

A Study on Investor Perception towards Pension Schemes with Special Reference to Palakkad

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Abstract- Retirement planning has become an essential part of one's life owing to the increased life expectancy and cost of living. The Government of India started the National Pension System under the Pension Fund Regulatory and Development Authority (PFRDA) to take the citizens under the affordable social security scheme. NPS is a low cost; tax efficient, flexible and portable Scheme. Employees and employers both contribute to the scheme. The wealth generated from the scheme depends on the investment growth derived from the contributions made. Consequently, the greater the value of contributions, the greater the investment achieved.

Indexed Terms- pension scheme, life expectancy, social security, portable scheme.

I. INTRODUCTION

National pension system is retirement saving scheme launched by the government of India. It is one of the saving schemes during the working life to get an prompt retirement income. The main advantage of the scheme is low cost, tax saving and flexible. All Indian citizen and NRI citizen are applying for this pension scheme. Minimum age for applying the scheme is between the age of 18-60 years.

National pension scheme is quarterly equity instrument where 40% of amount is exempted from income tax and 60% of amount is taxable as per income tax act. The person can open NPS account anywhere of the world through the banks and specialised financial institutions.

As per the income tax act provide additional benefit to investors of Rs -50000 under section 80ccd (ib) of the income tax. The amount which is over the Rs 1.5 lakh exemption of section 80c. The union budget 2017 express that, 25 % exemption for their contribution made by an employee. This scheme

provides an opportunity to premature partial withdrawal .it is applicable in relaxation to the assessment year 2018-2019, with effect from 1st April 2018.

Retirement planning has essential part of the life it will helpful for increased life expectancy and standard of living. The government of India started NPS system under PFRDA it provides the affordable social security scheme with low cost, tax efficient, flexible and portable scheme. Employee and employer contribute to the schemes that the greater value of contributions, the greater the investment achieved.

II. OBJECTIVE

- To study the perception of investors towards the investment in pension schemes.
- To study the area of dissatisfaction in investing the pension schemes.

III. SCOPE OF THE STUDY

The present research work is conducted to study the investor's perception towards pension scheme in palakkad town. It helps to understand the basic concept of social security, perception and attitude and problem relating to pension schemes.

IV. SIGNIFICANCE OF THE STUDY

A study on preferences and level of satisfaction thus assume a greater significance in the formulation of different pension schemes for the development of subscribers. Pension schemes can provide protection in the form of lump sum pension to dependents in the event of a member's death, in order to encourage pension schemes, the state provide tax relief on contributions made to pension schemes and the growth in their investment.

V. STATEMENT OF THE PROBLEM

The problem studied in present work is “A STUDY ON INVESTORS PERCEPTION TOWARDS PENSION SCHEMES” .The study has been undertaken to formulate and test the different hypothesis .To find the following question.

- What are the factors influencing in pension schemes?
- To study the problem faced the investors.

VI. RESEARCH METHODOLOGY

The research can be done successfully only the systematic approach towards the problem. It deals with the objective of the study, the method of defining the problem, the study of data collected, methods 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 study.

VII. RESEARCH DESIGN

Research design is the conceptual structure with in which the research is conducted .The 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 pension schemes.

The study is based on both primary and secondary data

VIII. SAMPLE DESIGN

- Structured questionnaire: A Structured questionnaire is used for collecting information.
- Sample size: 300 samples
- Sampling method: Purposive sampling method.

IX. TOOLS AND TECHNIQUES

After completing the collection of primary and secondary data. The collected data has been properly tabulated. The tabulated data has been properly analyzed by using the statistical tools percentage analysis and weighted ranking techniques etc...

X. LIMITATION OF THE STUDY

- The time of the study was limited.
- The study is depicts 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 survey it was observed that some respondent were reluctant to give correct information in certain areas.

XI. REVIEW OF RELATED LITERATURE

- 1) John murphy (2013):- This study is mainly focused on health and retirement study to analyzed the psychological and social variables related with study. Statistical tools helped to explores were used to find out the relationship between financial literary and several economic and psychosocial variables. He found that financial satisfaction and belief are correlated with financial literary.
- 2) Liat hadar et al (2013):- This study is mainly focused to check whether the consumer objective knowledge. Regarding financial instrument can dissuade willingness to invest when such attempt. Contract consumer’s subjective knowledge he used different subjective knowledge manipulations and investment products to show that investments decisions are influenced by SK independent of ok. He found that willingness to passé a risky investment increase when Subjective knowledge is high.
- 3) Christopher Tamboriui(2013):- This study give an unique opportunity to trace the longitudinal changes is DC retirement account contributions of a sample of private sector workers who participated is a DC plan in 2007 and remained with the same employer throughout the recursion. They conclude that several job characteristics most notably a decline in real earning were linked to decline in participants contributions to defined contribution retirement plans discussing the recursion of 2007-2009.

4) Alan Gustman(2012):- This study is focused on financial knowledge of proem’s and social security play an intermediary role in linking numeracy to wealth . He select four set of variables ever used in the analysis. The result said there is convincing evidence that numeracy is related to wealth held outside of person’s and social security.

5) Annamaria lusardi(2012):- In her study mainly focusing of the level of financial literacy among the older population provides reason for worry. More over using instrumental variables estimates for financial knowledge we find a positive effect of financial literacy on retirement preparation. Employing the panel feature of our dataset she show that financial knowledge has a causal impact on retirement planning. Her findings suggest that the formation of pension expectations might be an important mechanism contributing to the impact of financial literacy on planning.

XII. DATA ANALYSIS AND INTERPRETION

TABLE 4.1 SHOWING GENDER OF THE RESPONDENT

OPTIONS	FREQUENCY	PERCENT
MALE	229	76.3
FEMALE	71	23.7
Total	300	100.0

INTERPRETATION

From the above table shows that age wise classification of respondents. It found that out of 300 respondents 229respondents are male and 71 respondents are belonging to female investors.

Table 4.2 TABLE SHOWING EDUCATION QUALIFICATION

OPTION	FREQUENCY	PERCENT
10th	114	38.0
PLUS TWO	77	25.7
GRADUATE	76	25.3
POST GRADUATE	33	11.0
Total	300	100.0

INTERPRETATION

From the above table shows that 114 respondent belonging 10th standard others are belonging to plus two, graduate, post graduate.

Table 4.3 SHOWING THE OCCUPATION OF RESPONDENT

OPTION	FREQUENCY	PERCENT
PRIVATE JOB	44	14.7
BUSINESS	16	5.3
RETIRED	184	61.3
GOVT JOB	56	18.7
Total	300	100.0

INTERPRETATION

From the above table shows that 61.3% of respondent are retired person, 18.7% of respondent are belong to govt job, 14.7% of respondent are private job and 5.3% of respondent are business people.

Table 4.4 SHOWING MONTHLY INCOME

OPTION	FREQUENCY	PERCENT
Valid UPTO 10000	21	7.0
20000-30000.	135	45.0
30000-40000	56	18.7
ABOVE 40000	88	29.3
TOTAL	300	100.0

INTERPRETATION

From the above table shows that most of the respondent are income between 20000-30000.

Table 4.5 SHOWING PERCENTAGE OF SAVING

OPTION	FREQUENCY	PERCENT
Valid LESS THAN 5%	11	3.7
5-10%	123	41.0
10-20 %	93	31.0
ABOVE 20%	73	24.3
Total	300	100.0

INTERPRETATION

From the above table shows that most of the respondent are savind their income of 5-10%.

Table 4.6 SHOWING THE PURPOSE OF SAVING

OPTION	Frequency	Percent
CHILDREN EDUCATION	184	61.3
CHILDREN MARRIAGE	39	13.0
MEDICAL PURPOSES	60	20.0
TAX BENEFITE	17	5.7
Total	300	100.0

INTERPRETATION

From the above table most of the respondent are used their savings to children education and medical purpose.

Table 4.7 MEAN RANK OF PERCEPTION TOWARDS PENSION SCHEME

OPTION	MEAN	RANK
Social security	2.16	9
Awareness about NPS	2.37	8
Lump sum amount need at the time retirement	1.42	13
Legal Regulation	3.28	1
NPS favorable to pensioners	3.17	2
Interest rate	3.05	3
Excepted rate of return	2.98	5
Grievance redressal	2.14	10
Investment in stock market	3.02	4
Suitable for long term investment	1.23	14
Tier 1 and Tier 2 accounts in NPS	1.53	12
10% contribution by employer is enough	2.26	7
Tax exemptions	1	15
Public financial management system is true decision maker for their investment	2.46	6
Private sector pension scheme provider is necessary	1.14	14
Risk level	1.76	11

INTERPRETATION

From the above table it is clear that most commonly, perception towards pension scheme is legal regulation, second nps favourable to pensioners, third interest rate.

Table 4.7 MEAN RANK OF DISSATISFACTION TOWARDS PENSION SCHEME

option	mean	rank
lack of transparency	4.13	6
portfolio manipulation	4.32	4
fear of fraud	3.58	7
lack of professional management	3.42	8
lack of information	4.17	5
poor grievance handling system	5.40	2
lack of proper service	5.21	3
lack of innovative products	5.78	1

INTERPRETATION

From the table it is clear that most commonly the area of dissatisfaction is lack of innovative products, second poor grievance handling system, third lack of proper service etc....

XIII. FINDINGS

This study reveals that out of 300 respondents surveyed the questionnaire regarding to age, gender, education level, occupation, monthly income, saving purpose of saving. The majority of results of the thesis shows positive perception towards pension schemes.

XIV. CONCLUSION

This research helpful to study the investor’s perception towards different attribute. It helps to identify investors prefer pension schemes for the returns and feel safe. Most of the investors focusing the social security and tax exemption .The study has helped the researcher gain upto date knowledge and will help users to analyze the attitude of the investors.

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