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**INNOVATIONS AND TRENDS IN  
FINANCIAL SYSTEM**

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# **INNOVATIONS AND TRENDS IN FINANCIAL SYSTEM**

*Editors:*

**Rathi K.N.**

**Kamalraj Mohan**



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## **Preface**

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This edited book '*Fedha*'—A Light in to new ways of Finance, aims to present the real picture of the research in the field of Finance in Rural Kerala. The major findings of articles in the book lead to the knowledge of real world of investment in the eyes of rural population. It involves a great effort of more than fifty research minds in different subthemes of Finance like Behavioural Finance, corporate finance and Banking services.

The expected audience of the book consists of researchers, research students, Practitioners and investors.

We would like to convey our appreciation to all the contributors including the authors of the Chapters in this book.

Our special thanks to our Head of the department Prof. Bindu T. for her continuous support and great effort to bringing the book in to fruition. We expresses here our sincere gratitude to Dr. E. Jayan principal of our institution who motivated us for this endeavour.

This book - Fedha - is to be published as part of a national seminar on Financial Derivatives and the meaning of Swahili word Fedha is FINANCE...

## Foreword

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It makes immense pleasure that a new academic horizon is being opened up for the enrichment and refinement of the knowledge base, offers a new realm of academic excellence to meet the challenges in the contemporary global scenario of Commerce & Management. Since it is a quality oriented endeavor in the form of a Research publication as a part of the National Seminar on 'Financial Derivatives', this can provide a valuable academic base, culture and quality among the teachers, research scholars and seekers in the concerned field. The selection of research articles pertaining to such a vibrant and dynamic area could transform the beneficiaries by a new academic experience and exposure. It is really a valuable and remarkable academic contribution of the Department of Commerce to bridge the gap to a certain extent in the related academic space. Hope that let it be a mile stone in the glorious academic path of the institution leading to the highest goal and fulfillment in the field of higher education.

**V.K. Muralidharan**

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## Message from Principal

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“Fedha (finance) is always considered as wealth and knowledge. Here I appreciate the cordial spirit of the department of Commerce for achieving new destination.”

**Dr. E. Jayan**

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## **Attitude of Subscribers Towards APY Scheme with Special Reference to Palakkad District**

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### **Introduction**

Generally pension schemes provide some amount of financial resources to the investors after a stipulated period of age or service. It can provide a long term income security in the old age. Pension schemes can hedge the risks of an individual and reduce old age tensions and poverty. APY is a pension scheme focused on unorganised sector. Individuals between the age group of 28-40 can become the subscribers of the scheme, and can earn a monthly remuneration of 1000-5000 after 60 years of age. It give insurance coverage also which can support the family members also. There are 1 Crore subscribers are there in three years for the same because of its advantage. This study mainly focused on subscriber's attitude towards APY scheme with special reference to Palakkad district.

### **Review of Literature**

Joy and Douglas (2003) designed to harmonize the work by exploring the extent to which demographic factors (age, income gender, and educational background) are related employee perceptions of financial stability in retirement. Results exposed that demographic variables were related with individuals' perceptions of how difficult it will be to fund their retirement, and perception of the significance of income from individual savings, pension plans, Social Security, and family members. Result are discussed in terms of how perception of income

are connected to income patterns veteran by current retirees. All together, the results show that the need to develop public policy initiatives and tailored retirement intervention programs is that it meets the needs of subgroups of workers.

In the study conducted by Beck's (1984) , show that people who were more stirred for retirement programs planning were the economically and socially privileged worker who could have easily got opening to get into such programs. It was found that people benefitting most from the retirement programs were the older workers and those who were less educated, with low occupational status, no pension scheme coverage, and consequently with low retirement income. Everyone does not get actively involved in any schemes how so ever the scheme may be for them only

The research done by Fillenbaum *et. al.* (1985), generalised that the real motivation to plan retirement comes from perception of competence of individual income by high income group people to take action in keep up their status quo as regards to the standard of living and outlay in retirement. People with low income don't foresee changes in their living standards and those who come under middle class feel fascinated in planning retirement or any other financial investment because they are always in condition of hand to mouth and with very less savings.

Malroutu *et. al.* (1995), to inspect the result of the socio demographic factors, data from the 1989 Survey of Consumer Finance was used, work related, human capital, and objective variables were checked on the perceived competence of the retirement income of the pre-retirees. After adding subjective variables to the analysis, pre-retirees' perception was positively related to planning to save within 5 years with of

#### **Objective of the Study**

- To study the attitude of subscribers towards APY scheme.
- To recognize the factors influencing the subscribers for their investment.

#### **Research Design**

The study is an analytical and descriptive research. The study is related with analysing the attitude of subscribers towards APY scheme in Palakkad district. The sample collected from 40 respondents in Palakkad district itself.

**Sampling Plan**

Target population: Palakkad district, Kerala  
 Sampling unit: Individual subscribers of Palakkad district, Kerala  
 Sampling method: Random Sampling  
 Sample size: 40

**Hypothesis**

H0: Subscribers’ attitude is independent towards APY scheme on the basis of demographic variables

H1: Subscribers’ attitude is dependent towards APY scheme on the basis of demographic variables

**Scope of the Study**

The research involves a general study related to the investment attitude of subscribers towards APY scheme. The scope of the study confined to various APY subscribers in Palakkad District. The employees belongs to unorganised sector are considered for the study. The study helps the researchers to gain real time experiments by interacting with the subscribers and it help them to gain more knowledge about the subscribers in APY scheme.

**Data Analysis and Interpretation**

**Chart 1: Age vs attitude towards pension scheme**

<i>Age Criteria</i>	<i>H</i>	<i>M</i>	<i>L</i>	<i>Total</i>
18-25	5	6	2	13
26-32	10	9	2	21
33-40	2	4	0	6
<b>Total</b>	<b>17</b>	<b>19</b>	<b>4</b>	<b>40</b>

At 5% level of significance with degree of freedom 4, the tabulated value is 0.711with respect to X<sup>2</sup> value is 1.843. Since X<sup>2</sup>calculated >tabulated value the hypothesis is rejected and it is concluded that there is significant relation between age and attitude towards APY scheme.

**Chart 2: Gender vs attitude towards pension scheme**

<i>Gender Criteria</i>	<i>H</i>	<i>M</i>	<i>L</i>	<i>Total</i>
Male	8	7	2	17
Female	15	5	3	23
<b>Total</b>	<b>23</b>	<b>12</b>	<b>5</b>	<b>40</b>

At 5% level of significance with degree of freedom 38, the tabulated value is 2.02 (without sign) with respect to T- test value is 5.93 . hence the hypothesis is rejected and it is concluded that there is significant relation between gender and attitude towards APY scheme.

**Chart 3: Education vs attitude towards pension scheme**

<i>Education vs Attitude</i>	<i>H</i>	<i>M</i>	<i>L</i>	<i>Total</i>
SSLC	1	2	0	3
Plus Two	8	2	1	11
UG	10	3	3	16
PG	2	1	0	3
Other	5	0	0	5
<b>Total</b>	<b>28</b>	<b>8</b>	<b>4</b>	<b>40</b>

At 5% level of significance with degree of freedom 4, the tabulated value is 0.711 with respect to X<sup>2</sup> value is 6.709. Since X<sup>2</sup>calculated >tabulated value the hypothesis is rejected and it is concluded that there is significant relation between education and attitude towards APY scheme.

**Chart 4: Income vs attitude towards pension scheme**

<i>Income vs Attitude</i>	<i>H</i>	<i>M</i>	<i>L</i>	<i>Total</i>
Upto 10000	15	2	1	18
10000-20000	5	2	3	9
20000-30000	3	2	2	7
Above 30000	0	1	4	5
<b>Total</b>	<b>23</b>	<b>7</b>	<b>10</b>	<b>40</b>

At 5% level of significance with degree of freedom 4, the tabulated value is .87 with respect to X<sup>2</sup> value is 5.14. Since X<sup>2</sup>calculated >tabulated value the hypothesis is rejected and it is concluded that there is significant relation between income and attitude towards APY scheme.

**Chart 6: Occupation vs attitude towards pension scheme**

<i>Occupation vs Attitude</i>	<i>H</i>	<i>M</i>	<i>L</i>	<i>Total</i>
Farming and allied Activitiex	8	2	0	10
Business	2	2	2	6
Salaried	10	2	0	12
Others	10	1	1	12
<b>Total</b>	<b>30</b>	<b>7</b>	<b>3</b>	<b>40</b>

At 5% level of significance with degree of freedom 6, the tabulated value is 1.635 with respect to  $X^2$  value is 5.553. Since  $X^2$  calculated > tabulated value the hypothesis is rejected and it is concluded that there is significant relation between occupation and attitude towards APY scheme.

**Chart 7: Primary purpose of investment**

<i>Primary Purpose of Investment</i>	
Safety for principle	5
Safety of Life	10
Safety for family	5
Safety for retirement	20
<b>Total</b>	<b>40</b>

The primary purpose of investment is old age safety. 50% of the respondents are accepting it as the prime objective.

**Chart 8: Secondary purpose of investment**

<i>Secondary purpose of investment</i>	
Safety	25
Tax savings	5
Growth high return	10
<b>Total</b>	<b>40</b>

Majority of the respondents agreeing that their secondary aim of investment is safety. The APY scheme ensure safety of investment.

**Chart 9: Risk factor**

<i>Risk factor</i>	
Yes	5
No	35
<b>Total</b>	<b>40</b>

The risk factor involved in the scheme is very low.

**Findings and Suggestions**

This research analyzes 40 subscribers of questioners regarding to age, gender, education level, income level, occupation criteria, employment criteria, investment purpose. The majority of results of this research depicts that the subscribers have positive perception towards APY pension schemes. Investors of Palakkad District has



positive outlook for the investment as well as subscription of APY schemes. Younger generation and level of education has positive impact for investment in APY scheme.

### **Conclusion**

The study related with the subscribers attitude towards APY scheme of Govt. Of India. Investor's perception is positive for APY schemes and they are regularly contributing in APY schemes. Investors have a preference for APY schemes because they are looking for good amount after retirement, give safety our life as well as hedge the risk of family. Investment protection is another important reasons to invest in the Schemes. Age, gender, qualification, income and occupation are the cheering the positive attitude of investors to invest in pension. This research work will help researcher to get knowledge about APY and will help future investors to evaluate the perception of the subscribers towards the same.

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