



## A study on awareness, benefits and growth of atal pension yojana among youth and unorganised sector workers in India

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### Abstract

The Atal Pension Yojana (APY) is a government-backed social security scheme aimed at providing financial stability to individuals in the unorganised sector. This study examines the awareness, benefits, and growth trends of APY from 2022 to 2025. It analyses existing literature, enrolment data, and contribution patterns to understand participation behavior. The findings reveal that although the scheme has achieved significant growth in enrolment, awareness and participation remain uneven across regions and income groups. The study also highlights the importance of digital initiatives and financial literacy in enhancing adoption. Suggestions are provided to improve awareness, flexibility, and overall effectiveness of the scheme.

**Keywords:** Atal pension yojana, financial inclusion, pension scheme, unorganised sector, social security, digital banking

### Introduction

Social security plays a crucial role in ensuring financial stability during old age, particularly for individuals in the unorganised sector. The Atal Pension Yojana (APY), launched by the Government of India, aims to provide a guaranteed pension ranging from ₹1,000 to ₹5,000 per month after the age of 60. The scheme targets individuals aged 18–40 and encourages systematic savings through auto-debit mechanisms. With increasing life expectancy and rising inflation, retirement planning has become essential. APY addresses this need by offering guaranteed returns and financial protection to subscribers and their families. Over the years, the scheme has witnessed substantial growth, supported by digital initiatives and government policies. However, challenges such as lack of awareness, low financial literacy, and affordability issues persist.

### Statement of the Problem

Despite the government's efforts to promote APY, a large section of the eligible population remains outside its coverage. Limited awareness, low income levels, and perceived inadequacy of pension benefits hinder participation. Additionally, regional disparities and digital divide further restrict the scheme's reach. Therefore, there is a need to evaluate the effectiveness, awareness, and growth of APY.

### Scope of the Study

The study focuses on

- Awareness and perception of APY among individuals
- Benefits and features of the scheme
- Growth trends and enrolment patterns
- Role of digital initiatives in promoting APY
- Challenges affecting participation

### Objectives of the Study

To analyse the awareness level of APY among individuals

To examine the benefits and features of the scheme

To study the growth and enrolment trends of APY

### Research Methodology

- **Type of Research:** Descriptive and analytical
- **Data Source:** Secondary data
- **Sources:** Research articles, government reports, IBEF data, journals
- **Tools Used:** Percentage analysis and trend analysis

### Review of Literature

Balamurugan (2022) <sup>[1]</sup> Balamurugan examined awareness of APY among college students in Tamil Nadu. The study found that awareness levels were moderate but actual enrolment was low. Lack of financial literacy and insufficient promotional efforts were key issues. Respondents showed interest but lacked clarity on benefits. The study recommended awareness campaigns and institutional support.

Pushpa & Viswanath (2022) <sup>[13]</sup> Pushpa and Viswanath analyzed the performance and applicability of APY in India. The study found that participation was limited among low-income groups. Low returns and rigid contribution structures discouraged enrolment. Awareness gaps also played a significant role. The study suggested policy reforms to increase attractiveness.

Panicker & Cherian (2022) <sup>[8]</sup> Panicker and Cherian evaluated APY in the context of inflation and time value of money. The findings revealed that inflation reduces the real value of pension benefits. This raises concerns about long-term sustainability. The scheme may not provide adequate post-retirement income. The study recommended periodic revisions in pension amounts.

Kumar & Joseph (2022) <sup>[6]</sup> Kumar and Joseph studied financial inclusion through APY. The research highlighted that APY contributes to social security among unorganized workers. However, enrolment was uneven across regions. Awareness and accessibility influenced participation. The study emphasized digital inclusion for wider reach.

Singh & Yadav (2023) <sup>[16]</sup> Singh and Yadav investigated determinants of APY adoption. Income level, education, and occupation significantly influenced enrolment decisions.

Lower-income groups were hesitant due to affordability concerns. Behavioral factors also impacted participation. The study recommended targeted financial literacy programs.

Reddy (2023) <sup>[14]</sup> Reddy analyzed APY enrolment trends in India. The study showed steady growth in subscribers over the years. However, the coverage remained low compared to the eligible population. Regional disparities were evident. The study suggested strengthening outreach mechanisms.

Sharma & Gupta (2023) <sup>[15]</sup> Sharma and Gupta explored the role of digital banking in APY participation. Auto-debit facilities and online platforms improved convenience. Digitalization increased enrolment among urban populations. Rural adoption remained limited due to digital divide. The study recommended improving digital literacy.

Das & Roy (2023) <sup>[3]</sup> Das and Roy examined the role of APY in financial security. The scheme was found to promote long-term savings behavior. However, pension adequacy remained a concern. Respondents perceived the scheme as beneficial but insufficient. The study suggested increasing pension limits.

Majithia *et al.* (2024) <sup>[7]</sup> Majithia and colleagues studied awareness of APY among college students in Mumbai. The findings indicated low awareness and limited understanding. Many respondents were unaware of contribution structures. Educational institutions can play a key role in promotion. The study recommended awareness drives.

Kaur & Singh (2024) <sup>[5]</sup> Kaur and Singh analyzed gender participation in APY. Female enrolment showed an increasing trend. However, overall participation remained lower than males. Socio-economic factors influenced gender disparity. The study emphasized inclusive policy measures.

Iyer (2024) <sup>[4]</sup> Iyer examined APY as a tool for retirement planning. The scheme was found useful for low-income groups. However, limited flexibility reduced its

attractiveness. Subscribers preferred schemes with higher returns. The study suggested improving scheme flexibility.

Verma & Mishra (2024) <sup>[17]</sup> Verma and Mishra studied APY's impact on financial inclusion. The scheme successfully integrated informal workers into formal systems. Savings behavior improved among subscribers. However, awareness gaps persisted. The study recommended policy interventions.

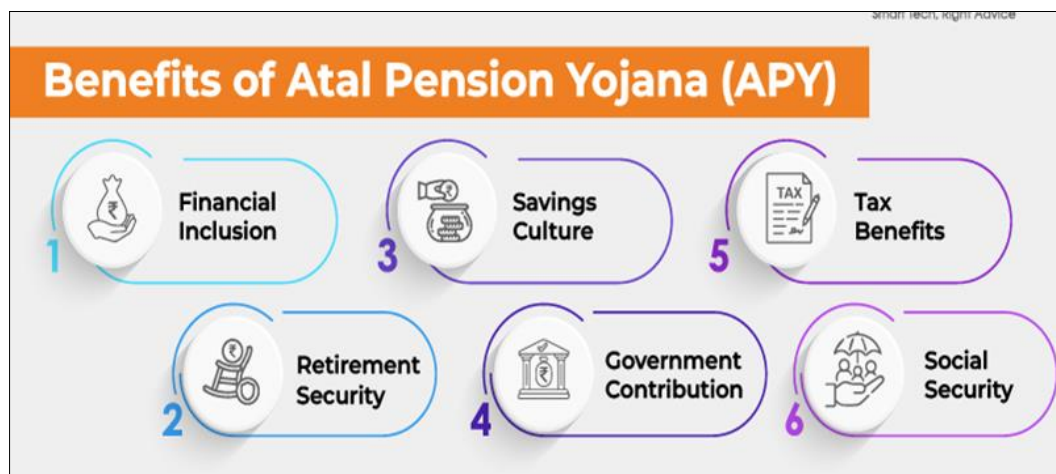
Chatterjee & Nandan (2025) <sup>[2]</sup> Chatterjee and Nandan conducted a comprehensive analysis of APY performance. The study found significant growth in enrolment over nine years. However, penetration remained low relative to the target population. Regional and gender disparities persisted. The study suggested structural improvements.

PFRDA Report (2025) Recent reports highlighted improvements in APY returns due to diversified investments. The scheme showed better sustainability over time. Increased equity exposure enhanced returns. Subscriber confidence improved gradually. The report recommended continued policy support.

Patel & Shah (2025) <sup>[11]</sup> Patel and Shah evaluated APY as a social security scheme. The study concluded that APY plays a crucial role in old-age income security. However, awareness and affordability remain key challenges. The scheme needs better promotion strategies. The study emphasized financial education.

### Benefits of Atal Pension Yojana

Atal Pension Yojana (APY) is a government-backed, voluntary pension scheme for Indian citizens aged 18-40, focusing on the unorganised sector. It provides a guaranteed minimum monthly pension of ₹1,000-₹5,000 after age 60, spouse protection, return of corpus to nominees, and tax benefits, making it an essential social security tool for retirement.



**Guaranteed Pension:** Subscribers receive a guaranteed minimum monthly pension ranging from ₹1,000, ₹2,000, ₹3,000, ₹4,000, or ₹5,000 upon reaching 60 years of age, depending on their contributions.

**Spouse Protection:** Upon the subscriber's death, the spouse is entitled to receive the same pension amount until their death.

**Return of Corpus:** After the death of both the subscriber and the spouse, the accumulated pension wealth (corpus) is returned to the nominee.

**Targeted at Unorganised Sector:** It provides security for workers in the unorganised sector, ensuring a steady income post-retirement.

**Tax Benefits:** Contributions to APY are eligible for tax deductions under Section 80CCD (1) of the Income Tax Act, with additional deductions up to ₹50,000 available under Section 80CCD(1B).

**Automatic Contributions:** The scheme features automatic monthly, quarterly, or half-yearly deductions from the linked bank account, promoting financial discipline.

**Flexible Pension Amount:** Subscribers can opt to increase or decrease their pension amount once a year in April.

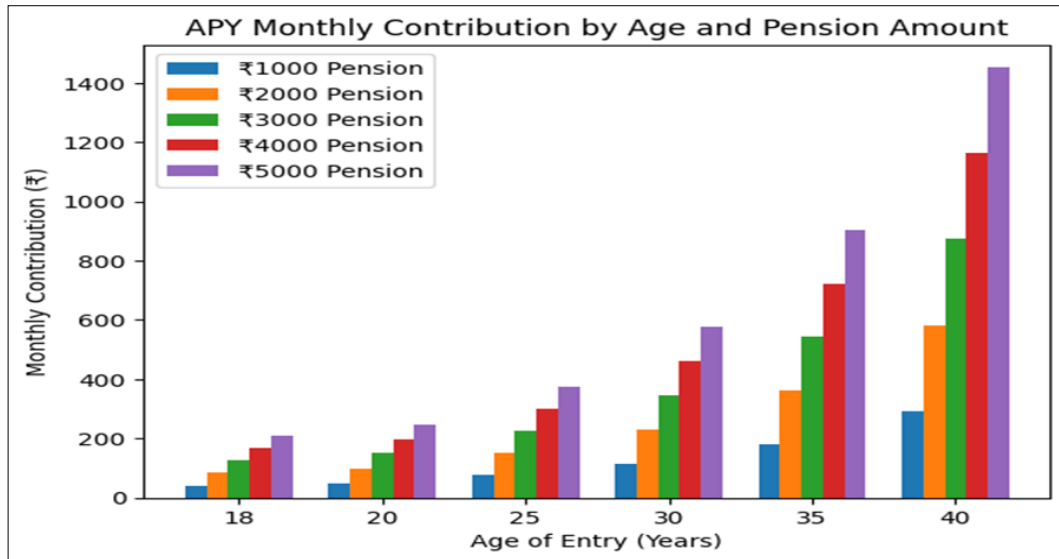
**Table 1:** Atal Pension Yojana - Monthly Contribution rs. In crore

| S. No | Age of Entry (in years) | Monthly Pension of Rs. 1,000 | Monthly Pension of Rs. 2,000 | Monthly Pension of Rs. 3,000 | Monthly Pension of Rs. 4,000 | Monthly Pension of Rs. 5,000 |
|-------|-------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| 1     | 18                      | Rs. 42                       | Rs. 84                       | Rs. 126                      | Rs. 168                      | Rs. 210                      |
| 2     | 20                      | Rs. 50                       | Rs. 100                      | Rs. 150                      | Rs. 198                      | Rs. 248                      |
| 3     | 25                      | Rs. 76                       | Rs. 151                      | Rs. 226                      | Rs. 301                      | Rs. 376                      |
| 4     | 30                      | Rs. 116                      | Rs. 231                      | Rs. 347                      | Rs. 462                      | Rs. 577                      |
| 5     | 35                      | Rs. 181                      | Rs. 362                      | Rs. 543                      | Rs. 722                      | Rs. 902                      |
| 6     | 40                      | Rs. 291                      | Rs. 582                      | Rs. 873                      | Rs. 1,164                    | Rs. 1,454                    |

Source: <https://www.ibef.org/government-schemes/atal-pension-yojana>

The above table shows that the By August 21, 2025, APY crossed 8.11 crore subscribers with 1.17 crore new enrolments in FY25. Youth participation was strong, with 46% of new subscribers aged 18-25. The scheme's assets under management reached Rs. 48,000 crores (US\$ 5.41 billion) with a CAGR of 9.12% since inception. According to the latest data presented in the Lok Sabha, Uttar Pradesh

leads with 16.11% of total enrolments, followed by Bihar (9.59%), Maharashtra (7.96%), West Bengal (7.68%), and Tamil Nadu (6.69%). Combined, these states contribute almost 48% of the total enrolments under the scheme. Public sector banks led the way, contributing significantly to the record-high enrolments, followed by regional rural banks and other financial institutions.



**Fig 1:** Atal Pension Yojana - Monthly Contribution

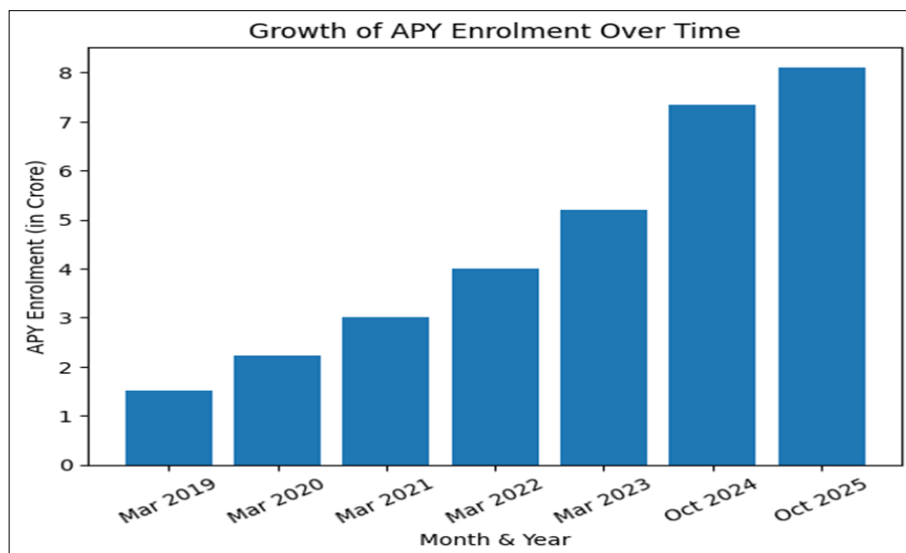
**Table 2:** Progress of Atal Pension Yojana Scheme – August 2025 <sup>[12]</sup> Rs. In Crore

| S. No | Month & Year | APY Enrolment |
|-------|--------------|---------------|
| 1     | March 2019   | 1.5           |
| 2     | March 2020   | 2.23          |
| 3     | March 2021   | 3.02          |
| 4     | March 2022   | 4.01          |
| 5     | March 2023   | 5.20          |
| 6     | October 2024 | 7.33          |
| 7     | October 2025 | 8.11          |

Source: <https://www.ibef.org/government-schemes/atal-pension-yojana>

The above table shows that the In FY23, Pension Fund Regulatory and Development Authority (PFRDA) organized 47 Atal Pension Yojana (APY) outreach programs and Town Hall meetings nationwide at multiple venues, in collaboration with State Level Bank Committees (SLBCs) and Regional Rural Banks (RRBs). Various initiatives were

implemented, including the introduction of a digital onboarding platform utilising Aadhaar, the release of an updated APY mobile application, 17 podcasts aimed at raising awareness about the advantages of APY, and the introduction of a Chatbot service for obtaining fundamental information on APY.



**Fig 2:** Progress of Atal Pension Yojana Scheme – August 2025 <sup>[12]</sup>

### Findings

- APY enrolment has increased significantly, reaching 8.11 crore subscribers by 2025
- Youth participation is strong, especially in the 18–25 age group (46%)
- Awareness levels remain moderate, particularly in rural areas
- Income and financial literacy significantly influence participation
- Digital initiatives like mobile apps and Aadhaar onboarding improved accessibility
- Pension amount is perceived as insufficient due to inflation

### Suggestions

- Increase awareness through financial literacy campaigns
- Enhance pension limits to match inflation trends
- Improve digital infrastructure in rural areas
- Provide flexible contribution options
- Strengthen promotional activities through banks and institutions
- Encourage youth participation through educational programs

### Conclusion

The Atal Pension Yojana plays a vital role in promoting financial security and inclusion among unorganised sector workers in India. While the scheme has shown impressive growth and increasing participation, challenges such as low awareness, affordability issues, and pension adequacy remain. Strengthening policy measures, enhancing financial literacy, and leveraging digital platforms can significantly improve the effectiveness and reach of the scheme. APY has the potential to become a cornerstone of India's social security system if these challenges are addressed effectively.

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