

A STUDY ON THE SATISFACTION LEVEL OF NPS SUBSCRIBERS WITH SPECIAL REFERENCE TO ORGANISED SECTORS

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Abstract

This study aims to evaluate the satisfaction level of subscribers of the National Pension Scheme in the organised sector that offers a regular pension to subscribers after their retirement. It gives an opportunity to invest and accumulate small savings from various people and lump sum amount as regular income through annuity plan of retirement. The research was conducted through a structured questionnaire distributed among organised sector employees in Central Govt, State Govt and Aided Sector. Key dimensions of satisfaction such as employers' contribution to the scheme, stock market investment, tax benefit, fund management NAV Performance and transparency were analysed. The findings indicate a moderate to high satisfaction among most subscribers, though gaps were noted in areas like partial tax exemption and no guarantee of minimum return. Statistical tools were used to identify correlation between demographic factors and satisfaction levels. The study concludes with recommendations for policy makers and service providers to enhance user experience and trust, thereby ensuring greater participation and long-term sustainability of such schemes, authorities shall set up Grievance redressal cell to handle complaints and grievances of subscribers.

Keywords:- NPS, Organised Sector, Annuity Plan, NAV Performance, Fund Management.

The National Pension Scheme (NPS) is a social security scheme that was launched by Central Government in 2004. It is a new restructured defined contributory pension system that offers market-linked returns to pensioners and

applies to all India service officers recruited to Kerala Cadre on or after 01-01-2004. State Government adopted this pension system and implemented it for appointments made on or after 01-01-2013. The NPS system allows subscribers to contribute

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regularly to a pension account during their working life.

It is a perfect solution for retirement planning which provides old age income with a reasonable market-based return. It is based on a Permanent Retirement Account Number (PRAN). PRAN is allotted to all subscribers for NPS. The rules and regulations for the management of NPS implemented in the State will be governed by directions or orders issued by the Government of India, State Government, PFRDA or NSDL from time to time.

However, the true effectiveness of these schemes can only be measured through the satisfaction levels of the subscribers who rely on them. Subscriber satisfaction reflects the perceived value, efficiency, and trustworthiness of the services provided. Factors such as ease of access, service quality, timely communication, grievance redressal, and transparency significantly influence employee satisfaction. This study seeks to explore and evaluate the satisfaction levels of organized sector employees with regard to their subscription-based benefits.

Statement of the Problem

The NPS System started by Govt of India provides social security and financial independence to various people in our country. Apart from this, NPS is a good investment both for Govt and private sector employees. However, since its inception in 2013, no study has been undertaken to assess the satisfaction level of NPS subscribers. Hence the present study.

Objectives of the Study

To measure the satisfaction level of subscribers regarding employers contribution, tax benefit, stock market investment, fund management and investment option on the basis of age, gender, income, employment status and educational qualifications.

Research Review

The research review highlights various studies focused on the New Pension Scheme, its features and advantages. Kamath and Patel (2017) assessed the Cost-benefit Analysis of the National Pension Scheme. The study observed that the new pension scheme offers various benefits to its subscribers in the form of Minimum processing fees and other benefits and market-linked annuities distinguish it from all other pension schemes existing in our country. Ananth and Gurunathan (2016) studied the performance of the NPS scheme introduced in India. The study concludes that more incentives and motivations are refined to attract more investors to this NPS scheme. Jain (2020) conducted a study titled "National pension system; Basics of NPS, eligibility, benefits, nomination contribution limit-all you wanted to know. The study concludes that those residents who are insolvent or insane cannot open an NPS account and specifies that the account can be opened in a single name with a maximum of three nominees. Waghmare (2020) conducted a study to assess the proper management of retirement money in our country. The study concludes that the Equity fund Investment for long period helps to appreciate the value of Annuity and

ensures huge returns as compared with any other pension scheme. The Economic Times (2020) reported that any contribution by employers towards the NPS scheme above 750000 per annum would be taken as a perquisite of the employee and taxed accordingly. Gupta & Gupta (2019) studied the national pension scheme concerning corporate bonds, equity, and Government securities in our Country and concludes that a tier 1 account is a pension account to which withdrawal is permitted after ten years of account opening or sixty years, whichever comes first.

Scope of the Study

The present study evaluates the relevance of the New Pension Scheme adopted in the organised sector and the level of satisfaction of subscribers regarding the utilisation as a financial planning and investment tool. In addition to this, an attempt has been made to find out the satisfaction level of subscribers about the new scheme and their saving and investment habits in various avenues. The scope of the study is restricted to employees in the Government-organised sector. It includes the Central Government, State Government, and Government Aided sector employees in Kerala.

Significance of the Study

The NPS pension Scheme gives such an opportunity to invest and accumulate small savings from various people and lump sum amounts as regular income through an annuity plan of retirement. The study is relevant because of the satisfaction level of the NPS investment option,

financial planning tool, and financial planning strategy to be evaluated. It examines the satisfaction level of subscribers of this scheme as a financial planning and investment tool. So, the present and prospective investors can make suitable investment decisions about this scheme. The study is useful for the Government to review the pros and cons of its functioning and improving the performance level of the NPS scheme.

Methodology

1. Research Design

The research design framed for the present study is descriptive as well as analytical in nature.

2. Data Sources

Both Primary and secondary data were used for the study. Primary data needed for the study were collected from NPS subscribers in the Government organised sectors. Secondary data were collected from sources such as published research papers, published reports of PFRDA, NSDL, Government of India, working papers, books, journals, Newspapers, and websites.

3. Sample Design

The Judgement sampling method was used to identify the sample respondents. The beneficiaries were collected from the central govt, state govt, and government aided sectors belonging to various incomes categories. The population of the study comprises National Pension Scheme subscribers of the Central Government, State Government, and Government - aided colleges and schools in Kerala.

4. Sampling Technique

A Structured interview schedule was used to collect information from subscribers in government organised sectors.

5. Tools used for analysis

The collected data were processed using Statistical Package for Social Science (SPSS). Suitable mathematical and statistical tools and techniques were used for data analysis and statistical testing. They are percentage, mean score, standard deviation, Chi-Square, Kruskal Wallis H Test and Mann -Whitney U Test.

Satisfaction regarding NPS as a financial planning and investment option.

H01: There is no significant difference between educational level of subscribers and satisfaction regarding NPS investment option.

Kruskal Wallis H test was applied to determine if there is statistical difference in the satisfaction level of respondents with different educational qualifications.

The table 1.1 Shows that there is significant difference in the satisfaction level of subscribers of all the respondents under various educational qualifications. Chi square value 40.166 and P value 0.001with mean rank 230 for subscribers having SSLC qualification,192.97 for subscribers having plus two qualification,306.70 for those having degree qualification ,248.37 for PG qualification and 194.9 having other educational qualifications.

Since the P value ($P = 0.001$) is < 0.05 , the null hypothesis has been rejected and the alternative hypothesis stating a significant difference between educational level of subscribers and level of satisfaction regarding NPS investment option is accepted. It indicates that there is a significant difference between the educational level of subscribers and the level of satisfaction regarding the NPS investment option.

H02: There is no educational -wise difference between in subscriber’s satisfaction of NPS as a Financial Planning Tool

Table 1.1
Educational Levels of Respondents and Satisfaction Regarding NPS Investment Option

Variable	Attributes	N	Mean Rank	Kruskal - Wallis H	df	P-value
Education	SSLC	24	230.8958333	40.166	4	0.001
	Plus Two	20	192.975			
	Degree	222	306.7004505			
	PG	189	248.3783069			
	Others	70	194.9			
Total		525				

Source: primary data

Kruskal Wallis H test was applied to determine if there is statistical difference between the educational qualification of respondents and satisfaction level regarding the NPS as a financial planning tool. Chi square value 20.694 and P value 0.001with mean rank 221.416 for subscribers having SSLC qualification 209.35 for subscribers having plus two qualification, 292.153 for those having degree qualification ,258.386 for PG qualification and 212.585 having other educational qualifications (table 1.2).

Since the P value ($P = 0.001$) is > 0.05 , the null hypothesis has been rejected and the alternative hypothesis stating a significant difference between educational level of subscribers and level of satisfaction regarding NPS financial planning tool is accepted. It indicates that there is a significant difference between the educational level of subscribers and level of satisfaction regarding the NPS as a financial planning tool.

H03: There is no significant difference between educational level of subscribers and their satisfaction of NPS Financial Planning Strategy.

Kruskal Wallis H test was applied to determine if there is statistical difference between the educational qualification of respondents and their satisfaction level regarding the NPS financial planning strategy. The table 1.3 shows that there is significant difference in the educational level of subscribers and satisfaction regarding NPS financial planning strategy. Chi square value 27.679 and P value 0.001with mean rank 168.83 for subscribers having SSLC qualification 196.23 for subscribers having plus-two qualification, 293.23 for those having degree qualification, 262.17 for PG qualification and 220.72 having other educational qualifications.

Since the P value ($P = 0.001$) is > 0.05 , the null hypothesis has been rejected and the alternative hypothesis stating a significant difference between educational level of subscribers and level of satisfaction regarding NPS financial planning strategy is accepted. It indicates that there is a significant difference between the educational level of subscribers and the level of satisfaction regarding NPS financial planning strategy.

Table 1.2
Educational Level of Respondents and Satisfaction Regarding NPS Financial Planning Tool

Variable	Attributes	N	Mean Rank	Kruskal - Wallis H	df	P-value
Education	SSLC	24	221.4166667	20.694	4	0.001
	Plus Two	20	209.35			
	Degree	222	292.1531532			
	PG	189	258.3862434			
	Others	70	212.5857143			
Total		525				

Source: Primary data

Table 1.3
Educational Level of Respondents and Satisfaction Regarding NPS
Financial Planning Strategy

Variable	Attributes	N	Mean Rank	Kruskal - Wallis H	Df	P-value
Education	SSLC	24	168.83	27.769	4	0.001
	Plus Two	20	196.23			
	Degree	222	293.23			
	PG	189	262.17			
	Others	70	220.72			
Total		525				

Source: Primary data

This shows that the level of education affects the financial planning strategies of subscribers.

Satisfaction Level of NPS Subscribers

Satisfaction level of the respondents concerning the NPS scheme is one of the important criteria to determine their attitude towards the scheme.

H04: There is no significant difference between age levels of subscribers and satisfaction towards employer's contribution to NPS Scheme

Kruskal Wallis H test was applied to determine if there is statistical difference in the satisfaction level respondents towards employers' contribution with different age group. The table 1.4 shows that there is no significant difference in the age group of subscribers of all the three group of respondents. Chi square value 1.344 and P value 0.511 with mean rank 258.32 for age category of 30 and below, 260.25 for the age category of 31 to 40 and 278.25 for above 40 age group.

Since the P value ($P = 0.511$) is e'' 0.05, the null hypothesis has been retained

and the alternative hypothesis stating a significant difference between age level of subscribers and satisfaction regarding employers contribution to NPS schemes is rejected.

It indicates that there is no significant level of difference between the age-wise classification of respondents and level of satisfaction regarding the employer's contribution towards NPS scheme

H05: There is no significant difference between the gender of subscribers and their satisfaction towards stock market investment.

Mann-Whitney U test was applied to determine if there is statistical difference in the satisfaction level of NPS respondents towards stock market investment with different genders. P value 0.616 with mean rank 265.83 for male subscribers and 259.46 for female subscribers (table 1.5).

Since the P value ($P = 0.616$) is e'' 0.05, the null hypothesis has been retained. There is no significant level of difference between the gender wise classification of respondents and their level of satisfaction towards stock market investment.

Table 1.4
Age Level of Subscribers and Satisfaction Regarding Employer's Contribution Under NPS Scheme

Variable	Attributes	N	Mean Rank	Kruskal - Wallis H	df	P-value
Age Levels	30 and Below	105	258.32	1.344	2	0.511
	31 to 40	332	260.25			
	Above 40	88	278.95			
Total		525				

Source: Primary data

Table 1.5
The Gender Wise Classification of Subscribers and Satisfaction towards Stock Market Investment

Variable	Group	N	Mean Rank	Sum of Ranks	Mann-Whitney U	Z	P-value
Gender	Male	292	265.83	77621	33193.00	-0.502	0.616
	Female	233	259.46	60454			
Total		525					

Source: Primary data

H06: There is no significant difference between income levels and satisfaction towards tax benefit of NPS Scheme.

Kruskal Wallis H test was applied to determine if there is statistical difference in the satisfaction regarding tax benefit of NPS with subscribers of different income group. The table 1.6 shows that there is no significant difference in the satisfaction level of subscribers with various income levels. The Chi-square value is .947, P value is .623 mean rank 272.54 for low-income category, 258.27 for middle income category and 268.52 for high income category.

Since the P value ($P = 0.623$) is $e^{>}$ 0.05, the null hypothesis has been retained.

There is no significant difference between the income level of respondents and level of satisfaction regarding the tax benefit available under NPS scheme.

H07: There is no significant difference between educational qualification and subscribers' satisfaction towards fund management of PFRDA

Kruskal Wallis H test was applied to determine if there is statistical difference between the educational qualification of respondents and satisfaction level regarding the fund management of PFRDA. The table 1.7 shows that there is no significant difference in the satisfaction level of of subscribers and satisfaction regarding fund management of PFRDA.

Table 1.6
The Income Level of Subscribers and Satisfaction towards Tax Benefit of NPS Scheme

Variable	Attributes	N	Mean Rank	Kruskal - Wallis H	df	P-value
Income Levels	30,000 and Below	85	272.54	0.947	2	0.623
	30,001 to 60,000	316	258.27			
	Above 60,000	124	268.52			
Total		525				

Source: Primary data

Table 1.7
The Educational Qualifications of Subscribers and Satisfaction Regarding Fund Management of PFRDA

Variable	Attributes	N	Mean Rank	Kruskal - Wallis H	df	P-value
Education	SSLC	24	285.54	3.784	4	0.436
	Plus Two	20	297.43			
	Degree	222	265.17			
	PG	189	262.71			
	Others	70	239.34			
Total		525				

Source: Primary data

Chi square value 3.784 and P value 0.436with mean rank 285.54 for subscribers having SSLC qualification 297.43 for subscribers having plus two qualifications, 265.17 for those having degree qualification, 262.71for PG qualification and 239.34 having other educational qualifications.

Since the P value ($P = 0.436$) is e'' 0.05, the null hypothesis has been retained. There is no significant difference between respondents' educational qualification cand their satisfaction level regarding the fund management of PFRDA.

Findings of the Study

With respect to educational qualifications, the majority of subscribers are satisfied with NPS investment option, the utilization of NPS as a financial planning tool, and the various financial planning strategies adopted by the NPS.

Age-wise analysis shows that most of the respondents are satisfied with the amount of the employer's contribution to this scheme. There is no significant difference between satisfaction with investment in the stock market and

gender-wise classification. The study shows that the majority of subscribers are satisfied with the tax benefit offered by the scheme to the subscribers. It is found that, according to them, the fund management operations of PFRDA are satisfactory.

Suggestions

1. In the NPS scheme, there is an option called “Premature Withdrawal” under specific circumstances. The government grants this withdrawal for a maximum of 3 times with an interval of 5 years. The PFRDA could revise the rule with the addition of a withdrawal time and a reduction in the years of the interval period. It would be highly beneficial for the government employees who contribute to NPS.
2. The Govt. or PFRDA should take the following steps to increase awareness about the National Pension System's financial planning strategy among employees in the organised sector: Increase

subscribers' income through savings and investment, minimize expenses through eliminating unnecessary expenses, identify future needs and select a good investment portfolio.

Conclusion

National pension scheme is a perfect solution for retirement planning which provide safety and security to subscribers' fund and ensure regular return in the future in the form of monthly pension. It is a measure of socio-economic justice that inheres economic security in the fall of life when physical and mental powers is ebbing out responding to ageing process and one is required to fall back on savings, the NPS scheme ensures financial and social securities after the retirement period. The PFRDA and Government take the responsibility to aware the subscribers about the various rules, regulations, and prospects about the schemes and this scheme is considered as a long-term saving avenue to plan the retirement through safe and regulated market-based return.

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