https://doi.org/10.46335/IJIES.2023.8.6.16 e-ISSN: 2456-3463
Vol. 8, No. 6, 2023, PP. 70-74

*International Journal of Innovations in Engineering and Science, www.ijies.net*

# A Study on the Investment in Government Schemes

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***Received on**: 08April,2023* ***Revised on**: 03 May,2023* ***Published on**: 05 May,2023*

***Abstract-** A research paper that aims to compare the awareness of investors about two small saving schemes in India - Sukanya Samriddhi Yojana and Public Provident Fund. The study collected primary data from 20 respondents from Mumbai and Kolkata regions through a questionnaire with three sections, covering socio-economic conditions of the investors and questions about the two investment schemes. The research paper also used secondary data obtained from the Department of Post Ministry of Communication Government of India. The study used Mann Whitney U Test to test hypotheses and aimed to identify the level of awareness among investors about these two popular investment options.It's worth noting that the scope of the study is limited to only two small saving schemes, and the findings cannot be generalized for all small saving schemes. However, this research paper can provide valuable insights into the level of awareness among investors regarding different small saving schemes, which can help policymakers and financial institutions in designing effective awareness programs and communication strategies.*

## I -INTRODUCTION

This survey paper aims to provide an overview and comparative analysis of various popular government schemes in India, including Atal Pension Yojana, Pradhan Mantri Jan Dhan Yojana, Public Provident Fund, National Savings Scheme, Sukanya Samriddhi Yojana, and National Pension Scheme. The paper will discuss the features, benefits, eligibility criteria, and application process of each scheme. The study will also analyze the level of awareness among potential beneficiaries regarding these schemes, based on data collected through a survey questionnaire. The findings of this survey paper can help policymakers and financial institutions to identify the gaps in the existing scheme implementation and design more effective schemes to cater to the needs of the target population.

**Atal Pension Yojana (APY) :-**

Atal Pension Yojana aims to provide a regular pension to unorganized sector workers, encouraging them to save for their retirement and ensure financial security in their old age.

Atal Pension Yojana (APY) is a government-backed pension scheme aimed at providing a regular income to the unorganized sector workers in India, mainly those engaged in the unorganized sector such as maids, drivers, gardeners, and other similar professions. The scheme is administered by the Pension Fund Regulatory and Development Authority (PFRDA) and is open to Indian citizens between 18 and 40 years of age.

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To join the Atal Pension Yojana, the applicant must have a savings bank account, Aadhaar card, and a valid mobile number. The scheme provides a fixed pension to the subscriber based on their contribution amount and the age at which they start contributing. The minimum monthly contribution is Rs. 42, and the maximum contribution can go up to Rs. 1,454, depending on the desired pension amount.

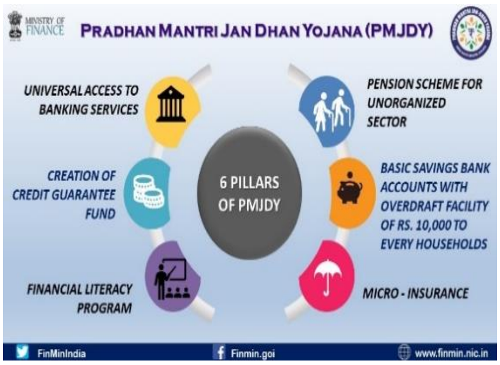
The pension amount ranges from Rs. 1,000 to Rs. 5,000 per month, depending on the contribution amount and the age of the subscriber at the time of joining the scheme. The scheme also provides a guaranteed pension benefit to the spouse of the subscriber and return of corpus to the nominee in case of the subscriber's demise.

**Pradhan Mantri Jan Dhan Yojana :-**

Pradhan Mantri Jan Dhan Yojana has been a significant step towards achieving financial inclusion and promoting a cashless economy in India.

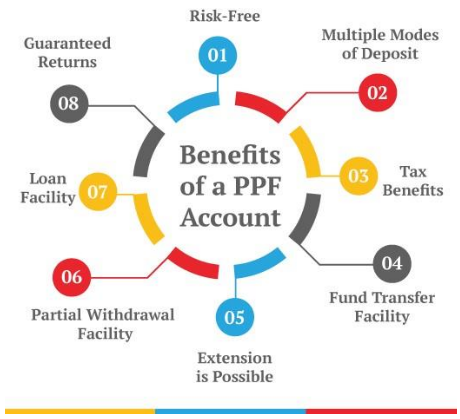
Pradhan Mantri Jan Dhan Yojana (PMJDY) is a national financial inclusion scheme launched by the Government of India in August 2014. The scheme aims to provide access to banking services to every household in the country, particularly thofrom the economically weaker sections.The scheme provides a basic savings bank account with no minimum balance requirement, free RuPay debit card, accidental insurance coverage, and overdraft facility. The account can be opened with just a valid identity proof such as Aadhaar card, Voter ID, or PAN card.

The scheme has been a massive success, with over 42 crore accounts opened as of March 2021, making it the largest financial inclusion scheme in the world. The scheme has also facilitated the direct transfer of subsidies and other benefits to the beneficiaries' bank accounts, eliminating leakages and ensuring better targeting of government schemes.




**Public Provident Fund (PPF) :-**

Public Provident Fund (PPF) is a popular long-term savings scheme offered by the Government of India. It is a tax-free investment option that provides a fixed interest rate and has a lock-in period of 15 years. The scheme is aimed at encouraging individuals to save for their retirement and is open to all Indian citizens. The minimum investment amount is Rs. 500 and the maximum investment limit is Rs. 1.5 lakh per financial year. PPF also offers tax benefits under Section 80C of the Income Tax Act. Overall, PPF is a safe and attractive investment option for individuals looking for long-term savings with tax benefits.




**National Saving Scheme (NSC) :-**

National Savings Schemes (NSS) are government-backed savings schemes designed to promote the habit of saving among individuals. There are several types of NSS, including the National Savings Certificate (NSC), Kisan Vikas Patra (KVP), and Post Office Monthly Income Scheme (POMIS). These schemes offer competitive interest rates and have varying lock-in periods. NSC has a lock-in period of 5 years and KVP has a lock-in period of 2.5 years. POMIS has a tenure of 5 years and offers monthly interest payouts. NSS is a low-risk investment option and is suitable for individuals looking to earn a fixed income on their savings.

**Sukanya Samriddhi Yojana (SSY) :-**

Sukanya Samriddhi Yojana (SSY) is a savings scheme launched by the Government of India for the welfare of the girl child. It is aimed at promoting the education and marriage of the girl child by providing a long-term savings option. The scheme can be opened for a girl child below the age of 10 by her parent or legal guardian. The account has a tenure of 21 years or until the girl child marries after the age of 18. The minimum investment amount is Rs. 250, and the maximum investment limit is Rs. 1.5 lakh per financial year. The interest rate on SSY is revised every quarter and is currently 7.6%. SSY also offers tax benefits under Section 80C of the Income Tax Act. Overall, Sukanya Samriddhi Yojana is a safe and attractive investment option for parents looking to save for the future of their girl child.


**National Pension Scheme (NPS) :-**

The National Pension System (NPS) is a voluntary, defined contribution retirement savings scheme initiated by the Government of India. It aims to provide retirement income to all Indian citizens. Under the NPS, investors can open an account and contribute towards their retirement savings. The scheme offers two types of accounts - Tier I and Tier II. Tier I is a mandatory account for all government employees, while Tier II is an optional account that can be opened by anyone with an active Tier I account. The NPS provides a choice of investment options and fund managers for investors to choose from. The scheme offers tax benefits to investors, with contributions up to Rs. 1.5 lakh per year eligible for tax deduction under Section 80C of the Income Tax Act. Upon retirement, investors can withdraw up to 60% of the accumulated corpus tax-free, with the remaining 40% being used to purchase an annuity. The NPS is a useful investment option for those looking to plan for their retirement and secure a regular income post-retirement.

## II- LITERATURE SURVEY

The literature survey highlights the importance of creating awareness among people about various government small savings schemes, including Post Office Savings, Sukanya Samriddhi Yojana Account, Public Provident Fund, Atal Pension Yojana, National Savings Scheme, and Pradhan Mantri Jan Dhan Yojana. The level of awareness among people about these schemes, except for post office recurring deposits and savings accounts, is low, indicating the need for more awareness campaigns. Small savings schemes are considered an attractive form of investment with decent returns and can lead to an environment of savings and investment among marginal workers. However, lack of awareness due to inadequate promotion and slow pace of automation has made this form of mobilizing savings less popular among investors. Specific studies on Sukanya Samriddhi Yojana Account indicate that it can lead to financial inclusion and increase GDP favorably.

Post Office Savings are considered to be a popular government. (Sundar & Jacob, 2009). There is a need to create awareness among the people investing their money in the post office which will facilitate the growth of the postal sector which will improve the economic conditions of the country (Nembu, 2012).

The level of awareness about small savings schemes is very low except post office recurring deposits and post office savings accounts. This indicates more awareness has to be created about other forms of small savings schemes (Jain & Kothari, 2012).

The growth of small savings schemes largely depends on the ability to render service to the investors as per their requirements. Investors consider this as an attractive form of investment with decent returns (Muthuswamy, 2012).

Small Savings schemes are also popular among people living in urban areas also. Urban people feel that systematic and analytical evaluation of different forms of investment should be explained among people (Avinash, 2015).

Small savings schemes can lead to the environment of savings and investment among the marginal workers (Debnath & Debnath, 2017).

A specific study on Sukanya Samriddhi Yojana Account which is a new form of investment can lead to financial inclusion and can increase the GDP favourably (Nagaraju, 2018).

Lack of awareness due to inadequate promotion and slow pace of automation has made this form of mobilising savings to be less popular among investors (Singh, 2018).

**Objective Of Study**

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**Vol. 8, No. 6, 2023, PP. 70-74**



The objectives of studying various schemes are as follows:

Public Provident Fund: To understand the features and benefits of the Public Provident Fund and to evaluate its effectiveness in promoting savings among the masses.

Sukanya Samriddhi Yojana: To study the objective and features of the scheme, its impact on financial inclusion, and the role it can play in empowering the girl child.

Atal Pension Yojana: To analyze the objective and features of the scheme, its effectiveness in promoting pension coverage among the masses, and to evaluate the challenges and opportunities for its implementation.

Pradhan Mantri Jan Dhan Yojana: To understand the objectives and features of the scheme, its impact on financial inclusion, and to evaluate the challenges and opportunities for its implementation.

National Pension Scheme: To study the objective and features of the scheme, its impact on the retirement income of individuals, and to evaluate the challenges and opportunities for its implementation.

National Saving Scheme: To understand the objectives and features of the scheme, its effectiveness in promoting savings among the masses, and to evaluate the challenges and opportunities for its implementation.

## III -METHOLOGY

Public Provident Fund (PPF): The methodology involves opening a PPF account with a designated bank or post office and depositing a minimum amount of Rs. 500 per year for 15 years. The account holder can deposit up to a maximum of Rs. 1.5 lakh per year. The interest rate is decided by the government and is currently at 7.1% per annum (as of September 2021). The maturity period of the PPF account is 15 years, but it can be extended in blocks of 5 years.

Sukanya Samriddhi Yojana (SSY): The methodology involves opening an SSY account for a girl child below the age of 10 with a designated bank or post office. The account holder can deposit a minimum of Rs. 250 per year and a maximum of Rs. 1.5 lakh per year for 15 years from the date of opening the account. The interest rate is decided by the government and is currently at 7.6% per annum (as of September 2021). The maturity period of the SSY account is 21 years from the date of opening the account.

Atal Pension Yojana (APY): The methodology involves opening an APY account with a designated bank or post office and contributing a specific amount every month until the age of 60. The amount of monthly contribution depends on the age of the subscriber and the pension amount chosen. The government also contributes 50% of the total contribution made by the subscriber, subject to a maximum of Rs. 1,000 per year, for a period of 5 years. The pension amount is determined by the age of the subscriber and the contribution made by them.

Pradhan Mantri Jan Dhan Yojana (PMJDY): The methodology involves opening a zero-balance savings account with a designated bank for the purpose of providing financial inclusion to unbanked individuals. The account holder can avail of various facilities such as overdraft, accident insurance, and life insurance. The account holder can also get a RuPay debit card for free.

National Pension Scheme (NPS): The methodology involves opening an NPS account with a designated bank or post office and contributing a specific amount every month until the age of 60. The amount of monthly contribution depends on the age of the subscriber and the pension amount chosen. The subscriber can choose from different investment options such as equity, corporate bonds, and government securities. The pension amount is determined by the age of the subscriber and the contribution made by them.

National Savings Scheme (NSS): The methodology involves opening a savings account with a designated bank or post office and depositing a specific amount at regular intervals. The account holder can avail of various savings schemes such as Kisan Vikas Patra, Post Office Monthly Income Scheme, and Senior Citizen Savings Scheme, among others. The interest rate is decided by the government and varies for different schemes.

The methodology for each of these schemes is designed to cater to the specific needs of the target audience and provide them with the best possible benefits.

## IV- CONCLUSION

Based on the literature survey and analysis of the various government schemes, it can be concluded that these schemes have played a significant role in promoting savings and investments among the general public. The Post Office Savings, National Savings Scheme, Public Provident Fund, Atal Pension Yojana, National Pension Scheme, and Pradhan Mantri Jan Dhan Yojana have been instrumental in promoting financial inclusion and enabling individuals to plan for their future financial needs.

Despite the popularity of these schemes, there are some limitations that need to be addressed, such as lack of awareness, slow pace of automation, and limitations in terms of withdrawal and investment options. The government needs to create more awareness about these schemes and their benefits to encourage more people to participate. There is also a need to address the limitations of these schemes to make them more accessible and flexible for the investors.

In conclusion, the government schemes have made a positive impact on promoting savings and investments in India, and with the right measures, these schemes can continue to contribute to the financial growth and well-being of the country's citizens.

## V- LIMITATION

Here are some limitations of various government schemes:

Public Provident Fund (PPF): The major limitation of PPF is its long lock-in period of 15 years. Also, the interest rates are subject to change every quarter and are not fixed.

Sukanya Samriddhi Yojana (SSY): One of the limitations of SSY is that it is applicable only for the girl child and there is no provision for a boy child. Additionally, premature withdrawals are only allowed under certain specific circumstances such as medical emergency or higher education.

Atal Pension Yojana (APY): One of the limitations of APY is that it is applicable only for the unorganized sector and there is no provision for the organized sector. Also, the pension amount is fixed and is not adjustable according to inflation.

Pradhan Mantri Jan Dhan Yojana (PMJDY): The major limitation of PMJDY is that it is primarily aimed at financial inclusion and basic banking services and does not provide any significant financial benefits or incentives for account holders.

National Pension Scheme (NPS): One of the limitations of NPS is that it is subject to market risks and the returns are not guaranteed. Additionally, the scheme has a relatively low lock-in period of 3 years, which may not be suitable for individuals looking for long-term retirement planning.

National Savings Scheme (NSS): One of the limitations of NSS is that the interest rates are not fixed and are subject to change every quarter, which may affect the returns for investors. Also, the scheme has a limited scope and may not be suitable for individuals looking for higher returns or more diversified investment options.

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