



Performance of Atal Pension Yojana since its inception: An Insight

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Abstract: As per NSSO survey of India 2011-12, 88% of total workforce of India is engaged in unorganized sector who are inadequately covered under any social security scheme. The country has taken initiatives to protect workers of unorganized sector at the old age by providing some financial benefits. Hence, the Government of India has launched Atal Pension Yojana on 9th May 2015 to protect all Indians, especially for the poor, under-privileged and the workers engaged in unorganized sector. It is primarily aimed to provide a steady stream of income to the workers of unorganized sector after the age of 60.

The responsibility to enroll individuals was given to the financial institutions. Hence, it is necessary to identify which institution has performed better than others need to be known. Hence, secondary data has been collection from the records of banks and Government records. Data are analyzed with help of excel to expose the trend of subscription.

It has been found that among six financial institutions Public Sector Banks have performed better have enrolled maximum number of subscribers under APY. since its inception. This is because initiative taken by the Government of India with help of financial institutions that have been engaged in enrolling the subscribers. With in the span of 6 years around 3.30 crores of individuals have subscribed under this scheme as on 25th August 2021.

Key Words: Atal Pension Yojana, Subscribers, Financial Institutions and Pension Schemes.

1. INTRODUCTION:

NSSO survey of 2011-12 reported that 88% of total workforces in India belong to unorganized sector who are inadequately covered under any social security scheme. Government of India had a intention to protect workers of unorganized sector particularly at old age by providing some financial benefits. Hence, the Prime Minister of India, Shri. Narendra Modi has launched *Atal Pension Yojana on 9th May 2015 at Kolkatta* to create a universal social security system for all Indians, especially for the poor, the under-privileged and the workers engaged in unorganized sector. It is primarily aimed to provide a steady stream of income to workers of unorganized sector after the age of 60 later extended to all the citizens of India. At present, there are around **3.30 crores** of individuals have subscribed under this Atal Pension Yojana **as on 25th August 2021**.

Benefits of Atal Pension Yojana

Individuals who reach the age of 18 years and below the age of 40 years can join the scheme with the monthly investment of Rs. 1000, Rs.2000, Rs. 3000, Rs. 4000, or Rs. 5000, depending on their income, for a period of 20 years. The return of pension will be based on period and amount of contribution. This is a guaranteed pension scheme which provides a fixed monthly income at the old age. This scheme is backed by the Indian government and regulated by Pension Funds Regulatory Authority of India (PFRDA). Hence, there is no risk of loss since the government assures fixed pension. Hence, individuals get steady income as they cross the age of 60 years to meet the basic needs.

2. REVIEW OF LITERATURE :

Review of Literature as a methodology offers an overview of different research in respect of research area and explores earlier studies conducted to find a gap to undertake appropriate further research in the area of interest. There are very few studies conducted in respect of Atal Pension Yojana.



Initially, there were few studies regarding social security schemes to protect the workers of unorganized sectors. Author **James Choi (2001)** has exposed the importance of social security scheme for the old age people. The study conducted by **Takeshi Yamaguchi (2006)** encouraged the employees to investment and have secure life at the old age. The study by **Wolfram Hornef (2006)** explained the importance of pension scheme after retirement. The study by **Waldo Tapia (2008)** deeply focused on investment performance and cost. It gives suggestion to pension management. Author **Debashis Basu (2015)** has taken up a study in the area of interest, found that the interest rate on APY during the accumulation stage is 7.94 per cent per month. That is below the current bank deposit rate. At the withdrawal stage, the interest rate is insultingly low- just 7.06 percent. This may attract fewer subscribers. Another problem that he found was penalty for default contribution; if subscribers fail to contribute for six months, account will be frozen; after 12 months, subscribers account will be deactivated and after 24 months, the account will be closed. The basic feature of informal workers is that they do not have fixed income and so they cannot pay fixed contribution regularly to a pension fund. This has added disadvantage to the scheme. But the present study goes from fundamental whether this scheme has got better response of public or not. Many authors who have undertaken study mainly focusing on negative aspect of APY. In the line of these, **Prasad and Sahasranaman (2015)** have pointed out two limitations of Atal Pension Yojana which includes lack of inflation indexation and conservative investment mix. Because of inflation the corpus may erode overtime hence to meet the goal of proposed NPS and 85% of fund will be invested in bonds which will affect the retirement corpus. But they fail to study how individuals from informal sector response the scheme. **Sandeep & Namratha Sharma (2015)** in their research have suggested that the expected rate of interest may be reduced in future if the economy does not grow as expected level. Many authors put effort to know how the Government is going to utilize the fund to get expected yield. It is not very clearly and doubtful. The present study explores, in spite of these limitations, how this scheme got response of 3.30 crores. The studied by **Vidyashree & Rathod (2015)** have concluded that the subscribers for PMJJBY, PMSBY and APY schemes are at increasing phase wise, however if implemented still more properly and the benefit is passed on to the real subscriber it will go a long way in establishing a social security system to the large section of society which has remain uncovered. This is true. When the subscribers unable to pay the subscription fee the Government need to pay on behalf of the subscribers since they work under informal sectors fetch them unstable income. In the line of these, **Sudindra (2016)** in his study has exposed that APY scheme is introduced to protect the workers of unorganized sector; the objective will not serve the purpose if the Government fail to contribute during unemployment period. To cater the need of unorganized sector workforce government has to contribute more amount in this scheme. Atal pension yojana, is a scheme/plan for resident of India, it mainly concentrated on unorganized 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 investors.

3. Research Gap :

This literature review shows that sufficient amount of research work is done in the area of NPS and social security schemes to protect the workers of unorganized sectors. There are little studies have been conducted in the areas of Atal Pension Yojana since its inception. It is very high time to study the response of public towards Atal Pension Yojana. The present study focuses on the response of public towards Atal Pension Yojana since its inception 2015 and its growth of subscribers.

4. Objectives of the Study :

Given the survey of literature and scope, the following objective have been established for the purpose of the study is:

1. **To explore trend of increase of subscribers under Atal Pension Yojana since its inception.**
2. **To identify the bank that has enrolled maximum subscribers under Atal Pension Yojana since its inception.**

The present study attempt to know the number of individuals subscribed yearly under Atal Pension Yojana.

5. RESEARCH METHODOLOGY :

This study is based on secondary data, mainly collected from earlier research and the data bank of Government of India. Data are collected in respect of Atal Pension Yojana from National Securities Depository Limited and Press Information Bureau, Pension Fund Regulatory and Development Authority, Government of India. The data are presented in table and in the diagram to understand the hidden information. Here, R-squared estimates the relationship between movements of a dependent variable based on an independent variable's movements. The present research attempts to expose the response of individuals enrolled under APY scheme since 2015.



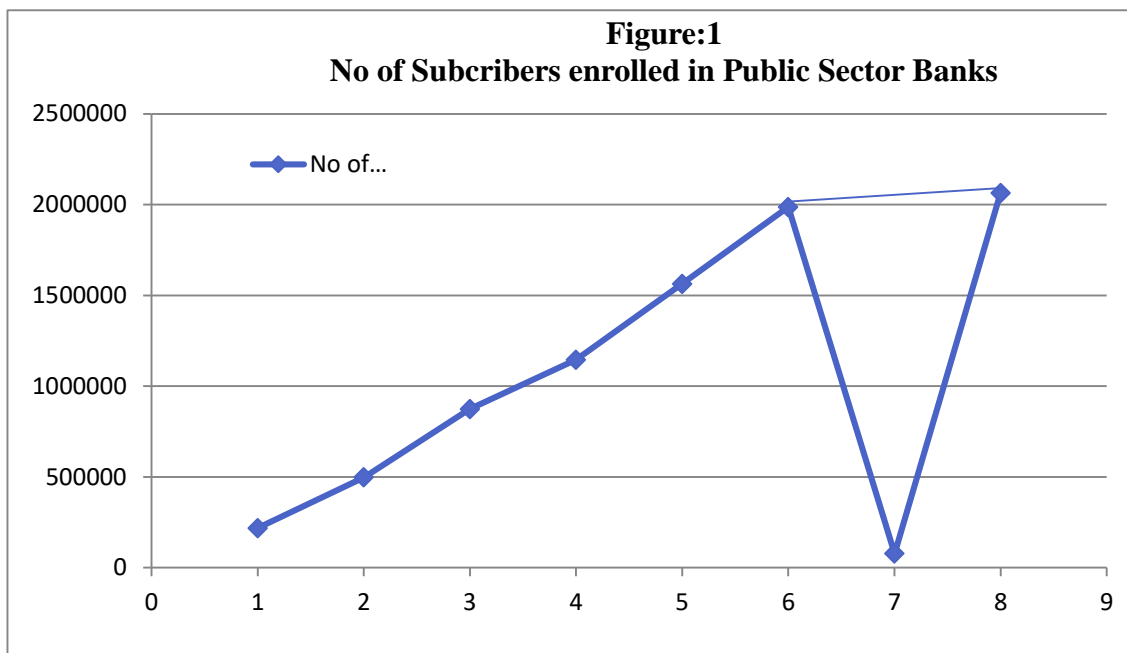
6. RESULT & DISCUSSION :

Atal Pension Yojana is a social security scheme introduced by Government of India in the year 2015 to protect the workers of unorganized sector at old age by providing some financial benefits. This scheme has received overwhelming response of **3.30 crore** subscribers as on 25th August 2021. It has been observed that number of subscribers increased at faster rate. Hence, this paper attempt to explore the pattern of increase of subscriber under APY. The following **Table No: 1** exposes the Annual Trends of increase of subscriber under APY since 2015.

Category of Banks	As on (March 31, 2016)	As on (March 31, 2017)	As on (March 31, 2018)	As on (March 31, 2019)	As on (March 31, 2020)	As on (March 31, 2021)	Additions from April 1, 2021 to August 25, 2021	As on (August 25, 2021)
	1	2	3	4	5	6	7	8
Public Sector Banks	16,93,190	30,47,273	65,53,397	1,07,19,758	1,56,75,442	2,12,52,435	20,74,420	2,33,26,855
Private Banks	2,18,086	4,97,323	8,73,901	11,45,289	15,62,997	19,86,467	77,875	20,64,342
Small Finance Bank & Payment Bank				57,372	3,59,761	8,53,914	2,24,705	10,78,619
Regional Rural Banks	4,76,373	11,15,257	19,87,176	31,71,152	43,30,190	57,10,770	4,21,104	61,31,874
Cooperative Banks	21,903	33,978	45,621	54,385	70,556	80,073	4,554	84,627
DOP	75,343	1,89,998	2,45,366	2,70,329	3,02,712	3,32,141	7,774	3,39,915
Total	24,84,895	48,83,829	97,05,461	1,54,18,285	2,23,01,658	3,02,15,800	28,10,432	3,30,26,232

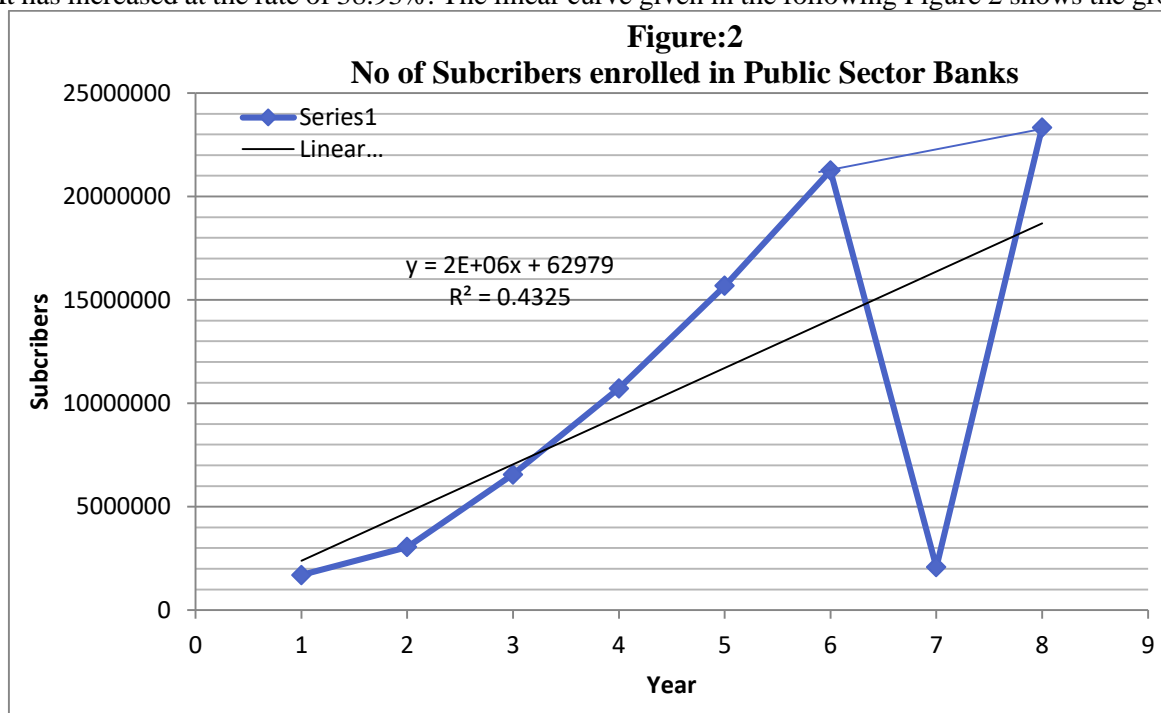
Source: <https://pib.gov.in/> <https://npsra.nsdl.co.in/> Pension Fund Regulatory and Development Authority

The above table-1 clearly indicates that the number of subscribers have increased yearly. In the end first year 2016 the total number of subscribers were around **24,84,895** which has been increased into **3,02,15,800** at the end of 2021. The subscribers have increased at rate of 38.57% since 2015. There are six financial institutions who have engaged in enrolling public under APY. Among the banks, the Public Sector Banks have performed better than other financial institutions. At the end of 2016, there were around 16,93,190 have enrolled which have increased into 2,12,52,435 at the end of 2021. It has increased at the rate of 38.93%. The trend of enrollment in private banks is less than public sector banks. It has increased the subscribers from 2,18,086 at end of 2016 into 19,86,467 at the end of 2021. It has increased at the rate of 34.17%. In case of Small Finance Bank & Payment Bank, the increase is realized at the rate of 70.90%, but the total enrollment is less compare with other banks. The performance of Regional Rural Banks in enrolling the subscribers have increased from 4,76,373 in 2016 into 57,10,770 at the end of 2021. This is increased at the rate of 37.88%. The enrollment of Cooperative Banks is increased from 21,903 at the end of 2016 into 80,073 at the end of 2021. But the contribution of Post of Office is better than Cooperative Banks. It has increased from 75,343 at the end of 2016 into 3,32,141 at the end of 2021. There is an average increase of 22.24% every year. Good number of individual have subscribed under APY after 1st April 2021 which have reached 3.30 crores as on 25th August 2021. This trend shows that the scheme has got better response from the public. The above collected data are presented in the following diagram to get better understanding.



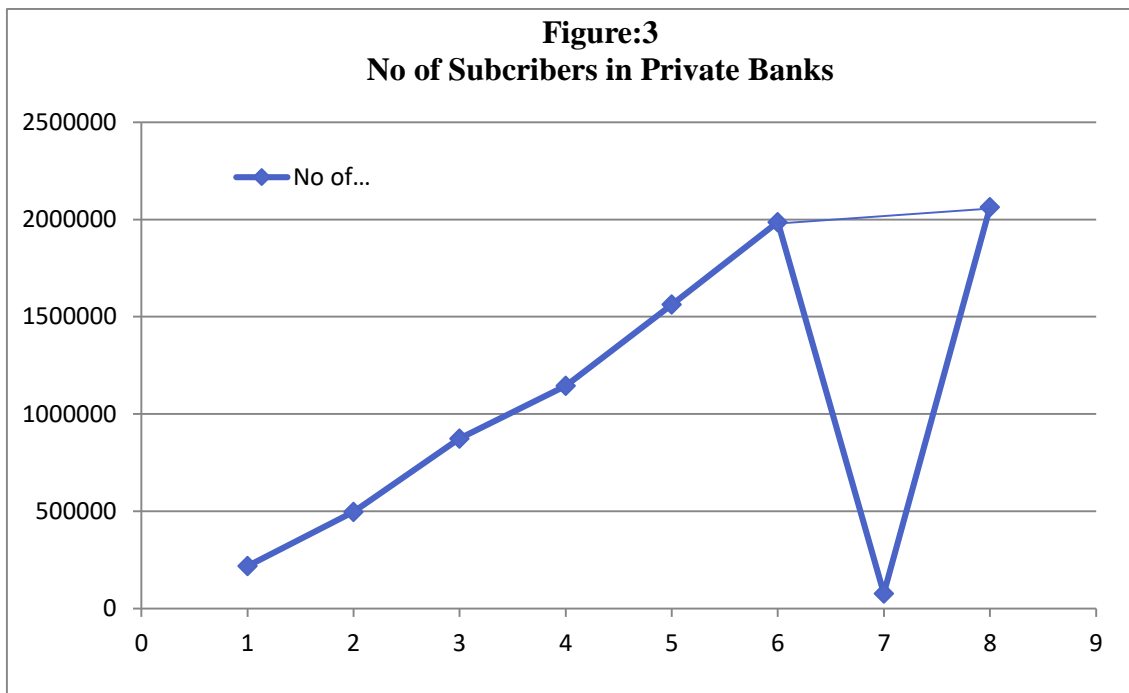
Source: Computed by Author

The Figure 1, exposes the performance of Public Sector Banks in enrolling the subscribers under Atal Pension Yojana. X-axis indicates the years from 2016 to 2021 and Y-axis indicates the number of subscribers enrolled in the APY. At the end of 2016, there were around 16,93,190 have enrolled which have increased into 2,12,52,435 at the end of 2021. It has increased at the rate of 38.93%. The linear curve given in the following Figure 2 shows the growth trend.



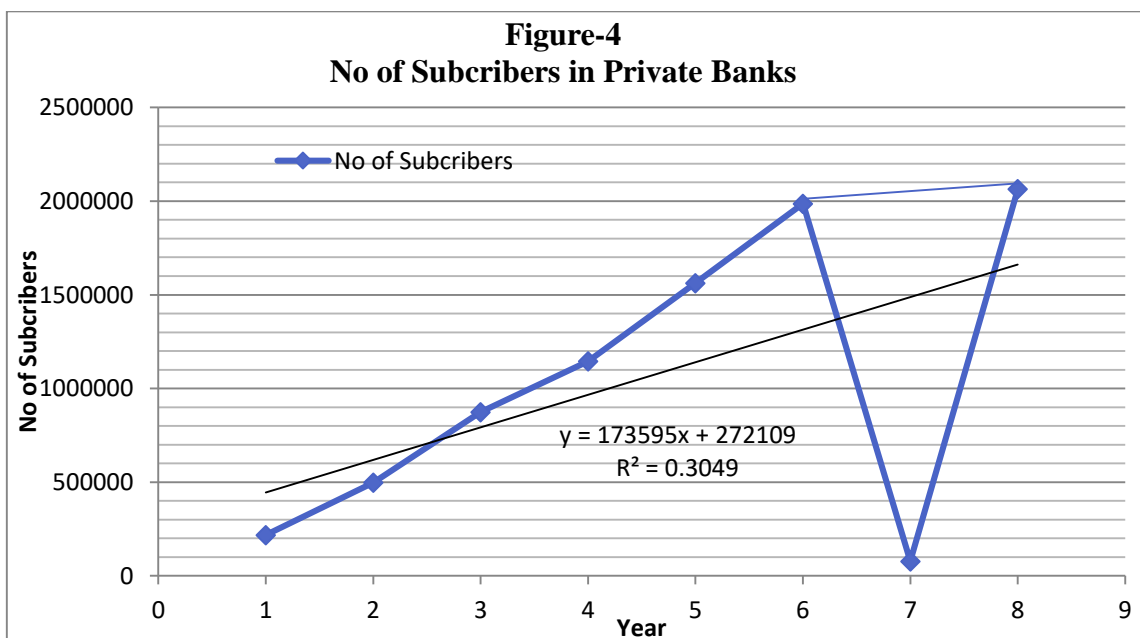
Source: Computed by Author

In Figure 2, the performance of Public Sector Banks in enrolling the subscribers under Atal Pension Yojana is exposed. X-axis indicates the years from 2016 to 2021 and Y-axis indicates the trend of increase of number of subscribers enrolled in the APY. Here, the R^2 is 0.432. The performance of the private banks is presented in the following diagram.



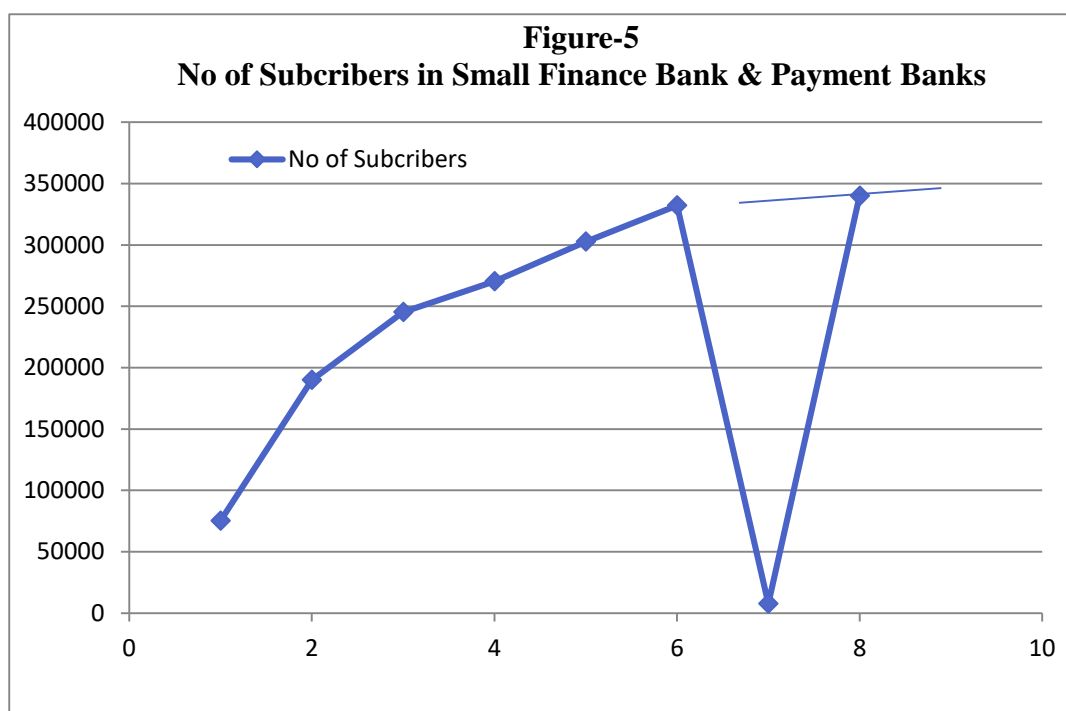
Source: Computed by Author

The Figure 3, exposes the performance of Private Banks in enrolling the subscribers under Atal Pension Yojana. X-axis indicates the years from 2016 to 2021 and Y-axis indicates the number of subscribers enrolled in the APY. At the end of 2016, there were around 2,18,086 have enrolled which have increased into 19,86,467 at the end of 2021. It has been increased at the rate of 34.17% per year. The linear curve given in the following Figure 4 shows the growth trend.



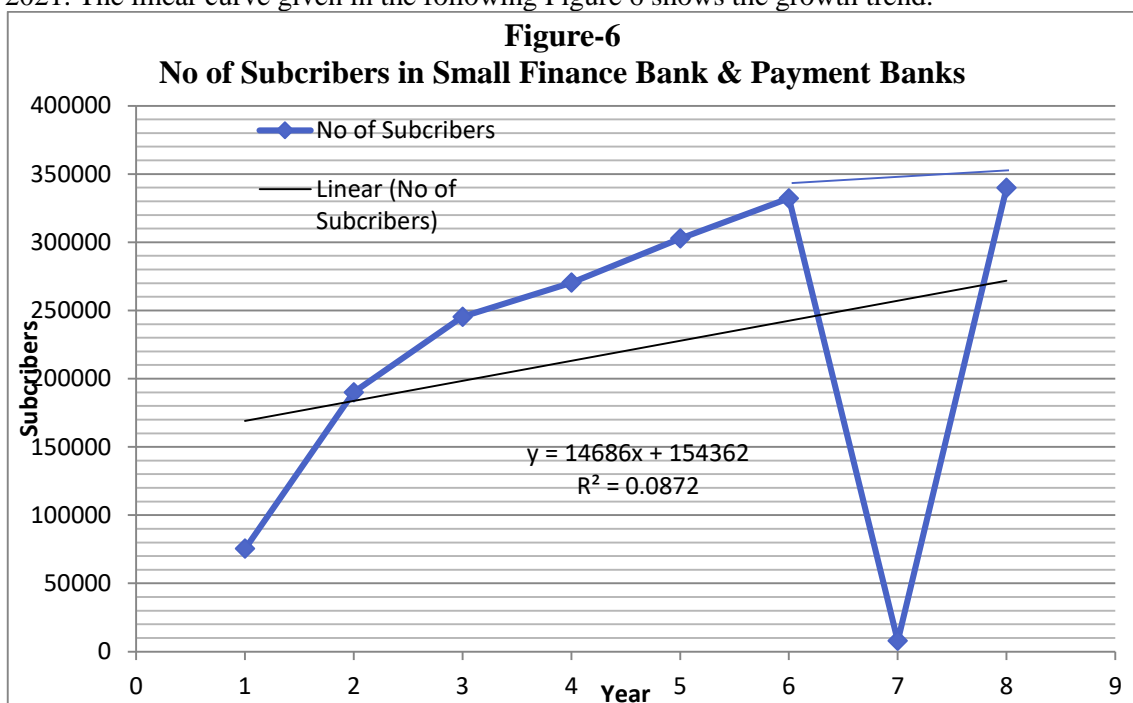
Source: Computed by Author

In Figure 4, exposes the performance of Private Banks in enrolling the subscribers under Atal Pension Yojana. X-axis indicates the years from 2016 to 2021 and Y-axis indicates the trend of increase of number of subscribers enrolled in the APY. R^2 indicate the relationship which is 0.304. The performance of the Small Finance Bank & Payment Banks is presented in the following diagram.



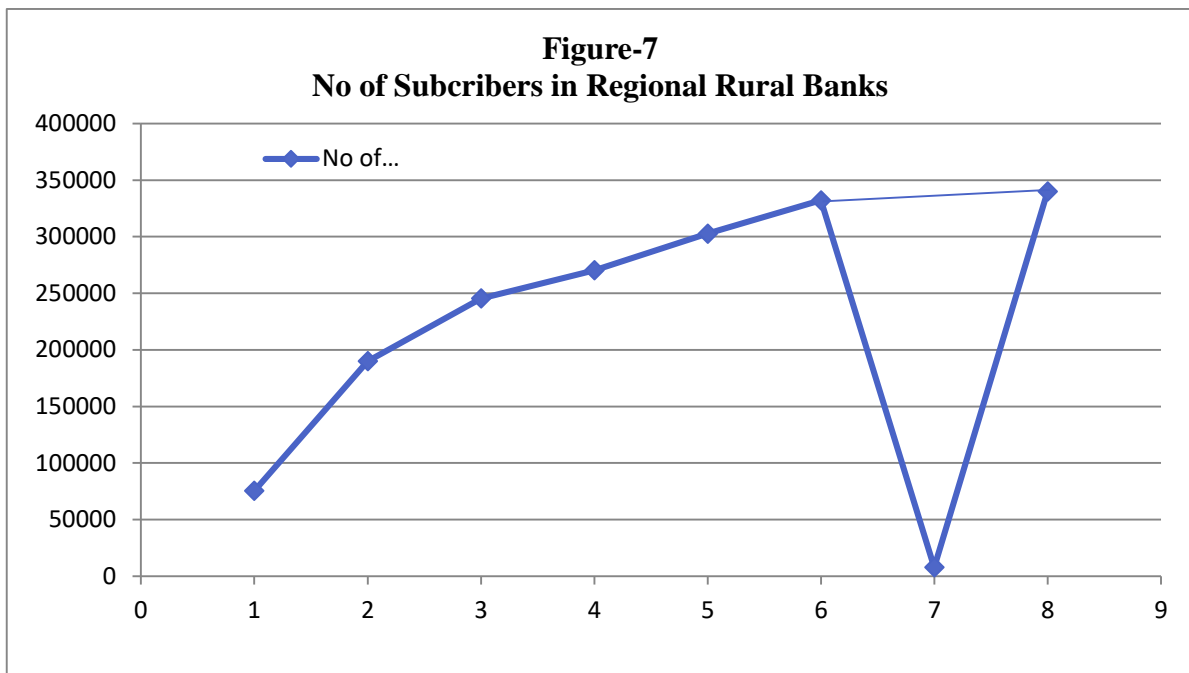
Source: Computed by Author

The Figure 5, exposes the performance of Small Finance Bank & Payment Bank in enrolling the subscribers under Atal Pension Yojana. X-axis indicates the years from 2019 to 2021 and Y-axis indicates the number of subscribers enrolled in the APY. At the end of 2019, there were around 57,372 have enrolled which have increased into 8,53,914 at the end of 2021. The linear curve given in the following Figure 6 shows the growth trend.



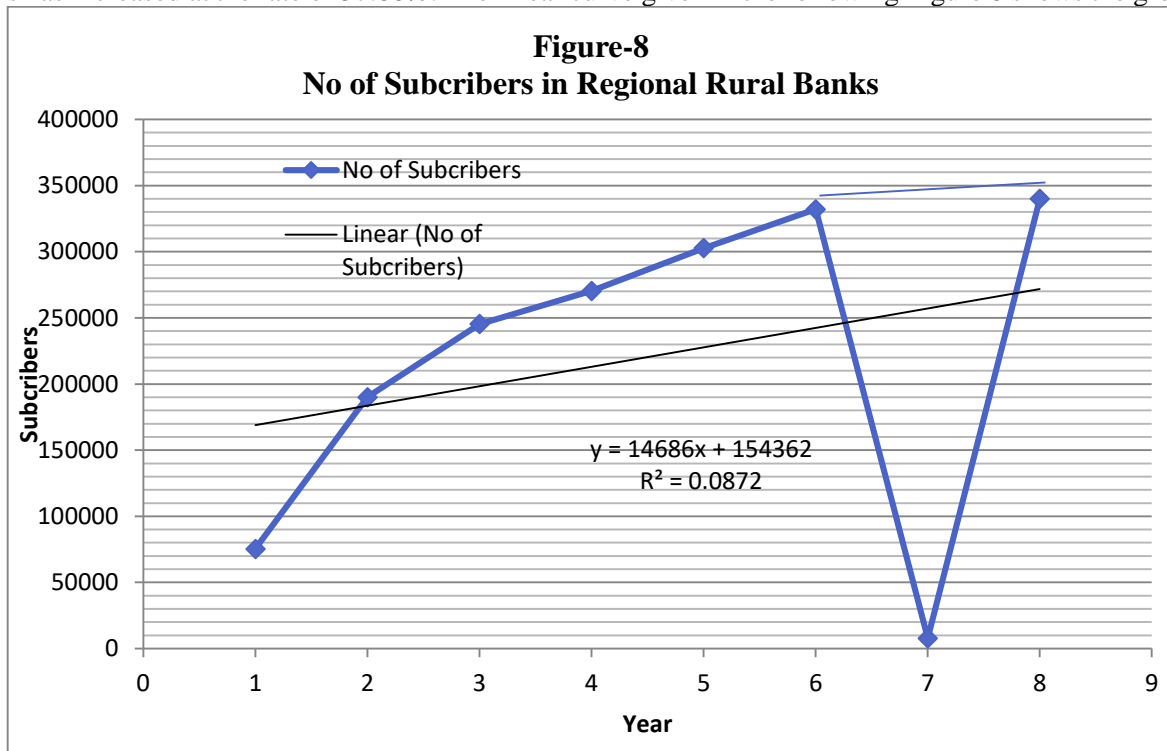
Source: Computed by Author

In Figure 6, exposes the performance of Small Finance Bank & Payment Banks in enrolling the subscribers under Atal Pension Yojana. X-axis indicates the years from 2016 to 2021 and Y-axis indicates the trend of increase of number of subscribers enrolled in the APY. R^2 indicate the relationship which is 0.087. The performance of the Regional Rural Banks is presented in the following diagram.



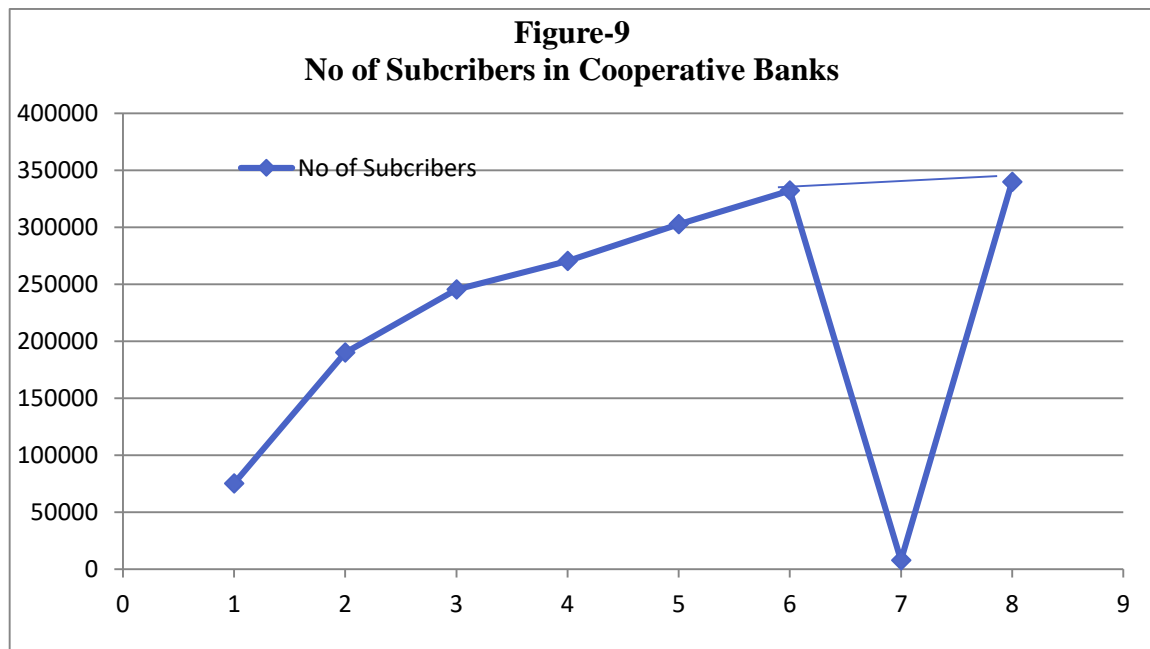
Source: Computed by Author

The Figure 7, exposes the performance of Regional Rural Banks in enrolling the subscribers under Atal Pension Yojana. X-axis indicates the years from 2016 to 2021 and Y-axis indicates the number of subscribers enrolled in the APY. At the end of 2016, there were around 4,76,373 have enrolled which have increased into 57,10,770 at the end of 2021. This has increased at the rate of 37.88%. The linear curve given in the following Figure 8 shows the growth trend.



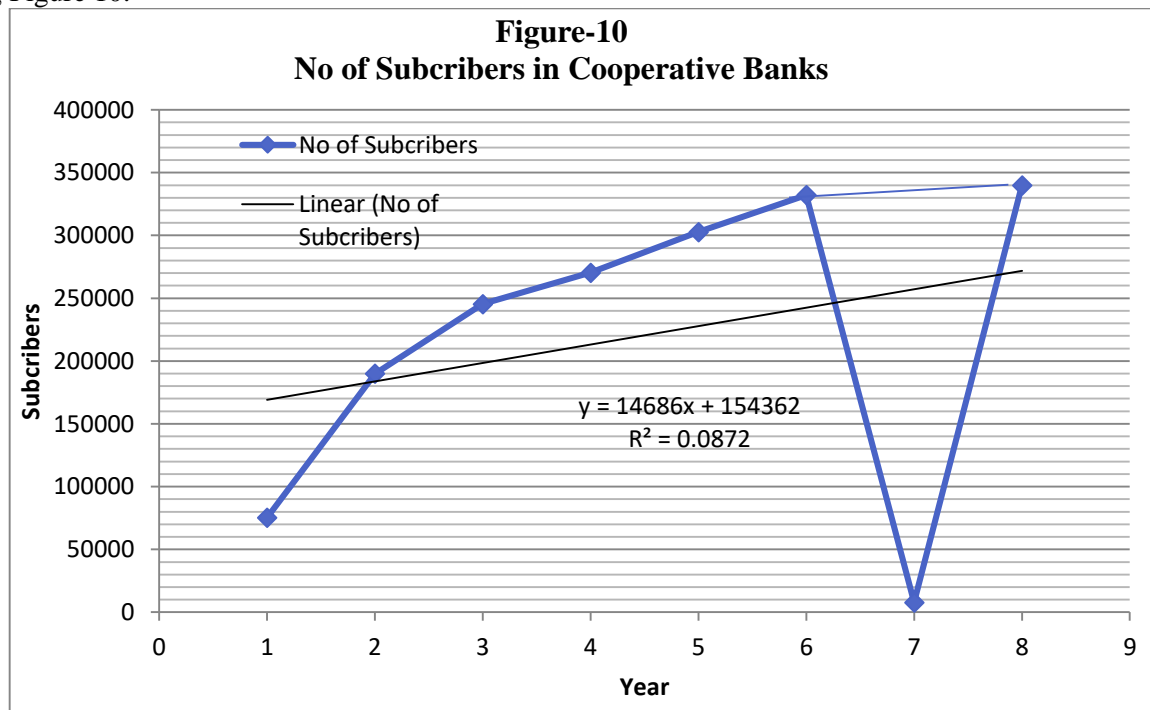
Source: Computed by Author

The Figure 8, exposes the performance of Regional Rural Banks in enrolling the subscribers under Atal Pension Yojana. X-axis indicates the years from 2016 to 2021 and Y-axis indicates the trend of increase of number of subscribers enrolled in the APY. R^2 indicate the relationship which is 0.087. . The performance of the Cooperative Banks is presented in the following diagram.



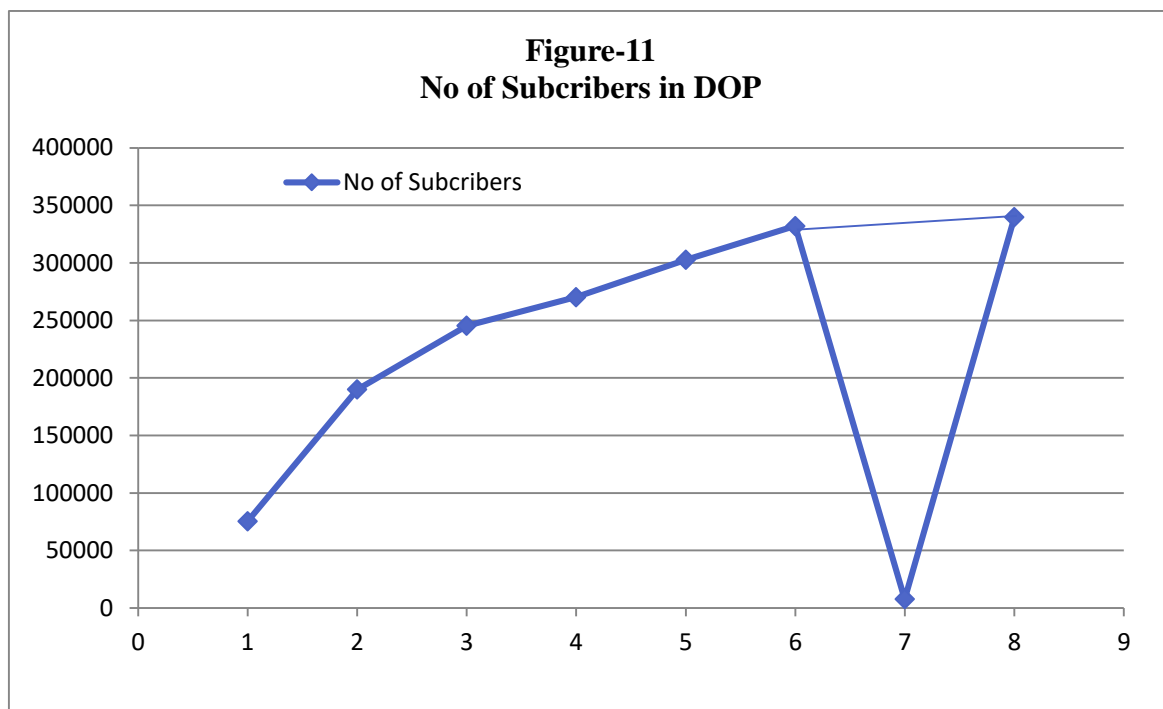
Source: Computed by Author

The Figure 9, exposes the performance of Cooperative Banks in enrolling the subscribers under Atal Pension Yojana. X-axis indicates the years from 2016 to 2021 and Y-axis indicates the number of subscribers enrolled in the APY. At the end of 2016, there were around 21,903 have enrolled which have increased into 80,073 at the end of 2021. Cooperative Banks performance is very poor compare with other financial institutions. The linear curve is shown in the following Figure 10.



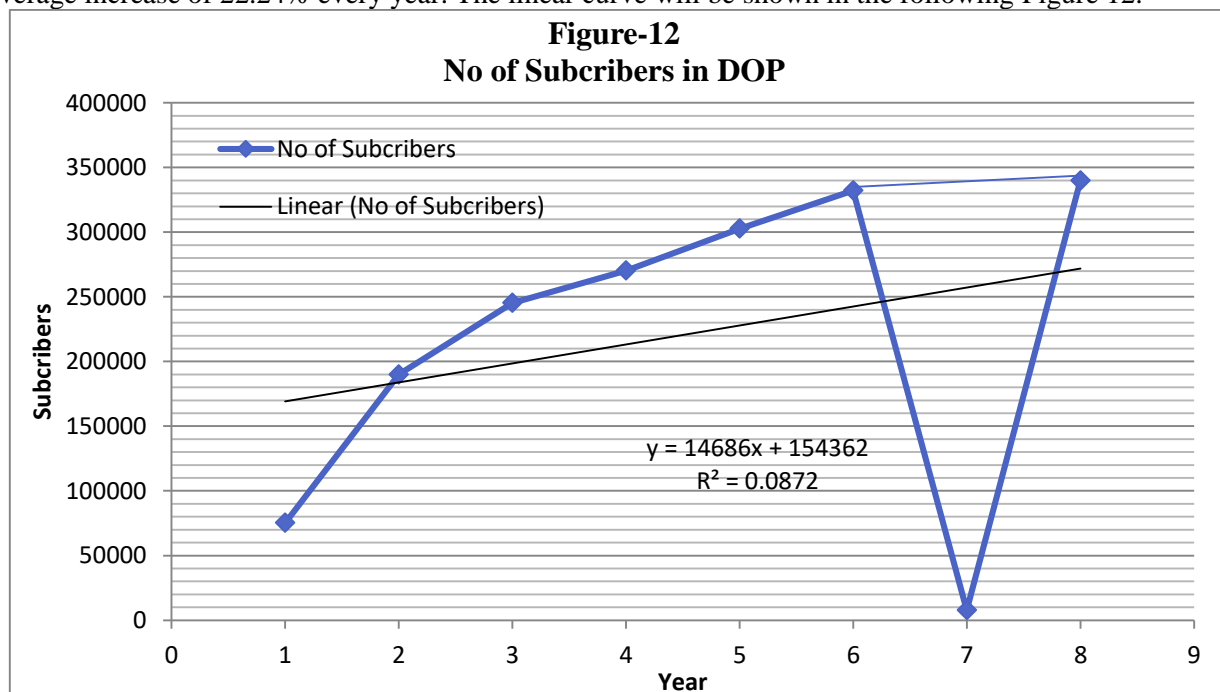
Source: Computed by Author

In Figure 10, exposes the performance of Cooperative Bank in enrolling the subscribers under Atal Pension Yojana. X-axis indicates the years from 2016 to 2021 and Y-axis indicates the trend of increase of number of subscribers enrolled in the APY. R^2 indicate the relationship.



Source: Computed by Author

The Figure 11, exposes the performance of Public Office in enrolling the subscribers under Atal Pension Yojana. X-axis indicates the years from 2016 to 2021 and Y-axis indicates the number of subscribers enrolled in the APY. At the end of 2016, there were around 75,343 have enrolled which have increased into 3,32,141 at the end of 2021. There is an average increase of 22.24% every year. The linear curve will be shown in the following Figure 12.



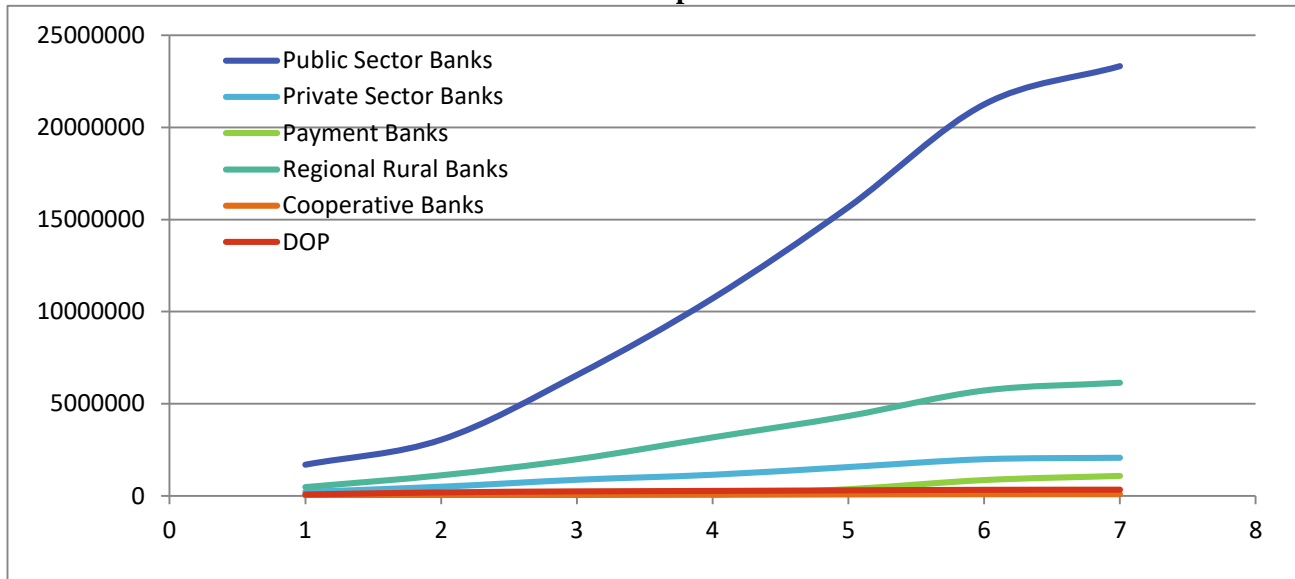
Source: Computed by Author

In Figure 12, exposes the performance of Post Office in enrolling the subscribers under Atal Pension Yojana. X-axis indicates the years from 2016 to 2021 and Y-axis indicates the trend of increase of number of subscribers enrolled in the APY. R^2 indicate the relationship.

The following **Figure 13** illustrates the performance of different banks in enrolling subscribers since its inception.



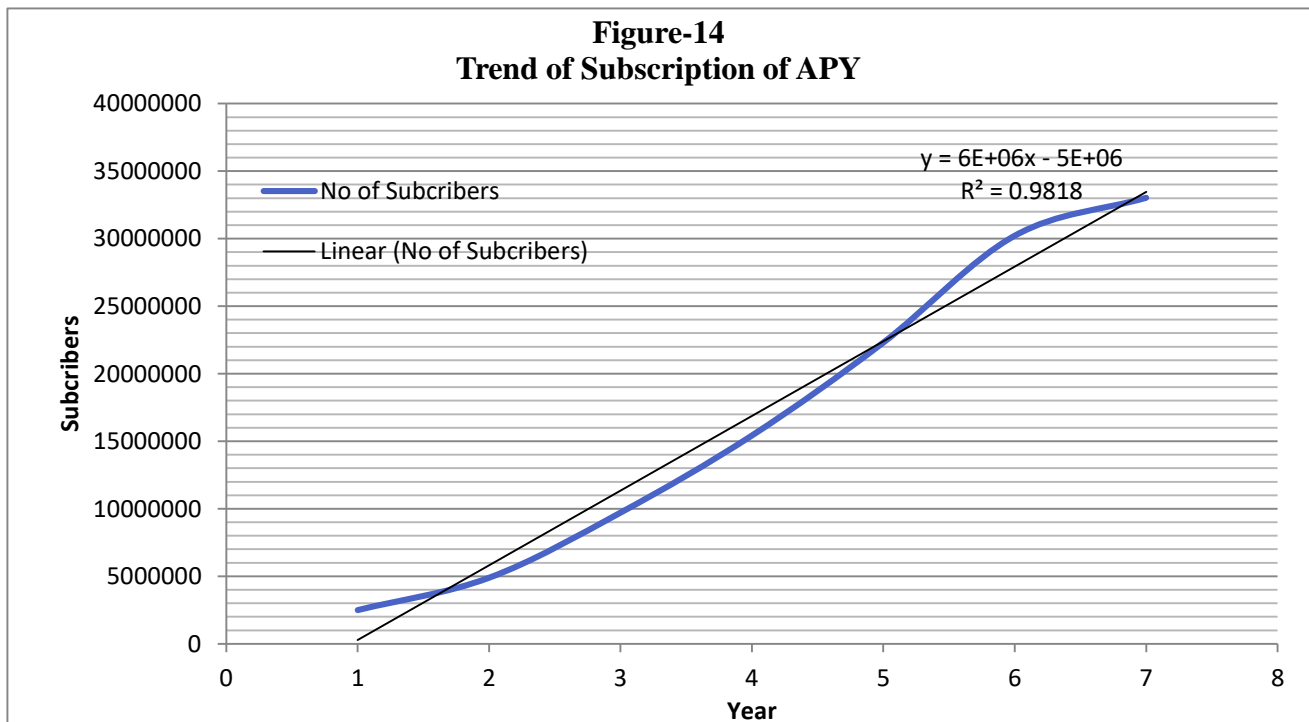
Figure-13
Trend of Subscription of APY



Source: Computed by Author

It has been found that the public sector banks have enrolled subscribers better than other banks and followed by private sector banks. The performance of small payment banks, regional rural, cooperative banks have not enrolled as expected level. Though the Department of Post enrollment is better, it needs appoint representative to enroll subscribers and have to do aggressive marketing. Since, it is a welfare scheme for public. The curves shows upward trend of enrollment but the ratio of workforce of unorganized sector and the current enrollment has a great variation. The future trend of APY is presented in the following diagram 14.

Figure-14
Trend of Subscription of APY



Source: Computed by Author

In this figure-14, the trend of subscription of APY moves up warded direction which means more individuals will be enrolled shortly under this program. The relationship between the year and enrollment i.e R^2 is 0.981, has 98%.



Hence, it has been concluded that the APY has better response from public. Therefore, individuals and workforce belong to unorganized sector need to join this scheme to secure for their future at old age to get some financial gain.

7. Limitations :

The present study based on secondary data. The opinion of individuals engaged in unorganized need to be collected. This study is one sided and has not gone in-depth. There are various factors that influencing the subscriber in enrolling need to be studied. Hence, it has lot of limitation that can be overcome by under taking different study in the same field.

8. CONCLUSION :

Financial institutions are engaged in subscribing individuals under Atal Pension Yojana. There are six banks involved in enrolling individuals under this scheme. Of which public sector banks has performed very well compare with other banks. This is because of various programs conducted by Government of India to popularize the scheme. Still than more initiatives are required on the part of Government to popularize the scheme to achieve the objective for which it is introduced. This is boon to workers of unorganized sector to get financial benefits at old age. It seems 88% of total workforce of India is engaged in unorganized sector. But a fraction of workforce is subscribed under this scheme. Hence it needs a special attention. There are number of drawbacks which discouraged individual to subscribe because fluctuation of income and penalty system. Hence Government has to remove the penalty system and come forward to assist the individuals financially at the time low income to continue their subscription.

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