



ANALYSIS OF NATIONAL PENSION SCHEME AND ATAL PENSION YOJANA WITH SPECIAL REFERENCE TO MUMBAI REGION

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Abstract

The National Pension System is an initiative of the government of India that has become a popular and effective way for investors to take part in the financial markets in an easy and low-cost way while spreading their investments across different types of securities, which is called diversification and is an important part of a person's investment strategy. This paper give detail information about the NPS and APY and also tries to figure out how well people are aware about these scheme in Mumbai region. National Pension Scheme was first made for government employees, however later made accessible to all Indian citizens. People with low incomes and those on the edge of poverty want income security, so APY and NPS have been created. NPS is a "contributory" system, in which each the employer and the employee have to put in a certain amount from their pay. After retirement, the employee will get regular earnings from the amount they put in. The National Pension System is an initiative of the government of India that has become a popular and advantageous way for investors to take part in the financial markets in an effortless and affordable way while spreading their investments throughout different types of securities, which is known as diversification and is an essential phase of a person's investment strategy. This paper provide detail facts about the NPS and APY and additionally tries to figure out how far people are aware about these scheme in Mumbai region.



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1. INTRODUCTION:

Investing for retirement is very important, and the government has two popular pension plans to help people do this. They are called NPS and Atal Pension Yojana. Both of the plans are different, and Subscriber should choose one based on what Subscriber like best. Even though both plans are known to make sure people have money when they retire.

The central government of the country has always come up with good plans and programmes to help the people of the country make better financial plans for their retirement. The Atal

Pension Yojana and the NPS are two of these steps.

The Indian Government came up with both of these plans. The people who sign up for either plan will get some nice benefits. Before the Atal Pension Yojana was made, the National Pension Scheme was put in place. The Atal Pension Yojana started in 2015, and when we compare it to the NPS, there are a lot of differences.

The National Pension Scheme was made to cover everyone, and the Atal Pension Yojana was made to help people in unorganized sectors save for retirement.

In India, the elderly people have been able to get pensions from the government for the last 30 years. Even though problems like low coverage, low pension amounts, and bad management of how pension amounts are chosen and given out have been brought up from time to time, the pension schemes have been praised for helping the elderly poor. Since 2010 the Central Government has been promoting plans to get poor people to pay into plans for their retirement. In this paper, it is said that the contributory pension plans for the poor, such as the National Pension Scheme (NPS) and the Atal Pension Yojana (APY), were made with the best of intentions, but their design is such that they often don't take into account the specific income and savings habits of unorganized worker households.

1.1 National Pension Scheme (NPS)

The Government set up the National Pension Scheme (NPS), which is a long-term investment plan. It is run by the Pension Fund Regulatory and Development Authority, and workers in the public, private, and unorganised sectors can join.

For the programme to work, investors have to put money into a pension account while they are working. When an employee retires, they can take some of the money from the corpus. The worker will get a monthly pension from the rest of the money. It gives people who don't like taking risks the chance to invest in a safe instrument. This could change people's lives after they retire in a big way.

1.2 Atal Pension Yojana (APY)

The Atal Pension Yojana was made so that the unorganised sector could have a pension plan. The main goal of the plan is to keep Indian people safe from illness, accidents, and other disasters. The Pension Fund Regulatory Authority of India is in charge of managing the money collected for the pension programme. This is what the law says.

When a person turns 60, the scheme gives them the choice of a fixed pension of Rs. 1000, Rs. 2000, Rs. 3000, Rs. 4000, or Rs. 5000. This will depend on how old a person is and how much they have contributed.

1.3 Major Differences Between the NPS and the Atal Pension Yojana

To join the National Pension Scheme, Subscriber must be at least 18 years old and no more than 55 years old.

Atal Pension Yojana is open to people between the ages of 18 and 40.

Subscriber can only invest in this scheme if Subscriber are an Indian citizen or an NRI.

Only Indian citizens can join the Atal Pension Yojana.

NPS does not guarantee the fixed pension amount post-retirement.

The Atal Pension Yojana makes sure that people get a pension when they retire.

Investors in this scheme can get a tax break of up to Rs. 2 lakhs from NPS.

It also doesn't help the person who wants it in any way with taxes.

Early withdrawals could only be made from Tier 2 accounts.

Under this plan, Subscriber wouldn't be able to get money back before the term is over. When the investor dies or gets sick, or when the investor wants to get out of the investment, the withdrawal is looked at.

NPS gives investors the choice between Tier 1 and Tier 2 accounts.

Investors in the Atal Pension Yojana have only one account.

NPS can give investors choices about where they want to put their money.

Subscriber won't be able to choose which investment Subscriber want to make through the Atal Pension Yojana.

The government doesn't help with the National Pension Scheme, and the only person who can put money into it is the investor.

With the Atal Pension Yojana, the Government won't give any money to the investor.

When Subscriber compare APY to NPS, Subscriber can see that they are very different, but they are also similar in some ways.

1.4 Similarities Between NPS and APY

- The PFRDA is in charge of both the Atal Pension Yojana and the National Pension Scheme.
- Both plans are for retirement, and they help build up a pot of money for retirement.
- The pensions from both of these plans are taxed according to the tax laws that are in place.

Once both plans have reached their end dates, the person gets a fixed pension amount for the rest of his or her life.

- If Subscriber put money into both schemes, Subscriber can deduct up to Rs. 1.5 lakh from their taxes under Section 80CCD (1).

1.5 Importance of income security in old age

The issue of old-age income security in India is important because the number of elderly people are expected to grow in the coming years, they are poor and vulnerable, and the

pension programmes for them only cover a small number of them.

According to the most recent census data (2011), 8.4% of Indian women and 7.7% of Indian men are 60 or older. In 2011, the number of elderly people was slightly higher in rural areas (8.1%) than in urban areas (7.9%).

Population projections made by the United Nations (2013) show that the number of elderly people is expected to rise to 18.3% by 2050 and to around 30% by 2100. This is mostly because people are living longer and dying less. Most likely, there are more women than men among old people. In 2026, there will be 105 women for every 100 men in the 60+ age group (Subaiya and Bansod 2011:6). On the other hand, the sex ratio in the 80+ age group is expected to be very high, at 136. This means that women in this age group are more likely to be widows and are more likely to be in danger (Subaiya and Bansod 2011: 6).

When Subscriber think about how much the elderly depend on others, income security in old age is also important. Modernization theory says that in economies before they were industrialized, when the joint family system was the norm, elders had a place and a role in society. But the theory says that as societies become more modern, older people find it harder to work outside the home and have less money to give to the family. So, older people are seen as a burden in the family. Modernization theory says that because older people are seen as a non-productive economic burden, they are likely to be left by their children without much financial help (Cowgill and Holmes 1972). They will also be left out of society. But research also shows that whether or not an elderly person needs help from their family depends on their own financial situation, health, education, employment, and social support (Zaidi 2014). But everyone agrees that older people who live in poor homes are at risk.

The evidence also shows that a large number of older people don't get much help from their family members. About 65% of the elderly population depends on others for money. This is worse for elderly women in both rural (86%) and urban (83%) areas than for elderly men in rural (49%) and urban (44%). (GoI 2011a: 11-12). Over 5% of people over 60 were found to be living alone, while 12% lived only with their spouses and 4% stayed with other relatives or people who were not related to them (GoI 2011a). Dutta et al. (2010): 66) say that older people who live alone are poor, at risk, and less likely to get help with their homes. No one knows for sure if the older people who lived with their spouses and other family members or with their children were well cared for by their families.

Srivastava and Mohanty (2012, p. 512) say that about 18 million older people in India live below the poverty line. They find a link between the number of poor people and the size of the household (i.e. higher incidence of poverty among larger households and vice versa). But

they didn't find any proof that there was a link between having an elderly person in the house and being poor. In contrast to what Pal and Palacios (2006) found, Srivastava and Mohanty (2012) found that there was no significant difference between households with and without elderly people when it came to how often they were poor.

In the literature, people talk about how disability can lead to poverty and how poverty can lead to disability. Pandey (2009, p. 20) looks at NSSO data to find out how disability and poverty affect older people in India. He finds that both poverty and income inequality are more common among disabled older people, and he thinks that poverty and disability are linked among older people in India. Pandey (2009, p. 20) says that social security safety nets should be made stronger to help the elderly financially and that better health care facilities should be made available to lower the risk of disability among the elderly.

International data shows that low rates of old-age poverty are mostly due to a good social security system and strong economic growth (Barrientos 2007). The Indian government is working to improve the social security system. One important part of this is the public-funded old age pension scheme. Even though the need for old age pension is growing because it helps fight poverty, only 16% of elderly people are covered by old age pension schemes (Narayana, 2015). It has also been suggested that the poor are being left out (Kaushal 2014). This shows that the social pension scheme needs to cover more people.

2. RESEARCH METHODOLOGY:

2.1 OBJECTIVES OF THE STUDY:

To have basic understanding about NPS and APY

To study the awareness of NPS and APY among the investors.

2.2 RESEARCH TYPE: DESCRIPTIVE RESEARCH

2.3 SAMPLING TECHNIQUES: Stratified Sampling

2.4 SAMPLE SIZE: 90

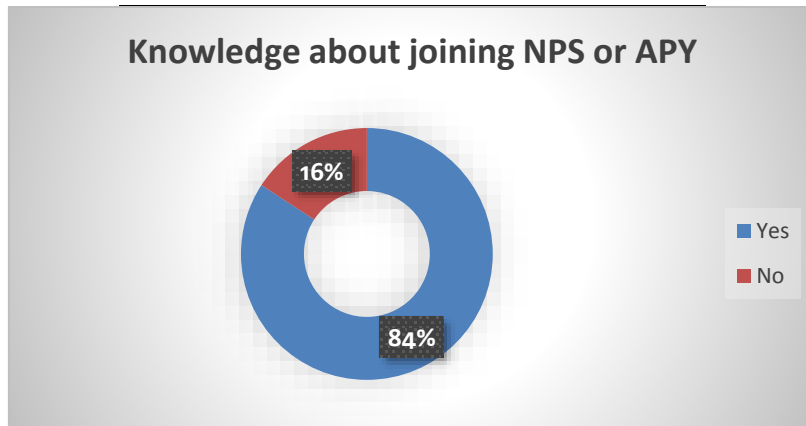
2.5 DATA COLLECTION:

Data is gathered from both primary and secondary sources. Questionnaire surveys are used to get the primary information. Secondary data comes from different sources, which are listed below. Students, businesspeople, and other educated people who live in urban areas are the only people who make up the target population. The study is done using stratified sampling, which divides the population into groups based on gender, age, and job. Keeping in mind the goal of the research, a questionnaire was made to collect information.

3. DATA ANALYSIS AND INTERPRETATION:

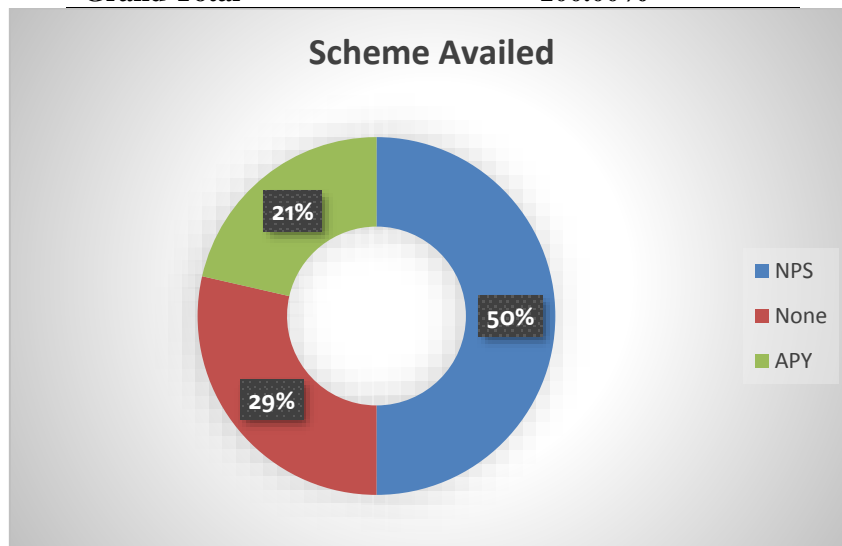
Q. Are you aware who are eligible to join National Pension Scheme or Atal Pension Yojana?

Particulars	%
Yes	84%
No	16%
Grand Total	100.00%



Q. Which of the schemes have you availed?

Particulars	%
NPS	50.00%
None	28.57%
APY	21.43%
Grand Total	100.00%

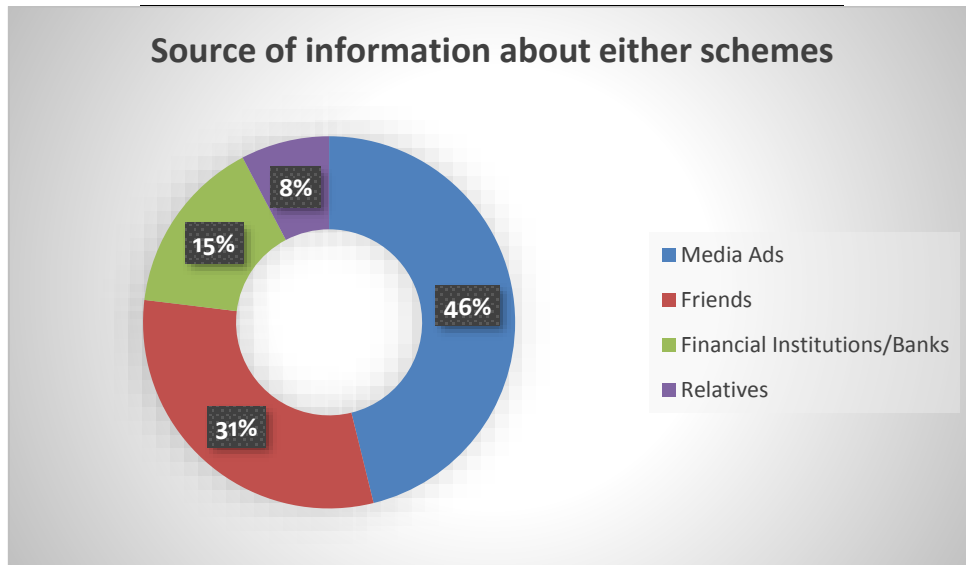


Approx 50% of respondents have taken NPS while 29% have not taken either of schemes.

Q. How did you come to know about either schemes.

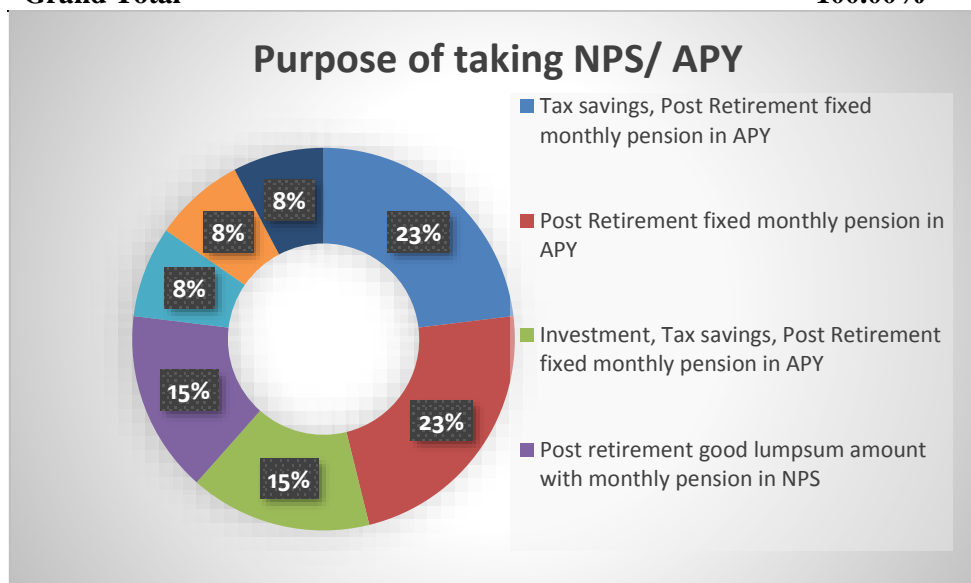
Particulars	%
Media Ads	46.15%
Friends	30.77%
Financial Institutions/Banks	15.38%

Relatives	7.69%
Grand Total	100.00%



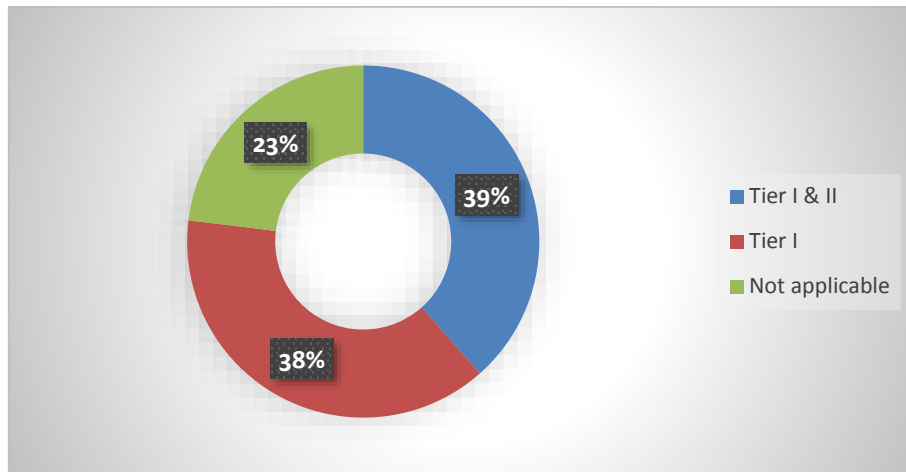
Q. What is the purpose of taking these schemes

Particulars	%
Tax savings, Post Retirement fixed monthly pension in APY	23.08%
Post Retirement fixed monthly pension in APY	23.08%
Investment, Tax savings, Post Retirement fixed monthly pension in APY	15.38%
Post retirement good lumpsum amount with monthly pension in NPS	15.38%
Not Applicable	7.69%
Tax savings, Post Retirement fixed monthly pension in APY, Post retirement good lumpsum amount with monthly pension in NPS	7.69%
Investment, Tax savings	7.69%
Grand Total	100.00%



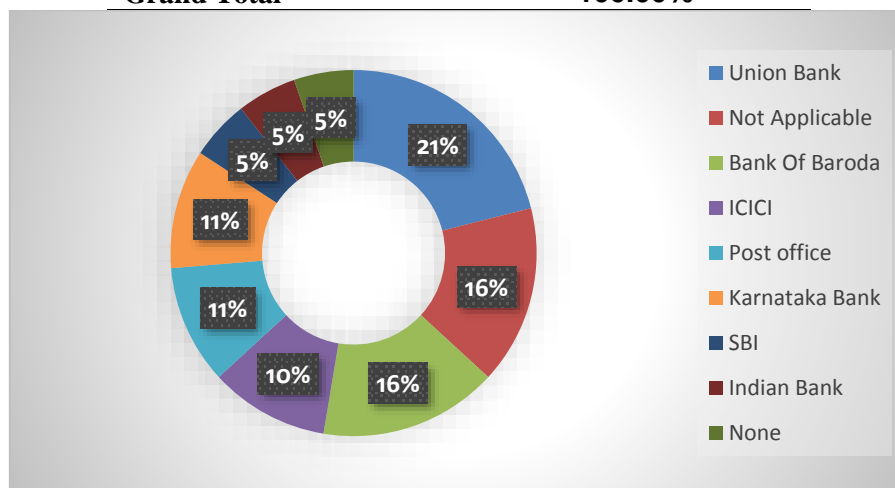
Q. Select the account you have opted under the NPS scheme?

Particulars	%
Tier I & II	38.46%
Tier I	38.46%
Not applicable	23.08%
Grand Total	100.00%



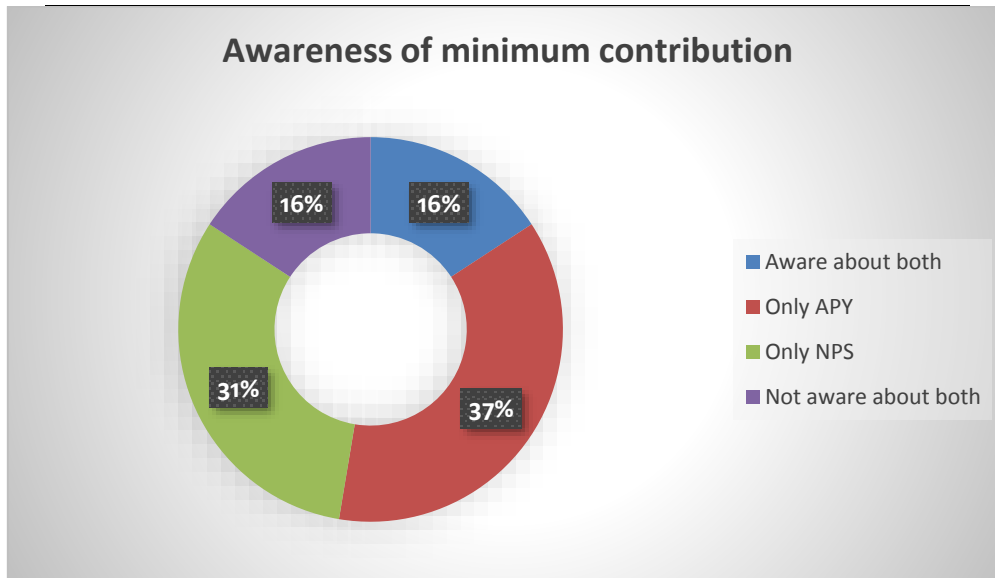
Q. With which Bank you have opened an Account under this scheme?

Particulars	%
Union Bank	21.05%
Not Applicable	15.79%
Bank Of Baroda	15.79%
ICICI	10.53%
Post office	10.53%
Karnataka Bank	10.53%
SBI	5.26%
Indian Bank	5.26%
None	5.26%
Grand Total	100.00%



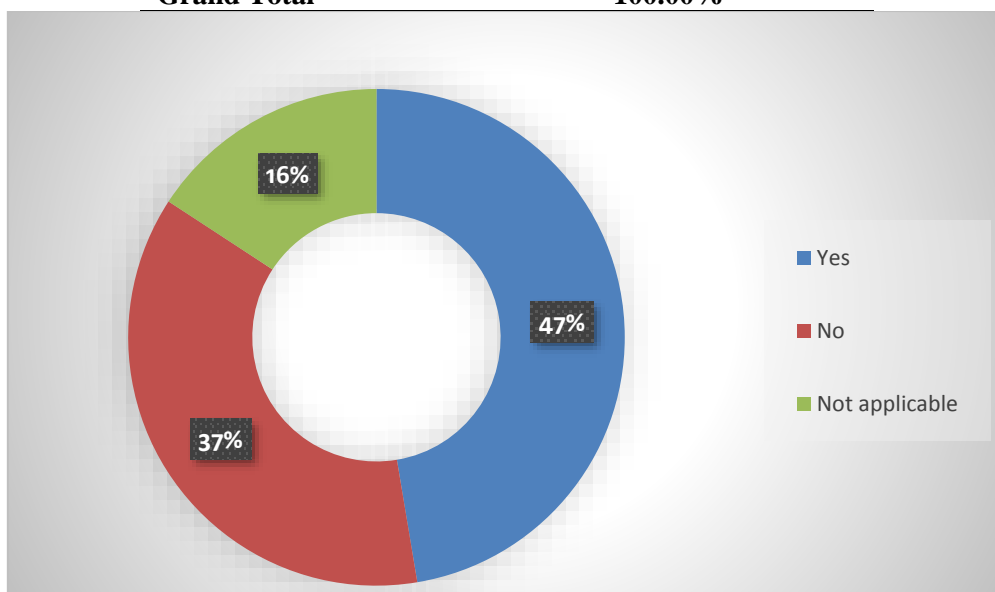
Q. Do you know the minimum amount of contribution that will be required to open the account under the schemes

Particulars	%
Aware about both	16%
Only APY	37%
Only NPS	31%
Not aware about both	16%
Grand Total	100%



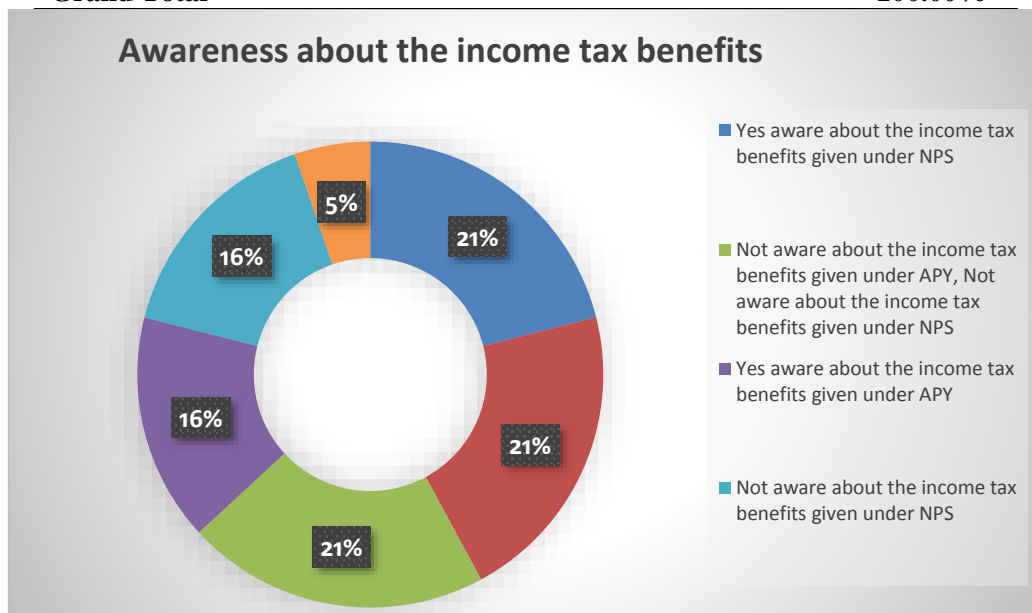
Q. Are you satisfied with the returns provided under NPS?

Particulars	%
Yes	47.37%
No	36.84%
Not applicable	15.79%
Grand Total	100.00%



Q. Are you aware about the income tax benefits that will be given under the scheme?

Particulars	%
Yes aware about the income tax benefits given under NPS	21.05%
Yes aware about the income tax benefits given under APY and NPS	21.05%
Not aware about the income tax benefits given under APY and NPS	21.05%
Yes aware about the income tax benefits given under APY	15.79%
Not aware about the income tax benefits given under NPS	15.79%
Not aware about the income tax benefits given under APY	5.26%
Grand Total	100.00%



4. FINDINGS:

According to the survey, the results are as under:

- 84% of respondents know who are eligible to join National Pension Scheme or Atal pension Yojana while 16 % of respondent have not heard about the schemes.
- From above survey we can say that maximum respondents got to know about these schemes from media advertisements and friends.
- Almost 56% investors opted these schemes for Tax saving and Post retirement fixed monthly pension.
- About 16% of the investors are aware of the about the minimum amount of contribution that is required to NPS and APY both while 37% aware about minimum amount required to open NPS account and 31% are aware about minimum amount required to open APY.
- About 47% of them are satisfied with the returns provided under NPS scheme while

approx. 16% have taken APY as it gives fixed pension post retirement.

5. LIMITATION:

- Researcher has collected information from respondents of Mumbai region only so the study remains limited to Mumbai region only
- Researcher has taken sample size of 90 Respondents.
- Researcher has limited his study only to APY & NPS schemes.

6. CONCLUSION:

In the end, we can say that NPS is a unique platform that gives investors a variety of ways to invest as well as APY is also give good opportunity to save for fixed monthly pension post retirement for their money so they can choose the best pension funds for them. APY scheme has a lot of benefits, such as a guaranteed pension, taxable benefits, a pension for the spouse. PFRDA and Banks takes various steps toward creating awareness about APY & NPS schemes still many residents don't know how the NPS and APY schemes works due to which they have not taken these schemes. So, the PFRDA and banks have to work together to create more awareness about these schemes so it will reach to maximum people and make the schemes easier for them to understand.

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