

## **AWARENESS OF ATAL PENSION YOJANA AMONG COLLEGE STUDENTS**

### **ABSTRACT**

In India, the Government has laid out the Atal Pension Yojana (APY), which will give great benefits, contingent upon the commitment to the scheme, at retirement or reaching 60. The Atal Pension Yojana launched by the Prime Minister of India Mr. Narendra Modi in 2015 to replace and improve upon the previous government's Swavalamban Yojana, which wasn't popular among the targeted population. Atal Pension Yojana (APY), is a guaranteed income as pension scheme for workers employed in mostly unorganized sector and informal sector. The motive of the study is to determine the awareness of Atal Pension Yojana among the college students. The study used a quantitative research approach and a descriptive research design to investigate college students' awareness of the Atal Pension Yojana in Tamil Nadu. A survey was carried out to gather the primary data using a questionnaire and a simple random sample procedure (Google form). The survey's sample size is approximately 300 students from different colleges across Tamil Nadu. The scheme aims to incentivize saving especially within the unorganized workforce so as to make them financially independent at retirement by providing them with a pension based on their contribution to the scheme. The scheme is also intended to act as a gateway to financial inclusion of people who till recently were not a part of the formal banking system. This study intends to bring the insight about Atal Pension Yojana and also further tries to judge the awareness level and attitude towards the scheme among college students.

**KEY WORDS:** social security, pension, unorganized sector, workers, retirement, old age pension,

### **INTRODUCTION**

The Indian government is worried about the financial security of people at retirement, especially among the people employed in the unorganized sector and the poor and hence is trying to encourage and enable these people to contribute to the Atal pension Yojana (APY). This will create a sense of security among the people and also promote a healthy habit of saving in them and solve the longevity risks by providing them with a fixed pension at retirement; these workers comprise 88% of the all-out workforce of 47.29 crore according to the 66th Round of NSS Survey of 2011-12, yet don't have any proper annuity arrangement. [1]

Hence to provide financial security at retirement to the unorganized sector, the Government has laid out the Atal Pension Yojana (APY), which will give great benefits, contingent upon the commitment to the scheme, at retirement or reaching 60. The APY focuses on all workers in the informal industry, who will now enlist in the National Pension System (NPS) directed by the Pension Fund Regulatory and Development Authority (PFRDA). Under the APY, the beneficiaries would get the decent least benefits of Rs. 1000-5000 every month, at 60 years old, contingent upon their commitments, which itself would be determined on the period of joining the APY. The base period of joining APY is 18 years and the greatest age allowed is 40 years. To make the scheme more attractive and the returns better the Government would also likewise co-contribute half of the absolute commitment upto Rs. 1000 every year, whichever is lower, to each qualified beneficiary. The base time of commitment by any supporters under APY would be 20 years or more. The advantage of fixed least annuity would be ensured by the Government. [2]

		Minimum Guaranteed Pension of Rs. 1000/month			Minimum Guaranteed Pension of Rs. 2000/month			Minimum Guaranteed Pension of Rs. 3000/month			Minimum Guaranteed Pension of Rs. 4000/month			Minimum Guaranteed Pension of Rs. 5000/month		
Return of corpus amount to the nominee		Rs. 1.70 Lakh			Rs. 3.40 Lakh			Rs. 5.10 Lakh			Rs. 6.80 Lakh			Rs. 8.50 Lakh		
Age at entry	vesting period	Monthly instalment	Quarterly instalment	Half yearly instalment	Monthly instalment	Quarterly instalment	Half yearly instalment	Monthly instalment	Quarterly instalment	Half yearly instalment	Monthly instalment	Quarterly instalment	Half yearly instalment	Monthly instalment	Quarterly instalment	Half yearly instalment
18	42	42	125	248	84	250	496	126	376	744	168	501	991	210	626	1239
19	41	46	137	271	92	274	543	138	411	814	183	545	1080	228	679	1346
20	40	50	149	295	100	298	590	150	447	885	198	590	1169	248	739	1464
21	39	54	161	319	108	322	637	162	483	956	215	641	1269	269	802	1588
22	38	59	176	348	117	349	690	177	527	1045	234	697	1381	292	870	1723
23	37	64	191	378	127	378	749	192	572	1133	254	757	1499	318	948	1877
24	36	70	209	413	139	414	820	208	620	1228	277	826	1635	346	1031	2042
25	35	76	226	449	151	450	891	226	674	1334	301	897	1776	376	1121	2219
26	34	82	244	484	164	489	968	246	733	1452	327	975	1930	409	1219	2414
27	33	90	268	531	178	530	1050	268	799	1582	356	1061	2101	446	1329	2632
28	32	97	289	572	194	578	1145	292	870	1723	388	1156	2290	485	1445	2862
29	31	106	316	626	212	632	1251	318	948	1877	423	1261	2496	529	1577	3122
30	30	116	346	685	231	688	1363	347	1034	2048	462	1377	2727	577	1720	3405
31	29	126	376	744	252	751	1487	379	1129	2237	504	1502	2974	630	1878	3718
32	28	138	411	814	276	823	1629	414	1234	2443	551	1642	3252	689	2053	4066
33	27	151	450	891	302	900	1782	453	1350	2673	602	1794	3553	752	2241	4438
34	26	165	492	974	330	983	1948	495	1475	2921	659	1964	3889	824	2456	4863
35	25	181	539	1068	362	1079	2136	543	1618	3205	722	2152	4261	902	2688	5323
36	24	198	590	1169	396	1180	2337	594	1770	3506	792	2360	4674	990	2950	5843
37	23	218	650	1287	436	1299	2573	654	1949	3860	870	2593	5134	1087	3239	6415
38	22	240	715	1416	480	1430	2833	720	2146	4249	957	2852	5648	1196	3564	7058
39	21	264	787	1558	528	1574	3116	792	2360	4674	1054	3141	6220	1318	3928	7778
40	20	291	867	1717	582	1734	3435	873	2602	5152	1164	3469	6869	1454	4333	8581

Fig 1. Contribution chart to the Atal pension Yojana

## LITERATURE REVIEW

[3] Sudindra (2016) in a feasibility study has been done on the Atal pension Yojana which is introduced as a retirement planning instrument. Some of the monthly pension post 60 years are of Rs. 1000, 2000 and Rs. 5000 for the age starting from 18, 25, 30, 35 and 40. To analyze the overall subscriber benefits out of the scheme, the author aims to compare the present value of pension benefit to the present value of contribution. The final conclusion of the author is that the Atal Pension Yojana will not sufficiently serve the purpose of income security and retirement benefit. The very idea of a defined benefit scheme to protect the unorganized sector workers will not work efficiently. This is the analyses done by the author. The government must allocate more money to the pension scheme so as to cater to the needs of the unorganized sector workforce.

[4] Anjana Devi (2021) study about the awareness among people between different level of individuals in Kerala about the Atal Pension Yojana is the aim of the author here. Using sampling method and survey using questionnaire, the primary data is collected. All information from newspapers, internet and reference books is included in the secondary data. To select samples from the population, the author has used convenience sampling method which is a kind of non-probability technique. Over 120 samples from Rural and Urban areas in Thiruvananthapuram District were collected. The authors concluded that Number of customers for the APY scheme is increasing from year to year. But the strength of the APY scheme is comparatively low in Kerala. The conclusion derived by the authors is that the strength of the APY scheme is comparatively low in Kerala but the number of people enrolling for the APY scheme is increasing from year to year.

[5] Rajasekhar et al (2017) compare and contrast the design features of India's two main government contributory pension schemes, NPS-Lite and APY, discussing the strengths and limitations of each of these schemes in addressing the needs of low-income workers with the help of available data and studies, using this paper the authors argues that the design features of these schemes are such that they fail to take the specific characteristics of unorganized worker households into account. Various suggestions have also been given by the authors on how the current design of contributory social security schemes can be improved to meet the pension requirements of unorganized workers.

[6] Neeti Hooda et al (2019) study about the NPS and the awareness of NPS and APY among the investors in the NCR region. Data is collected through primary as well as secondary sources. Primary data is collected in the form of the Questionnaire survey method. The authors target students, Business professionals, and other educated people of urban areas only. The study is undertaken by using stratified sampling in which population strata is divided according to gender, age, occupation. They conclude by saying that NPS is a unique platform and offers various investment opportunities to the investors so that they can choose the best pension funds available to them. They also comment PFRDA is taking major initiatives from time to time so that the country can take a step in moving closer towards providing social security to the old one.

[7] Sandeep & Namratha Sharma (2015) cover how the scheme was introduced to develop a habit of saving in individuals, focusing mainly on the informal workers and small-scale industries, to help them feel financially secure if they ever lose their jobs or face a loss of income. The paper studies the number of people enrolled themselves in APY across various parameters like age, gender, region etc, it also studies how the final corpus value of the beneficiary is calculated by compounding four times a year and that the scheme provides a risk-free fixed pension on reaching 60 years.

[8] Devnath et al (2017) studied some innovative schemes taken by GOI for financial inclusion. These includes Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Atal Pension Yojana (APY), and Pradhan Mantri Suraksha Bima Yojana (PMSBY). They look into the progress made by each of these schemes and also give some insights and suggestions of how to further enhance the reach of these schemes. The writer also focuses on the financial inclusivity of the schemes and provides data on the number of beneficiaries.

[9] Dani & Swati Modi (2016) studies relating to fiscal equality in India. They initially define a basic requirement parameter which will form the basics of the study and sketched the important part of financing at the micro level and multiple schemes launched by the government for microfinance. They then explain the primary topic of the study, microfinance, with the various ways that microfinance is provided. The institutions such as Microfinance institutions and Self-Help Groups are examined and differentiated to find which of these is better. The writers present a list of schemes launched by the government, of these schemes the major focus of this study is on the Jan Dhan Yojana which this study states have been very successful in achieving its goals of providing formal banking to unprivileged and providing them with at least the basic financial literacy and inclusion. The other scheme studied by the writers was the Atal Pension Yojana.

[10] Rupjyoti Bhattacharjee (2020) carried a survey in Jorhat district of Assam. 120 people were chosen for the survey. The researchers aim for the survey was to see whether people have signed up for Atal Pension Yojana (APY) or not in 2 main demographics: People working in the Private sector and the people employed in public sector, the authors also tried to judge the attitude and awareness of participants about the various parts of the scheme. The Survey showed that a majority of the people under both categories have enrolled in the APY scheme. The researchers also discovered that the respondents have a positive perspective towards the various features of the scheme. The survey also showed that a significant percent of the people is still to register under the scheme mostly because they are not comfortable with the enrollment process and the financial system and also the respondents found the return rate of the scheme a little less. The writers concluded that the Z- test demonstrated a big distinction in the response towards the schema between the public and private sector employees.

## METHODOLOGY

The study used a quantitative research approach and a descriptive research design to investigate college students' awareness of the Atal Pension Yojan. A survey was carried out to gather the primary data using a questionnaire and a simple random sample procedure (Google form). The survey's sample size is approximately 300 students from different colleges. The students are actively engaged and the survey took minimum of two months and data were analysis with the SPSS Software.

## DATA ANALYSIS

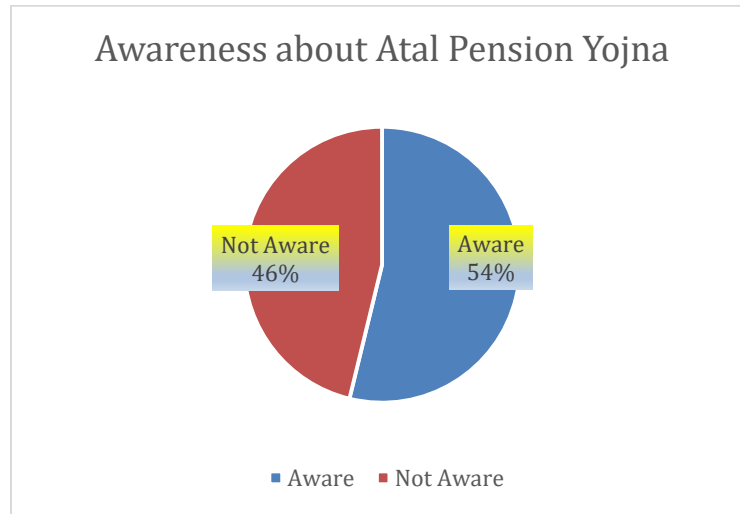


Fig 2. Awareness about Atal Pension Yojana (APY)

Figure 2 shows that most people served have heard about the Atal Pension Yojana (APY) in college going students. The reason can be that the government has invested heavily in advertisements and promoting the savings scheme and this has resulted in people being aware about the existence of the scheme but most people are still unsure about the details.

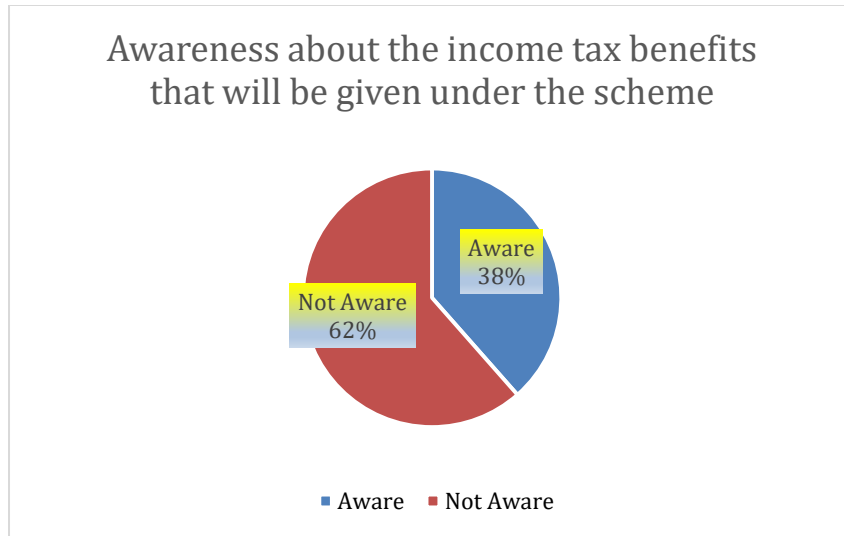


Fig 3. Awareness about the income tax benefits that will be given under the scheme

Figure 3 indicates that, a vast majority of people are still unaware about the income tax benefits and other benefits that are offered in the scheme. The reason for this can be that the surveyed population is mostly young (less than 22 years old) and Atal Pension Yojana is a pension scheme and people are not interested in investing for such a long time and have not further researched about the scheme after they got to know about it.

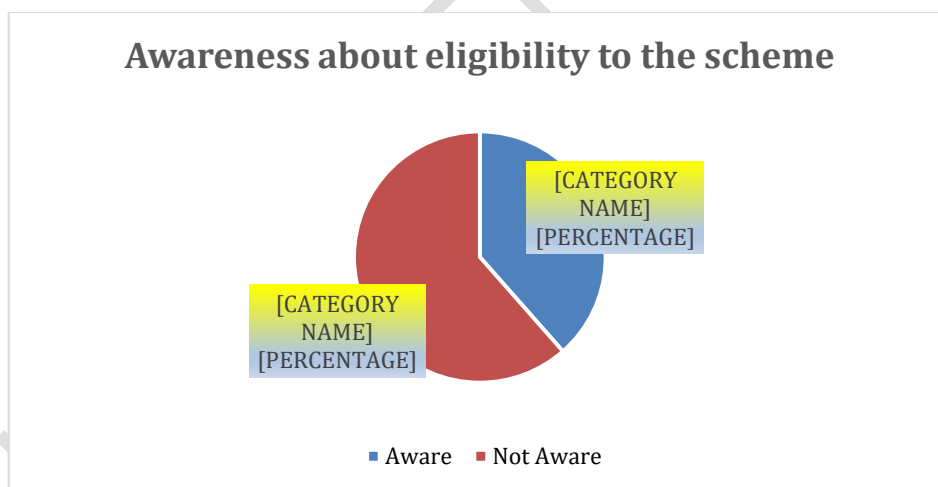


Fig 4. Awareness about eligibility to the scheme

Figure 4 specifies that, most of the people are not aware about the details of the scheme, probably because young adults are not interested in investment in government pension schemes. Also, the government advertisements are not effective in spreading this information to the people, the advertisements mostly focus on the pensions that will be given, and no other details.

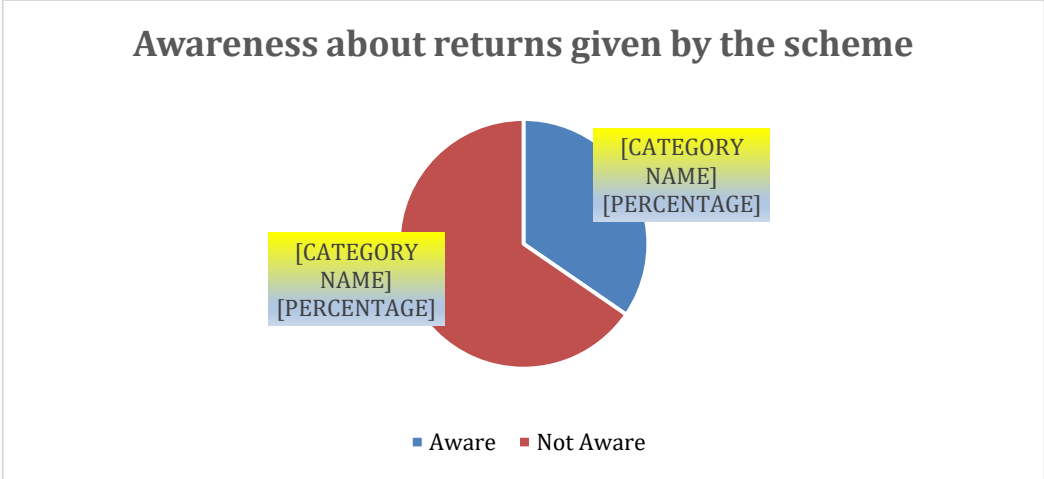


Fig 5. Awareness about the returns given by the scheme

Figure 5 designates, most people don't know about the returns given by the scheme. The reason is that the government in their documents have not mentioned about the rate of return in the investments as the scheme has a fixed pension at maturity depending on the contribution. This is unlike other pension schemes like EPF/PPF which advertise a rate of return and are more flexible. Also few people have the capacity to themselves calculate the rate of return taking into account inflation.

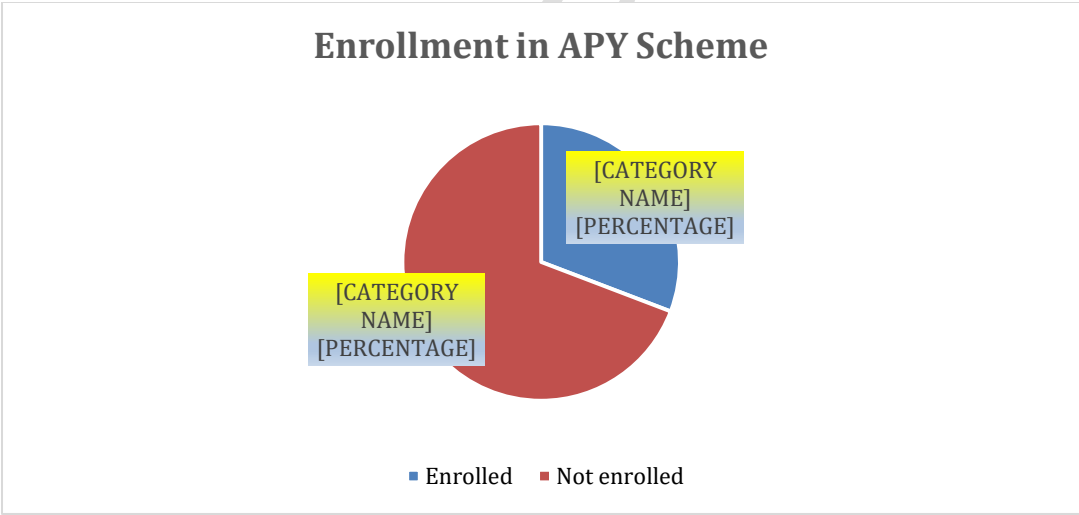


Fig 6. Enrollment in APY

Figure 6 shows that, the 70% of the respondents or their families have not enrolled in the scheme. The reasons for this can be that as mentioned in [3], the rate of return given by the scheme is not good enough when compared to other schemes like EPF/PPF. Also, across fig. 3, 4 and 5 indicates that only 30-40 percent of the respondents are aware about the details of the scheme and hence only 30% have actually enrolled in the scheme. Another reason can be that the maximum pension in this scheme is Rs 5000 per month, which most people would think will be insufficient when they retire in approx 30 years.

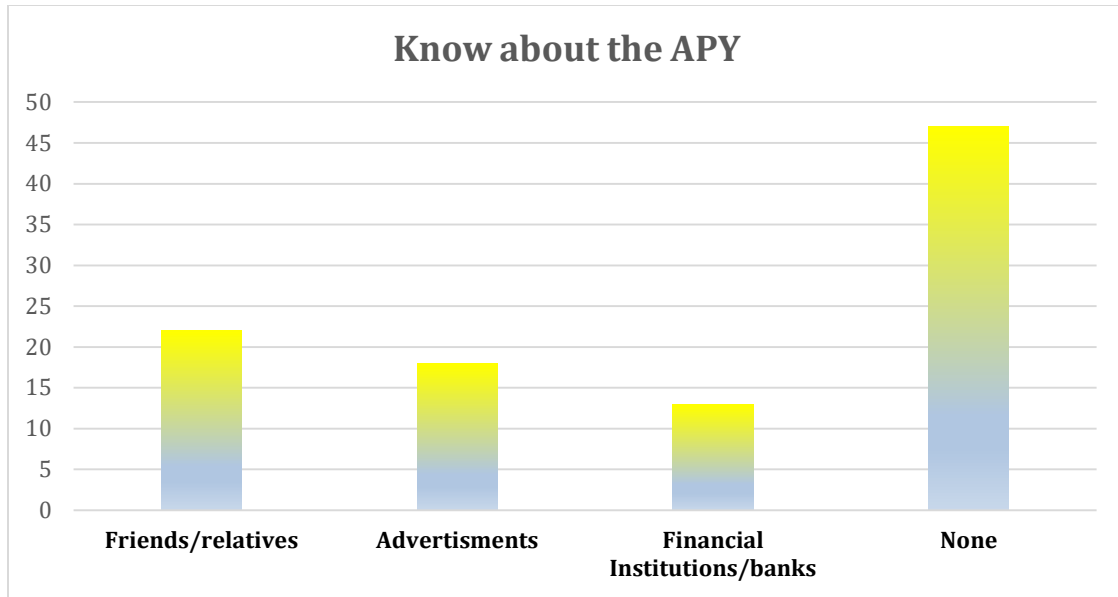


Fig 7. The respondents know about APY.

Figure 7 illustrates that, the friends and relatives were the most common way people came to know about the scheme, followed by Advertisements and banks. This can also explain why respondents were unaware about the details of the program, as friends/relatives and advertisements are not likely to give complete information as someone in a bank or financial institution.

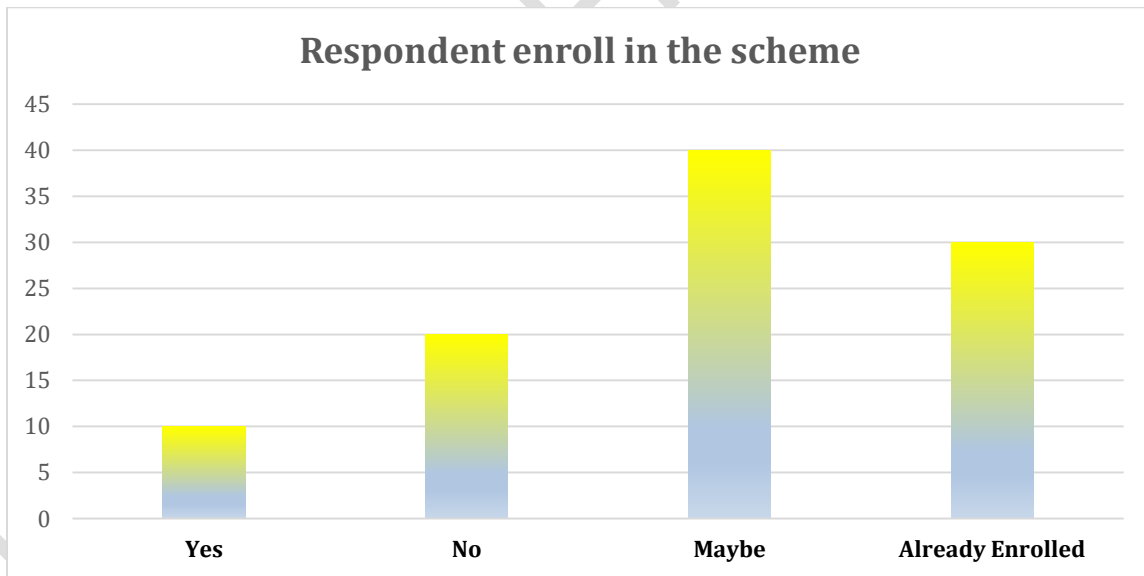


Fig 8. The respondents enroll in APY.

Figure 8 elucidates that, the most of the respondents who are yet to enroll in APY are still unsure about whether they will enroll in the scheme or not. This will be mainly due to the lack of awareness about the scheme.

## FACTS AND FINDINGS

According to the survey the results are:

- Only half of the surveyed population was aware about the Atal Pension Yojana (53.8%).
- Most people surveyed were not aware about the Income tax benefits given under the scheme. (61.5% are unaware).
- Almost People are unaware of who is eligible for the Scheme (61.5% are unaware).
- Most people are also unaware about the returns given by the scheme (65.4% are unaware).
- Only 30.8% respondents reported that either they or their family has already enrolled in the Programme.
- Of the people who knew about APY, most of them came to know about it from their friends and family (43%), followed by Advertisements (36%) and Banks/Financial Institutions (21%).
- When asked whether they will enroll or not in the Atal pension yojana, most people (40%) were still uncertain and responded with maybe. While 20% responded with a no and 10% with a yes.

Some reasons for the low popularity of Atal Pension Yojana among our respondents can be the low pension offered (A maximum of 5000 per month), that too after reaching the age of 60. Which for most of our respondents is about 40 years in future. Most respondents will prefer NPS or other private/government schemes where the contributions can be higher and the subsequent pension be higher than 5000 per month.

## DISCUSSION

The Atal pension yojana is an innovative step taken by the government to provide a guaranteed pension on retirement to people, but the awareness among people about this scheme is low, as we can see a majority of respondents in our survey are not well aware about the scheme and nearly half said they will not join it. The literature surveyed also mostly concludes that though being an innovative step to bring the unorganized sector workers under a government pension scheme, the government needs to either contribute more or give a higher rate of interest to attract more people.

## CONCLUSION

The Indian Government is rightly worried about the income security at retirement for people employed in the unorganized sector. Hence the government has launched APY for providing multiple benefits like a fixed guaranteed pension, tax savings, pension to spouse on any unforeseen event and encouraging saving and investing no matter how small the amount. But the scheme has not been properly advertised yet and hence most people are not fully aware about the operations of the APY scheme, and thus have not enrolled in the scheme. The banks and government need to make efforts to reach the targeted audience of the scheme and try to improve the scheme by offering higher pension options and better rate of return.

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