

Investors Perception towards Atal Pension Yojana with special reference to Kuzhalmannam Panchayath, Palakkad, Kerala

¹Dr. K. Amutha and ^{*2}Remya C

¹Associate Professor PSG College of Arts and Science, Coimbatore, Tamil Nadu

²PhD Scholar, Department of Commerce, VIB Janakiammal College of Arts and Science, Kovipudur, Coimbatore, Tamil Nadu

Abstract

Pension is a welfare scheme for supporting and preserves people during old age period. Pension provides financial support preserves during non-earning days. Thus, pension schemes helpful to fulfill our needs and wants during old age period. Pension is a periodic payment system. So, this scheme provides insurance support and tax relief at the time of non-working days. The government of India introduced a new scheme that is "ATAL PENSION YOJANA" as a part of this scheme; people can make benefication in their APY account till the age of 60 years and get a monthly benefit.


Keywords: Pension, Government, Atal pension yojana, Old age period.


Article Publication

 Published Online: 31-Mar-2022

*Author's Correspondence

 Remya C

 PhD Scholar, Department of Commerce, VIB Janakiammal College of Arts and Science, Kovipudur, Coimbatore, Tamil Nadu

 remyac15[at]gmail.com

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TECHNO REVIEW Journal of Technology
and Management

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Introduction

Pension provides monthly benefit when they attain the age of 60 or non-earning days. APY is a pension scheme introduced by central government of India for resident of India. It is deeply focused on the disorganized sector workers. Under the plan, guaranteed minimum pension of Rs 1000 or 2000 or 3000 or 4000 or 5000 per month will be given at the age of 60 years depending on the contribution by recipient.

The contribution by the central government of India is available for 5 years. From the financial year 2015 to 2020 for the followers, who join the scheme during the period 1-06-2015 to 31-03-2016 and who are not covered by any statutory social security plan and are not income tax payers? The central government contribution is payable to eligible permanent retirement account number (PRANS) by pension fund regulatory and development Authority (PFRDA) after receiving the confirmation from central record keeping agency to the effect that the followers has paid all the installments for the year government contribution will be credited in followers saving bank account fifty percentage of the total contribution subject to a maximum of Rs 1000/- at the end of the financial year.

The main purpose of the research study is to identify the investor's perception towards ATAL PENSION YOJANA scheme provided by government of India. For attain this objectives, first hand data are collected through questionnaire after that second hand data are attained through contrasting source.

Objective of the study

- To study the suggestive factors encouraging investors to prefer the APY scheme. (Investors perception).
- To study the awareness among investors about APY scheme in the study area.
- To review the problems of investors while investing in APY scheme.

Scope of the study

The current research work oversees, study the investor's perception towards APY scheme with special reference to Kuzhalmannam panchayath, Palakkad. It helps to study the basic concept of social security, perception and attitude and problem relating to Atal Pension Yojana Schemes.

Significance of the study

Study concentrates on greater seriousness of formulation of different pension schemes for the development of followers. Schemes can provide protection in the form of lump sum amount to beneficiaries in the event of a member's death, in order to encourage schemes, the central government provide tax relief on contributions made to schemes and the growth in their investment

Research Methodology

Research can be done successfully only the systematic approach towards the problem. It deals with the objective, defining the problem, study of data collected, technique used for collecting and analyzing the data etc. Research methodology helps in studying how the research is done scientifically and the logical connection behind those studies.

Research Design

Research design reflect the abstract structure with in which the research is conducted .Design needed to be carrying out this research is analytical study and the project aim to study the investor's perception and attitude and awareness level towards the APY scheme.

The study is focused on both primary and secondary data

Primary sources: The first-hand data has been collected from 75 investors through a well questionnaire.

Secondary source: The second-hand data has been collected from various sources.

- Journals and magazines
- Newspapers and websites

Sample design

- Structured questionnaire: A Structured questionnaire is used for collecting information.
- Sample size : 75
- Sampling method: Purposive sampling method.

Tools and techniques

Basis of the information has been properly tabulated. The data has been properly analyzed by using the statistical tools percentage analysis and weighted ranking techniques etc...

The following are the tools used for analyzing the data.

- A. Percentage
- B. Weighted average and ranking
- C. Friedman Test

Limitation of the study

- The study is depicting the present condition and hence the result may not be applicable in another period of time.
- The information is depending up on beliefs and assumption of investors.
- During the data collection, observed that some respondents were ignore to give proper information.

Review of Literature

James Choi (2001)¹:- In this contribution helpful to know about the decision making ability of an individual towards defined contributory pension. The concept oversees deadline, alternatives, financial knowledge, co group decision, personnel knowledge of individuals.

Tongxuan Yang (2005)²:- Sample taken in this study is US employees reflecting the defined plan and contribution of pension. Researcher studied when employees change DB plan to DC plan, what is the impact, so he takes lot of factors to study salary saving etc. It concluded if the change the plan the result is null effect.

Takeshi Yamaguchi (2006)³ :- It encouraging the employees to prefer profitable area of investment and minimize the cash balance. The era of financial world focusing the financial decision-making power an employee in the changing environment. The proper financial decision is helpful in our future life.

Wolfram Hornef (2006)⁴:- After retirement is a big question towards retirees. In their mind they calculated which area is profitable and were we get better return. So, concentrate the investment area and source of information.

Waldo Tapia (2008)⁵:- Clear that, in this study deeply focused on investment performance and cost. It gives suggestion to Australian pension management. Study concluded that investment management is correlated with average cost of Australian employees.

Timothy Lu (2010)⁷:- The report present that participants are influenced by their coworkers when they make equity investment decisions. Using a rich dataset of 401(k) plans, we find that individuals are likely to increase (decrease) their risky share when they have lower (higher) equity exposure than their coworkers in the last period. The effect is especially strong when the difference in equity exposure is substantial. Furthermore, individuals are likely to increase their equity exposure if they earn lower equity returns than their coworkers did in the last period. However, when their returns on equity are higher than their peers', they tend not to decrease their risky share. The interaction of peer behavior and peer outcome influences investment decisions, inducing individuals with substantially lower equity exposure than their coworkers to increase their risky share when coworkers also earned higher returns. Finally, we find that there exists heterogeneity in short-term excess returns following social interaction.

Atal pension yojana, is a scheme/plan for resident of India, it mainly concentrated on un organized employees/workers. this scheme, promised minimum pension of Rs 1000/2000/3000/4000/5000.per month will be given at the age of 60 years depending on the contribution made by the investor.

Eligible investors

Any person who has reside India more than 180 days, can join APY scheme.

- He/She should have a SB account/PO savings bank account.
- Period of subscriber should be between eighteen to forty years

Procedure

- Visit bank branch/post office where individual SB account is held or open a savings account if the subscriber doesn't have one.
- Provide the BA number/POS account number and with the help of the bank employee, fill up the APY registration form.
- Give Aadhar/Mobile Number. This is not mandatory, but may be provided for the purpose of communication.
- Investor must keep proper balance in their savings bank account/post office savings bank account for transfer of monthly/quarterly/half yearly contribution.

The proper person of the scheme should maintain balance in their saving bank account/POSB account. On the specify due dates avoid any overdue interest for contributions. The amount may be deposited on the initial date of payment date. If there is non maintain balance in the saving bank account/POSB account of the investor till the last date of the month/last date of quarter/last day of year, it will be treated as a irregular and contribution will have to be paid in the subsequent month along with overdue interest for delayed contributions. Banks are required to collect Rs 1 per month for contribution of every Rs.100/part thereof, for each delayed monthly contribution. Overdue interest for delayed amount for quarterly/monthly mode of amount shall be recovered accordingly. Overdue interest fund collected will remain as part of the pension corpus of the subscriber. In all cases, the contribution is to be recovered along with the overdue charges if any. This is the first step of banks. Nonpayment amount will be recovered as and when funds are available in the account.

Nomination

For opening APY account nomination details is compulsory. If the investor is married, the wife is nominee. Unmarried investors can nominate any other person as nominee and they have provided wife details after marriage. The aadhar details of nominee are also important. The investor can open only one APY account, multiple accounts are not allowed.

Withdrawal Procedure from APY

- On attaining the age of 60 years
- In the case death of the subscriber due to any cause after the age of 60 years
- Exit before the age of 60 years

Through SMS alert regulatory can intimated the message about our account transaction. The subscriber also eligible for physical statement and investor can choose voluntary exit from the schemes.

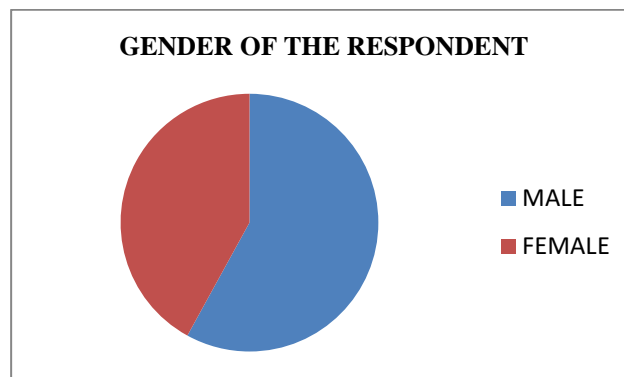
Features of Atal Pension Yojana

1. Joining age: Atal Pension Yojana has the Minimum eighteen years and the maximum age forty years.
2. Who can take the plan: Atal Pension Yojana states that only a resident of India can invest in this plan.
3. Pension particulars: Atal Pension Yojana provides you with a guaranteed pension after retirement.
4. Tax Benefit: The Atal Pension Yojana doesn't provide the applicant with any tax benefits
5. Premature Withdrawal: Under the Atal Pension Yojana you will not be allowed to withdraw the money invested prior to the term end. In case of the unfortunate demise of the investor, or the investor has a medical condition that withdrawal may be considered.
6. Type of account: Atal Pension Yojana, provides investors with just one account.
7. Investments: Atal Pension Yojana does not give you the option of choosing the investment of your choice.
8. Government Contribution: With the Atal Pension Yojana, the government does provide the investor some monetary support

TABLE NO 1 SHOWING GENDER OF THE RESPONDENT

OPTIONS	INFORMANTS	PERCENTAGE
MALE	52	58%
FEMALE	38	42%
TOTAL	90	100

Source: survey



Interpretation

From the graph it is clear those major portions of the respondents are men with 58% have investment in Atal pension yojana and only 42% are women.

TABLE NO 2 SHOWING THE OCCUPATION OF THE RESPONDENTS

OPTIONS	RESPONDENTS	PERCENTAGE
PRIVATE	28	31%
BUSINESS	8	9%
OTHERS	54	60%
TOTAL	90	100

Source: survey



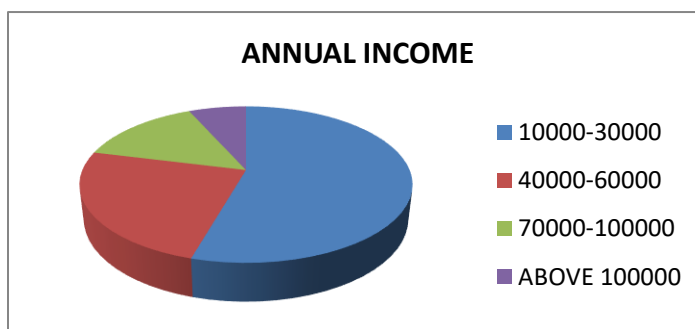
Interpretation

From the graph it is clear those major portions of the respondents are from others category eg(unorganized) with 60 % have investment in Atal pension yojana and only 31% are private sector employee 8% are as business people.

TABLE NO 3 SHOWING THE ANNUAL INCOME OF RESPONDENTS

OPTIONS	RESPONDENTS	PERCENTAGE
10000 -30000	49	54%
40000-60000	22	25%
70000-100000	13	14%
ABOVE 100000	6	7%
TOTAL	90	100

Source: survey



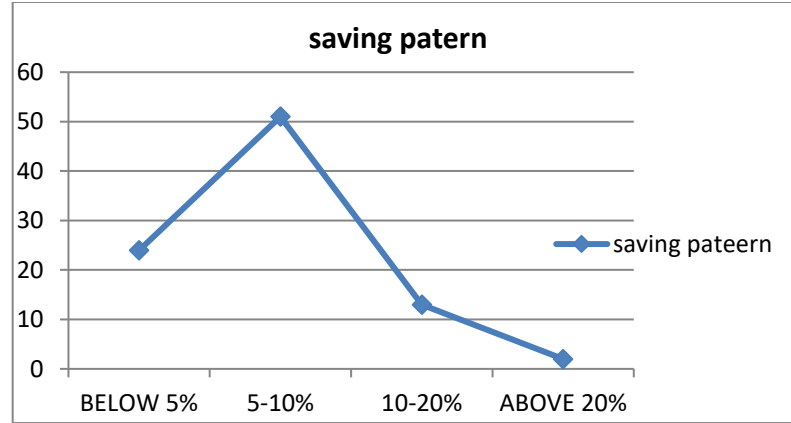
Interpretation

From the graph it is clear those major portions of the respondents are belong to 10000-30000,and 25% of respondent are belong the category 40000-60000,and 7% is belong to above 100000

TABLE NO 4 SHOWING THE SAVING OF ANNUAL INCOME FOR INESTMENT

OPTIONS	RESPONDENTS	PERCENTAGE
BELOW 5%	24	27%
5-10%	51	57%
10-20%	13	14%
ABOVE 20%	2	2%
TOTAL	90	100

Source: survey



Interpretation

From the graph it is clear that 27% of respondents invest between below 5%, 57% of respondents invest between 5-10%, 14% of investment between 10-20%, 2% of respondents invest between above 20%.

TABLE NO 5 SHOWING THE INVESTMENT CHOICE IN THE ATAL PENSION YOJANA BY APY RULES

OPTIONS	RESPONDENTS	RANK
PROMPTNESS IN SERVICES	97	3
INNOVATIONS OF SCHEME	54	7
LOCK IN PERIOD	90	4
WITHDRAWAL PROCEDURE	65	5.5
GRIEVANCE REDRESSAL	100	2
MINIMUM INVESTMENT	65	5.5
TAX DEDUCTION AND LESS RISK	155	1

Source: Survey

Interpretation

From the above table shows that tax deduction and less risk is the major reason for the investment in Atal pension Yojana. The second reason grievance redressal facility is better, third reason is promptness in service. Last preference by innovations of the scheme.

TABLE NO 6 REASON FOR INVESTMENT IN ATAL PENSION YOJANA BY RESPONDENT

H0: There is no significance difference in reason for investment pension schemes by respondents

OPTIONS	RANK
OLD AGE SAFETY	7
TAX EXCEPTION	5
DIVERSIFICATION OF RISK	3
FLEXIBILITY AND RELIABILITY	2
TRANSPARENCY	4
LOW PROCEDURE	1
CONTROLLED BY CENTRAL GOVT	6

Source: primary

FRIEDMAN TEST	
N	90
Chi square	508.858
df	6
sig	0.000

Interpretation

The Chi square statistic shows 508.858, at five percentage level of significance ($p=0.000<0.05$). hence, it can be concise that the framed hypothesis is rejected. reason for investment in pension scheme preferred by respondents different. First reason for investment in pension schemes is low procedure, second transparency, third it is controlled by central government, fourth reliability etc.

TABLE NO 7 SHOWING AREA OF DISSATISFACTION FACED BY RESPONDENTS

H₀: There is no significance difference in area of dissatisfaction faced by respondents in investing in pension schemes

OPTIONS	MEAN RANK	RANK
LACK OF TRANSPARENCY	4.13	5
PORTFOLIO MANIPULATION	4.32	3
FEAR OF FRAUD	3.58	7
LACK OF PROFESSIONAL MANAGEMENT	3.42	6
POOR GRIEVANCE HANDLING SYSTEM	4.17	4
LACK OF PROPER SERVICE	5.40	1
LACK OF INNOVATIVE PRODUCTS	5.21	2

Source: primary

FRIEDMAN TEST	
N	90
Chi square	162.17
df	7
sig	0.000

Interpretation

The Chi square statistic shows 162.17, five percentage level of significance ($p=0.000<0.05$). hence, its summaries that the framed hypothesis is rejected. the area of dissatisfaction faced by the respondents different. Main problem faced by respondents is lack of proper service, second reason for dissatisfaction is lack of innovative products etc.

Findings

1. Majority of the respondents are men with 58% have investment in Atal pension yojana and only 42% are women.
2. Majority of the respondents are from others category e.g.(unorganized) with 60 % have investment in Atal pension yojana and only 31% are private sector employee 8% are as business people.
3. Major portions of the respondents are belonging to 10000-30000, and 25% of respondent are belong the category 40000-60000, and 7% is belong to above 100000.
4. 27% of respondents invest between below 5%, 57% of respondents invest between 5-10%, 14% of invest between 10-20%, 2% of respondent invest between above 20%.

5. Tax deduction and less risk is the major reason for the investment in Atal pension yojana Last preference by innovations of the scheme.
6. As per Friedman test, that reason for investment in pension scheme preferred by respondent's different. First reason for investment in pension schemes is low procedure, second transparency, third it is controlled by central government, fourth reliability etc.
7. As per Friedman test, means that the area of dissatisfaction faced by the respondent's different. Main problem faced by respondents is lack of proper service, second reason for dissatisfaction is lack of innovative products etc.

Suggestion

1. Atal Pension Yojana subscribers have to improve their financial literacy.
2. The subscribers have to carefully watch the performance of the Atal pension yojana and make proper decision at right time.
3. Some extra benefits in Atal pension yojana like family benefits of old pension scheme may be introduced.
4. Introduced more awareness programme regarding ATAL PENSION YOJANA in rural areas.

Conclusion

The work studies the investor's perception towards ATAL PENSION YOJANA. Investor's perception regarding APY is positive and encourage: investors are regularly contributing amount in this scheme. Unorganized sector employees are looking for good amount of pension in their non-working days. The central government introduced this new product for protection of un organized employees. this research work will helpful researcher to get information about APY and will help future investors can evaluate the perception of the investors.

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