's largest workforce—the **unorganized sector**.

DEFENCE ALLOCATION IN UNION BUDGET 2025-26

- On **1st February 2025**, **Finance Minister Nirmala Sitharaman** presented the **Union Budget 2025-26** with an allocation of **Rs 6.81 trillion** for the defence sector.
- This marks a **slight increase** from the **Rs 6.22 trillion** allocated in the previous fiscal year.
- However, the allocation remains **1.9% of India's GDP**, continuing a **gradual decline from 2.4% in FY21.**



- This reduction in defence spending as a proportion of GDP has raised concerns, as some experts suggest that India should ideally allocate **at least 3% of GDP** for defence due to strategic threats posed by neighboring countries like **China** and **Pakistan**.
- The **Ministry of Defence** has also declared **2025** as its **"Year of Reform"**, aiming to overhaul the acquisition procedures for faster procurement and better readiness.

KEY ASPECTS

- **Total Defence Budget Allocation:**
  - The **total allocation** for defence is **Rs 6.81 trillion** for **FY26**, a **marginal increase** from **Rs 6.22 trillion** in FY25.

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  - **Defence expenditure as a percentage of GDP** stands at **1.9%** of India's GDP, continuing a downward trend from **2.4%** in FY21.
  - **Strategic Challenge**: Experts argue India should be spending **3% of its GDP** on defence to meet the growing security threats from **China** and **Pakistan**, both nuclear-armed neighbors.
- **Defence Capital Outlay:**
  - The **capital outlay** has been set at **Rs 1.8 trillion**, showing a **slight increase** from **Rs 1.72 trillion** in FY25.
  - **Capital Expenditure** is primarily for the procurement of **weapons**, **aircraft**, **naval vessels**, and **defence infrastructure**. Key breakdowns of capital expenditure:
    - **Rs 48,614 crore** for purchasing **aircraft** and **aero engines**.
    - **Rs 24,391 crore** allocated for the **naval fleet**.
    - **Rs 63,099 crore** for purchasing other **military equipment**.
- **Defence Revenue Expenditure:**
  - The **revenue expenditure** for FY26 is **Rs 4.89 trillion**, which includes **Rs 1.61 trillion** allocated for pensions for **veterans** and retired personnel.

- This allocation focuses on ongoing expenses such as **salaries**, **maintenance**, and **pension** payments for retired personnel.

FOCUS ON BORDER INFRASTRUCTURE & SECURITY

Border Roads Organisation (BRO):

- The **allocation for the Border Roads Organisation** has been increased from **Rs 6,500 crore** in FY25 to **over Rs 7,000 crore** in FY26.
- This increase signifies the government's emphasis on improving **border infrastructure**, especially in sensitive regions like **Ladakh** and the **North Eastern States**, ensuring better mobility and logistical support for the armed forces in border areas.

DRDO & INNOVATIONS

- **Defence Research and Development Organisation (DRDO):**
  - The **DRDO** has been allocated **Rs 26,816.82 crore** for **FY 26**.
  - This budget is aimed at strengthening India's **indigenous defence technology**, including cutting-edge advancements in **missiles**, **radars**, **drones**, and other advanced military equipment.

- **Innovations for Defence Excellence (iDEX):**
    - An important initiative under this budget is the continued funding of the **iDEX scheme**, with **Rs 450 crore** allocated for promoting innovation and entrepreneurship in the **defence manufacturing** sector.
    - **iDEX** focuses on **startups**, **MSMEs**, **academic institutions**, and **R&D** institutes to foster collaboration for developing innovative **defence technologies**. This aligns with India's goal of achieving **self-reliance** in its **defence sector**.
- **ADITI (Acing Development of Innovative Technologies with iDEX):**
    - The **ADITI scheme**, launched in **2024**, is part of iDEX and offers **grants of up to Rs 25 crore** for **R&D** in **critical defence technologies**.

- **Budget for ADITI**: **Rs 750 crore** has been set aside for the period **2023-24 to 2025-26**.
- **Focus Areas**: The scheme is addressing critical modern defence challenges in **AI**, **quantum technologies**, and **military communications**.

ABOUT iDEX & ADITI

1. **iDEX**:
   - Launched in **2018**, iDEX promotes **innovation** and **technology development** in India's **defence** and **aerospace sectors**.
   - It provides a collaborative platform for **stakeholders** such as **startups**, **MSMEs**, **R&D institutes**, and **academia** to develop innovative defence technologies.
2. **ADITI**:
   - Launched in **2024**, **ADITI** is a **sub-scheme** under iDEX that offers **grants of up to Rs 25 crore** for R&D in **critical defence technologies**.
   - The scheme addresses defence challenges in areas such as **artificial intelligence**, **quantum technologies**, and **military communications**.

INCREASED FOCUS ON MARITIME SECURITY

- India's strategic focus on **maritime security** is becoming increasingly important due to the country's location in the **Indian Ocean** region.
- Although the **specific breakdown** of the **Navy's** capital expenditure is not detailed in the official documents, experts predict that the **Navy's share** in the budget will rise in the coming years.
- This is part of India's broader emphasis on **naval power** to safeguard its maritime interests, especially as maritime security becomes more crucial in global geopolitics.

ECONOMIC CONTEXT

- **India's Defence Position**: India is the world's **5th-largest economy** and has the **2nd-largest standing army**, but the growth in the defence budget has not kept pace with its economic growth.
- **Security Threats**: While India faces **increasing security threats**, particularly from its neighbours, the defence budget remains limited when compared to its economic stature.

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- **Balancing Priorities**: India needs to balance its **national security** requirements with **social development**, as it remains the largest **developing country** by population.

While experts emphasize the need for **higher defence spending**, there is also an acknowledgment of the need to **prioritize social development** to maintain a balance between economic growth and security needs.

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MCQs

1. Consider the following statements and mark the correct one:

   1. PM Shram Yogi Man Dhan Yojana is targeting the people working in unorganised sector.
   2. It is launched by Ministry of Labour and Employment.

   (A) Only 1

   (B) Only 2

   (C) Both 1 & 2

   (D) Neither 1 nor 2

   Ans. (C)

2. Consider the following eligibility criteria to be eligible for PM SYM:

   1. Age should be 18-59 years at the time of joining.
   2. Monthly income should be less than Rs. 15000/-.
   3. One can have subscribed to another pension schemes like NPS parallely.

   (A) Only 1 & 2

   (B) Only 2

   (C) Only 2 & 3

   (D) All of the above

   Ans. (B)

3. Consider the following statements wrt budgetary allocation for defence as per budget 2025-26 and mark the correct one:

1. The total outlay has increased from the previous fiscal.
2. The contribution in proportion of GDP is reducing year by year.

(A) Only 1

(B) Only 2

(C) Both 1 & 2

(D) Neither 1 nor 2

Ans. (C)

4. Which of these are part of the Defence Revenue expenditure?

1. Pension to the veterans
2. Salaries of the staff.
3. Time to time Maintenance of equipments.

(A) Only 2

(B) Only 1 & 2

(C) Only 3

(D) All of the above

Ans. (D)