CHAPTER -5

INSURANCE AND PENSION: SCHEMES FOR EMPLOYEES
IN THE NEW ECONOMIC REGIME; STATUTORY AND
GOVERNMENTAL INITIATIVES

1. Introductory Outline

The majority of the Indian workers maintain themselves on daily, weekly or monthly meager money income. In other words, they depend for their livelihood on current wages. For this reason they can not accumulate any savings out of their income. No sooner, therefore, their ability to work and earn is interrupted, reduced or ceased, so they are left without purchasing power and their standard of living which adversely affected to the employee.

The hazards or risks that interrupt, reduce or cease ability of the workers to work and earn are inherent in the modern industrial system. These risks are mainly sickness, disability, maternity, old age, unemployment and death of a bread winner. Such risks adversely affect not only the workers and their families but also their employer. The workers from his wages incur the costs for his maintenance, medicines, etc. The feeling of insecurity on the part of the workers also affects his productive capacity and thus causes loss to this employer.

As the risks, are inherent in the modern industrial system, so it fall an industry to provide protection to the industrial workers against such risks. In other words, it is the duty of industry to provide social security to its workers against such risks.¹

Against such risks a lot of insurance and pension schemes have been propounded by our administration in the name of social security. The main objectives of these pension and insurance schemes are to help the employee, to make provisions for future after their retirement. The social and economic advantages of such schemes are now widely recognized. For the concerned
employee the insurance and pension schemes can offer security in old age and consequent freedom for financial anxiety. These schemes provide protection not only to the employee concerned but to the dependent also. Under these schemes the benefits to the employers, however, are not less tangible. A properly established pension and insurance schemes will ensure orderly retirement of employees, thereby improving promotion prospects, good will and efficiency those remaining. A more contented staff is less likely to change employment so this form of wastage is reduced.²

2. Insurance and Pension Schemes: Emergence

Independent India, wedded as, this is the goal of economic growth coupled with social justice, has made steady progress in social security measure. The progress is remarkable in respect of industrial labor, which though numerically small, is considered to be the backbone of the nation. The constitution of India provides that the state shall, within the limits of its economic capacity and development, make effective provision for securing the right to work and to education, and for public assistance in the case of unemployment, old age, sickness, disablement and other cases of undeserved wants.³

In the influence of the constitution of India there have been some periodic investigations. The first investigation (1957-58) was by the study group under the Chairmanship of Shri V.K.R. Menon to find out how the various schemes of insurance and pension as well as other benefits could be combined in a comprehensive social security system. The main recommendations of the group were: "the unification of the ESI and EPF schemes under a single organization by converting Provident Fund into a statutory pension scheme. The adoption of a single contribution for cash benefits in respect of the sickness, maternity and employment injury, old age, invalidity and survivorship pension-cum gratuity payments. The group's emphasis was on integration rather than extension."
The second principle investigation (1963-66) was done by a tripartite ESI Review Committee under the Chairmanship of Shri C.R. Paltabhi Raman. It made 176 recommendations most of which have been since implemented.

The third major investigating body which was asked to report, inter-alia, on the working and reorganization of insurance and pension schemes in India was the National Commission on Labor (1969) under the Chairmanship of Dr. P.B. Gajendra Gadkar. The commission reviewed the progress in the enforcement of ESI Review Committees recommendations. It further made a general statement that: “an ideal arrangement will be gradually worked towards a comprehensive insurance and pension plan by pooling the entire single fund which different agencies can draw upon for disbursing various benefits according to the needs”.

As a step towards the merger of the ESI and EPF schemes, the ESI Corporation presented an “operation plan” in 1968-69. A working group was set up in 1969 to study all aspects of the proposal of integration including its feasibility and its advantages and disadvantages. The report seems to be under consideration.

In 1972, a committee, called the Committee on Perspective Planning was set up by Workmen Study Institute. The committee’s report submitted in the same year has been published. It has made several for-reaching recommendations.

The ESI Amendment Act, 1975, has already incorporated some of the suggestion. A high-powered committee is already engaged in an in depth study of the various suggestion.4

This procedure has not how come to an end because with the progress of nation the problem of workers are increasing, due to this reason the government became vary conscious and taking steps, about the proper regulation of insurance and pension security schemes. Recently constituted
Old-Age Social and Income Security Committee, Insurance Regulatory and Developmental Authority, Bhattacharya Committee, Dev Committee, Narasimha Committee vis a vis Pension Fund Regulatory and Development Authority give their suggestions regarding schemes of pension and insurance which the government are trying to fulfill them.

3. **Insurance and Pension Schemes: Need and Significance**

The insurance and pension schemes are a pre-determined course of action which leads direction to activities and programmers, and canalizes them towards certain accredited objectives. It has its roots in the past as well as future. Therefore the schemes of insurance and pension formulate to determine the objectives, its needs and significance.

So the schemes relating to insurance and pension collectively known “Social Security Schemes” playing a vital role in this present scenario. In India, the government through various insurance and pension schemes help the industrial workers in their contingencies of sickness, disablement, employment injury, maternity etc, and the benefit are granted to the workers and there families. The need and efficacy of these schemes are as follows.⁵

**Economic Significance**

As far as the economic significance of pension and insurance schemes is concerned, the first consideration for labor welfare schemes is that it should promote economic development by strengthening the human factor in production. Its significance that it should be develop a more disciplined, committed, and productive labor force than that which presently exists.⁶

In the final analysis, the prosperity of a country depends not so much upon its natural endowment and climate, important as these undoubtedly are, as on its human resources, the strength, skill of the people, their preference between work and Leisure, motivation for seeking material rewards, and the
importance attached to discipline and related values. These are not intangible qualities which do not lend themselves to qualification, nor can they be related to statistically measurable results. Nevertheless, there is no doubt that in the long run it is the human factor that largely amounts for the differential in the rates of economic growth among the nations.

Social Significance

The term insurance and pension schemes are generally understood to include social insurance vis a vis social assistance such as health, education, housing, family allowances etc. The two thing are important for the framing and enforcing insurance and pension schemes including that is, first one is, the capacity to feel the misery of others and the wish to help them by these scheme became social and second, a sense of reality by this the assistance became a scheme. The significance of pension and insurance scheme may have two dimensions that of the line of satisfaction, moving from individual needs to those of society at large and that of satisfaction moving from the purely biological to the spiritual needs.

The social significance of insurance and pension scheme has historically always dwelt with economically under privileged people, as well as it emerged in response to the deficiencies of industrial life. The rational and efficient way of thinking associated with industrial way of life and recognition of structural defects in industrial society led the development of organized and comprehensive attach on the problems of workers, a lot of legislation has been enacted to prevent these types of problem. Preventive and curative health service, school and loom school, and cultural education system were organized. The social security measures were brought in housing programmed which undertaken on gigantic scale. Then it has been said that employee welfare programmed should serve a well-defined purpose. In India, the purpose means welfare measure lead to the realization of DPSP. It is true that progress in the field is tardy, if not wholly unsatisfactory; indeed the country by any reckoning
has a long way to go. One suspects that this has been due partly to lack of resources and partly to the lack of will in order to realize the DPSP in respect of Article 39(e), 41, 42 and 43, it will be necessary for the state to take concerned measures in co-operation with employers and unions almost on a continuous basis for the next decade. On the other hand, this is no doubt that if for any reason, the state fails to take deliberate steps in this direction the prospects of realization of Directive Principles would appear to be remote. Within the framework of Directive Principles an order of priorities has to be laid down, in which the highest priority should be accorded to the health and education of children and dependent minors and assurance of benefits in case of temporary or permanent disablement. Some of these amenities can be better provided through social insurance schemes limited to industrial workers.

Political Significance

The insurance and pension measures provide by the government through the various schemes for creating a better understanding between employers and employees, for the progress of industrial world. The workers are encouraged in various ways due to which they avoid conflicts strikes and lookouts and try to have a sound and peaceful atmosphere in their place of work. The government is interested in the establishment of the labor unions to make the workers fully aware of the time, prevailing situation in the country, from the platform of their unions, associations, forums and federations, the workers can raise their voice against insecurity and injustice. The political approach of insurance and pension schemes is to bring mutual co-operation, peace and harmony in the industrial organization.

Psychological Significance

Human psychology is an important factor affecting the working as well as living conditions of an individual worker, whether it is industrial or agricultural, are psychologically affected by the nature of their jobs and
earning, the attitude of their employers, protection and facilities available to them. The protective measures provided through pension and insurance schemes help the workers and gain the mental peace and satisfaction, increase the working capacity and the efficiency of the workers which leads to an increase in their earning and they are thereby able to raise their living standard and in the long run this can lead toward the increase the national income, bridging the gap between developing nations and developed nation and in this way they contribute to the economic, social, cultural and political advancement of their country. 

4. Insurance and Pension Schemes: in the New Economic Regime

The new economic regime has raise several questions regarding the future of insurance and pension sector regarding employees. What will be the shape of insurance and pension sector in the coming decades? Will it undergo radical changes or will the changes be only marginal for employees. But the future of insurance and pension sector depends on present. It is the necessity of time that we make strong and steady to our present “secure today for better tomorrow” is the philosophy of our policy maker due to this reasons our policy makers have taken some bold step, these steps are some like:

1 Insurance and Pension Scheme: in the Formal Sector

The formal sector is a organized class of working people, in which a lot of insurance and pension schemes has been introduce by our system which are as follows-

1.1. Insurance and Pension Schemes; in the Statutory Framework

The statutory schemes of insurance and pension are define as well as classified as follows-
1. Provident Fund cum Retirement Benefit Schemes

These schemes are the schemes of utmost importance for the working class in their present as well as future contingencies. These schemes are as follows.

Employee’s Provident Fund scheme

This scheme has been define under the following heads in vary clear manners for the common understanding of the working employees which is like as-

General Observation

The section/5 of Employee Provident Fund & Miscellaneous Provision Act 1952 empowers the central government may, by notification in the official Gazette frame a scheme to be called Employer’s Provident fund scheme for the establishment of provident fund under Employee Provident Fund & Miscellaneous Provision Act 1952 for the employees and any class of the employees and specify the establishment or class of the establishment to which the said scheme shall apply and there shall be established, as son as may after the framing of scheme, a fund in accordance with the provision of this Act and scheme.9

The scheme so framed may provide for all or any of the matters in schedule II of the EPF and MP, Act 1952. The scheme may provide that any of its provisions shall have the application prospectively or retrospectively from any such date as may be notified.10 With regard to the question whether the scheme can have retrospective operation it has been said that there is nothing wrong in the scheme itself being made retrospective in its operation but the penal provision in the scheme was not intended to be retrospective.11
This rule of retrospective operation of EPF scheme has been interpreted by the court in vary decorated manner in several judicial pronouncement with other issues.

In the case of, **The District Exhibitors Assn, Muzaffarnagar & Others vs Union of India & Others**\(^{12}\) where a notification dated 30 April 1986 was issued applying E.P.F.S. to cinema theaters from 1-10-1984 which is the date of coming into force of the Cine-Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981. Under Para 30 and 32 of EPF scheme, the employer is responsible to pay both the employer as well as employee share of contribution and he is authorized to deduct the employee’s share from the wages of the employee for the period in respect of which the contribution is payable.

In view of relevant provisions it was held by the court that the sec5(2) and of EP Act confers express power of making the EPS scheme applicable retrospectively. But by retrospectively applying the scheme, the employer can not be asked to pay the employee’s contribution for the period antecedent to the notification applying the scheme because he has no right to deduct the same from the future wages payable to the employee. The payment of employee’s contribution by the employer with the corresponding right to deduct the same from the wage of the employees would be only for the current period during which the employer has also to pay his contribution.

Again in the case of, **Swastik Textile Engineers Pvt. Ltd. vs Ujjibhai Maujibhai Rathod and Another**\(^{13}\) where the petitioner-company paid to its workman back wages in compliance with order of the labor court. Provident Fund authority demanded contribution in respect of such wage, holding them to constitute basic wage as defined in the EPF Act 1952.

The High Court was of the view that the back wages when awarded by the court, constituted damages compensation. It was not the same as the wage
earned for duties performed and period spent on duty; it would not be considered as basic wages as envisaged by the EPF Act in respect of which payment should be made retrospectively. The petitioner was therefore under no obligation to make provident fund contribution in respect of said back wages.

Once again in, *Dalmia Cement Bharat Ltd. v/s Regional Provident Fund Commissioner*¹⁴ where was a question whether payment of ad hoc lump sum under settlement comes within the preview of the term basic wage and PF commission can demand for payment of PF dues from this ad hoc payment.

The court held that the payment of ad hoc lump sum under settlement comes within the preview of the term basic wage and will be liable for the payment of PF dues because the EPF scheme has retrospective operation.

**Payment of Contribution to the Fund**

The Fund has been raised through the joining contribution of employer and employee, the employer's contribution to the fund has been fixed at 8-1/3% of the basic wages and the dearness allowance (including the cash value of any food concession) and retaining allowance payable to such employees to whom the scheme applies. The employee's contribution shall be equal to the contribution payable by the employer in respect of such employee. In respect of factories or establishments notified by the Central Government, the rate of contribution of employers and employees may be fixed at 10%. If any employee may contribute any sum exceeding 8-1/3% of the basic pay and dearness allowance and retaining allowances, if any, subject to the condition that the employer shall not be under obligation to pay any contribution over and above his contribution payable under this scheme.¹⁵

The employer became liable to pay contribution under the Act from the moment the scheme is applied to the particular establishment, or class of establishments, by government notification. As soon as a communication is sent to the employer stating that the provisions of the Act and scheme are made
applicable to his establishment he became liable not only to remit contributions involving his share and the share of each employee to the provident fund but also pay administrative charges. Administrative charges can be collected from the employer even for the period earlier to the date of communication from the date when scheme became applicable to the establishment.

Where the employer fails to recover contributions from the employees and subsequently it is found that the contributions were due, the employer is bound to pay the same and it can not be said that the employer can not be made liable to pay the share of the employees with retrospective effect. The provisions as well as the scheme framed these under last upon the employer an obligation to make contributions without any notice from the departmental authorities.¹⁶

Modes of Payment of Contribution

Under the Employee Provident Fund Scheme, the contribution in respect of employer and employee is to be paid, in the first instance by the employer. It has been provided that the employer is responsible for making both the contribution of the provisions of the Employee’s Provident Fund Scheme framed under the Act. The liability is a continuing one and does not come to an end, once such payment is made. The employer shall, in turn, deduct the member’s share from the wage due to him. The employer is not entitled to deduct the employer’s contribution from the wages of a member or otherwise recover it from him.¹⁷ Although the employer makes the payment of the share of an employee by way of contribution to the fund; the employer is empowered to reimburse the same by deduction. It is for the employer who has to bear the ultimate liability of contribution and this liability remains intact.¹⁸

The employer after making deductions from the wages payable to an employee is required to forward to the commissioner within fifteen days of the close of the month, a monthly consolidated statement in the prescribed form
showing recoveries made from the wages of each employee and the amount contributed by the employer in respect of each employee.\textsuperscript{19}

**Payment of Accumulation**

The commissioner or the authorized officer may on an application from a member in the prescribed form permit withdrawal of up to 90 percent of the amount standing to his credit at any time after attainment of the age of 54 years by the member or within one year before his actual retirement on superannuation whichever is later.

A member may withdraw the full amount standing to his credit in the fund in the following circumstances:

1. On retirement from service after attaining the prescribed age years, a member who has not attain the prescribed age at the time of termination of his service shall be also entitled to withdraw the full amount standing to his credit in the fund if he attain the prescribed age years before the payment is authorized.

2. On retirement on account of permanent and total incapacity for work due to bodily or mental infirmity duly certified by the medical officer of the establishment or where an establishment has no regular medical officer, by a registered medical practitioner designated by the establishment as under-

1. Where an establishment has been closed the certificate of any registered medical practitioner may be accepted;

2. Where there is no medical officer in the establishment the employer shall designate a registered medical practitioner stationed in the vicinity of establishment; or

3. Where the establishment is covered by the Employee's State Insurance Scheme , Medical Certificate from medical officer of the ESI dispensary with
which the insurance medical practitioner with whom, the employee is registered under the scheme.

3. Immediately before migration from India for permanent settlement to abroad or for taking employment abroad,

4. on termination of service in the case of mass or individual retrenchment.

5. On termination of service under a voluntary scheme of retirement framed by the employer and the employees under a mutual agreement specifying, inter alia, that not withstanding the provisions contained in sub clause (a) of clause (00) of section 2 of the Industrial Dispute Act, 1947 excluding voluntary retirement from the scope of definition of retrenchment such voluntary retirement shall for the purpose be treated as retrenchment by mutual consent of parties.  

   Again it is also the responsibility of the commissioner that he prepared pension payment order as per the service record of employer on the demand of employee, as in the case of, Ram Deo Singh v/s Steel Authority of India, the petitioner, an employee of the respondent Bokaro Steel Plant, could not get his pensioners benefits from respondent provident Fund Authority, as the latter claimed that his date of birth July 18, 1947 not July 18, 1995 as recoded in the service record of employer he could get pension only from July 19, 2005.

   The court held that P.F. commissioner and other authority done act as per the service record of the employee

**Administration of Fund**

**Central Board**

As per the section 5-A, the fund shall be administered by the Central Board of Trustees constituted under this section. Section 5-A empowers the central government to constitute a Board of Trustees of the territory to which
the act extends by notification in the Official Gazette, with effect from such
date as may be specified therein. The Central Board shall consist of the
following persons as members, viz-

1. A chairman and a vice-chairman to be appointed by the central
government;

2. The central provident fund commissioner, ex officio;

3. Not more than five persons appointed by the central government
amongst its officials;

4. Not more than fifteen persons representing governments of such states
as the central government may specify in this behalf appointed by the
central govt.

5. Ten persons representing employers of the establishments to which the
scheme applies, appointed by the central government after consultation
with such organizations of employers as may be recognized by the
central government in this behalf; and;

6. Ten persons representing employees in the establishments to which the
scheme applies, appointed by the central government offer consultation with each organizations of employees as may be
recognized by the central government in this behalf.

The terms and conditions subject to which a member of the Central
Board may be appointed and the time, place and procedure of the meetings of
the Central Board shall be such as may be provided for in the scheme.

The Central Board shall administrate the fund vested in it, in such
manner as may be specified in the scheme. It shall also perform such other
functions as it may be required to perform by or under any provisions of the
scheme.\textsuperscript{22}
State Board

The section 5/B provides for constitution of a Board of Trustees for a particular state. A State Board shall exercise such powers and perform such duty as the central govt. may assign to it from time to time.

The terms and conditions subject to which a member of a State Board may be appointed and the time, place and procedure of the meetings of a State Board share be such as may be provided for in the scheme.

Executive Committee

The section 5-AA provides that the central government may, by notification in the Official Gazette, constitute with effect from such dates as may be specified therein an Executive Committee to assist the Central Board in the performance of its functions. The Executive Committee shall consists of the following persons as members, namely-

1. A chairman appointed by the central government from among the members of the Central Board;
2. Two persons appointed by the central government from among the officials of the central government;
3. Three persons appointed by the central government from amongst persons representing the central government;
4. Three persons representing the employers elected by the central board from amongst the persons representing establishments;
5. Three persons representing the employees elected by the Central Board from amongst the persons representing organizations of employees;
6. The central provident fund commissioner, ex officio
The terms and conditions subject to which a member of the Central Board may be appointed or elected to the Executive Committee and the time, place and procedure of the meetings of the executive committee shall be such as may be provided in the scheme.²⁴

**Board of Trustee**

Section/5-C provides for the constitution of Board of Trustee. The provident fund and other funds shall be administered by Board of Trustees. The term of office of the chairman, vice chairman and every trustee of the Central Board shall be five years commencing on and from the date of which their appointment is notified in the Official Gazette. A trustee appointed to fill a casual vacancy shall hold office for the remaining period of the term of office of the trustee in whose place he is appointed and shall continue to hold office on the expiry of the term of office until the appointment of his successor as notified in the Official Gazette. An outgoing trustee shall be eligible for reappointment.

A trustee of Central Board may resign his office by letter in writing address to the central government, and his office shall fall vacant from the date on which his resignation is accepted by the central government. If a trustee fails to attend three consecutive meetings of the Board without obtaining leave of absence from the chairman of the Board he shall cease to be a trustee. The central government may however restore him to trusteeship if it is satisfied that there were reasonable grounds for the absence.²⁵

**Employee’s Pension Scheme**

This scheme is a scheme of old age when an employee retired and has no means of their support. Here this scheme analyses as follows-
General Observation

The Section 6-A of Employee Provident Fund & Miscellaneous Provision Act provides that the Central Government, may by notification in the Official Gazette frame a scheme to be called the Employee’s Pension Scheme for the purpose of providing for-

1. Superannuation pension, retiring pension or permanent total disablement pension to the employees of any establishment or class of establishments to which this Act applies.
2. Widow or widower’s pension, children pension or orphan pension payable to the beneficiaries.

The above defined provision clearly defines that the EPS provide benefit to the retired employees as well as their dependants, but only after the strictly follow the concerned rules. In the case of Sudhakar Pani v/s Asst. P.F. Commissioner, Employee P.F. Organization, Karnataka Regional Office, Bangalore where, the petitioner, a disabled employee, was denied disabled employee’s pension under the EPS 1995, on the ground that his disablement was 90% only, by strict interpretation of the concerned rule.

The court was of the view that disablement pension should be provide if the employee incapacitate for all work which he was capable of doing at the time of disablement. Here the respondent should provide pension to employee.

Again in the case of, Smt. Kamala Bai v/s Secretary, M.P. Electricity Board & Others where an application filed by a widow who could not get for seven years the benefits under Family Pension Scheme, after her husband died, leaving her and five children almost destitute. The reason of non-payment was formal option contemplated in Para 4 and 4-A of EPS, which was not taken by the deceases.
The court held that conclusive determinants of entitlement of Family Pension are provided in Para 3, 12 and 28 of the scheme and not elsewhere. Absence of formal options contemplated in Para 4 and 4-A does not defeat claimant right otherwise acquired. The claimant will be succeeding in their action for pension.

The above noted judgments of the court declared that EPS scheme enacted with an avowed object of providing security to the retired person as well as their dependents.29

Notwithstanding anything contained in section 6, there shall be established, as soon as may be after framing of the pension scheme, a pension fund into which there shall be paid from time to time, in respect of every employee who is a member of the pension scheme-

1. Such sums from the employer’s contribution under section 6, not exceeding eight and one third percent of the basic wages, dearness allowance and retaining allowance. If any, of the concerned employees, as may be specified in the pension scheme;

2. Such sum, as are payable by the employer of exempted establishments under sub-section 6 of section 17;

3. The net assets of the employee’s family pension fund as on the date of the establishment of the pension fund;

4. Such sum as the Central Government may, after due appropriation by parliament of law in this behalf, specify.

On the establishment of the pension fund, the family pension scheme shall cease to operate and all assets of the ceased scheme shall vest in and shall stand transferred to, and all liabilities under the ceased scheme shall be enforceable against, the pension fund and the beneficiaries under the ceased scheme shall be entitled to draw the benefits, not less than the benefits they were entitled under the ceased scheme, from the pension fund.
Subject to the provisions of this Act, the pension scheme may provide for all or any of the matters specified in schedule III. The pension scheme may provide that all or any of its provisions shall take effect either prospectively or retrospectively on such date as may be specified in that behalf in that scheme.  

In case of claim of family pension, the determinants of entitlement to pension are provided in the scheme and absence of formal option as required under the pension scheme can not defeat claimant’s right to acquire the pension benefit. The acquiescence of the employee in the continued deduction towards his contribution would be deemed exercise of his option.

**Payment of Contribution to the Fund**

The contribution paid to the fund by the employer shall be 10 % of the basic wages and the dearness allowance and retaining allowance and the contribution payable by the employee shall be equal to the employer’s contribution. However if an employee so desire his contribution shall be an amount exuding ten percent of his wages, dearness allowance and retaining allowance (if any), subject to the condition that the employer shall not be under an obligation to pay any contribution over and above his contribution payment.

The Central Government is to meet the entire cost of administration of the scheme. For this purpose, the Central Government shall pay, in addition to the contribution specified such further sums as may be determined under section 6-B of the Act in consultation with the commissioner, into the family pension fund to meet the expenses such as pay allowances, contingency expenditure, gratuities and compassionate allowance, pension and contributions to provident fund and other benefit payable or admissible to the staff or officers either wholly or partly for the administration of scheme. The Central Government shall also meet the proportionate expenses of capital as also proportionate of the expenses incurred in connection with the Central Board of
Trustees or Regional Committee’s work or both as may be properly chargeable to the administration of this scheme.

The contribution payable shall be calculated on the basis of wages, dearness allowance, including the cash value of any food concession and retaining allowance, if any, actually draw for the preceding month irrespective of whether the mode of payment is daily, weekly, fortnightly or monthly. 31

Modes of Payment of Contribution

The employer shall pay the contribution payable to the Employee’s Pension Fund in respect of each member of the Employee’s Provident Fund employed by him directly or by or through a contractor to pay the contributions payable to the Employee’s Provident Fund by himself in respect of the employees directly employed by him and also in respect of the employees employed by or through the contractor.

From and out of fund contributed payable by the employer in each month under the Provident Fund Act and the rules, a part of the contribution representing 8.33% of the employees pay shall be remitted by the employer to the pension fund within 15 days of the close of every month by a separate bank draft or cheque on account of the pension fund contribution in such manner as may be specified in this behalf by the commissioner. The cost of the remittance if any shall be borne by the employer. The Central Government shall also contribute at the rate of 1.6 % of the pay of the members of the pension scheme and credit the contribution to the provident fund. The contribution payable shall be calculated to the nearest rupee, fifty paisa or more to be counted to the next higher rupees and fraction of a rupee less than fifty paisa to be ignored.

Where the pay of the member exceed rupees five thousand per month the contribution payable by the employer and the Central Government be limited to the amount payable on his pay or rupees five thousand only. 32
Payment of Accumulation

In the case of a new entrant the amount of monthly superannuation pension or retiring pension, as the case may be, shall be computed in accordance with the following factors, namely:

Monthly member's pension = \[
\frac{\text{Pensionable salary} \times \text{Pensionable service}}{70}
\]

In the case of an employee who is a member of the ceased family pension scheme, 1971 and who has not attained the age of 48 years on 16.11.1995, superannuation, retirement or short service pension shall be equal to the aggregate of:

1. Pension as determined as per above formula for the period of pensionable service rendered from 16\(^{th}\) November, 1995 or Rs. 635 per month, whichever is more.
2. Past service pension benefit, past service benefit payable on completion of prescribed 58 years of age on 16.11.1995, subject to a minimum of Rs. 800 per month provided the past service is 24 years. If the past service is less than 24 years the pension and the benefit computed shall be reduced proportionately subject to a minimum of Rs. 450 per month.
3. On completion of the age of 58 years after 16.11.1995, the benefit shall be multiplied by the factor corresponding to the period between 16.11.1995 and the date of the attainment of 58 years to arrive at past service pension payment.

In the case of an employee who was a member of the ceased family pension scheme 1971, and has attained the age of 48 years, but less than 53 years on 16 November, 1995, the superannuation / retirement pension shall be equal to the aggregate of:
1. Pension as determined for the period of service rendered from 16 November 1995 on Rs.438 per month, whichever is more,

2. Past service benefit as provided subject to the minimum of Rs.600 per month, if the past service is 24 years. If it is less then 24 years the pension payable and past service benefits taken together shall be proportionately les subject to the minimum of Rs.325 per month.

In the case of an employee who was a member of ceased family pension scheme, 1971 and who attain the age of 53 years more on 16 November 1995, the superannuation / retirement pension shall be equal to the aggregate of-

1. Pension as determine for the period of service rendered from 16 November 1995 per month or Rs.335 per month whichever is more;

2. Past service benefit as provided subject to the minimum of Rs.500 per month, if the service is 24 years. If it is less then 24 years pension payable and past service benefits shall be proportionately lesser but subject to the minimum of Rs.265 per month.33

The payment of the pension amount in confirmation with the above rule provided by the court in Ram Saran Bharti v/s Food Corporation of India.34 The point involved in this write petition is with regard to fixation of pension to the tune of Rs. 417 in favors of the petitioner. According to the petitioner, he is entitled to a minimum pension of Rs. 600 per month, not more because his past service period was 24 year at 16 November 1995.

The court ordered the respondent employer for the payment of pension to the employee in confirmation of the concerned rule.

Reduction in the Payment of Accumulation

It is a basic question, whether the government of India can reduce the scale of pension under Employee Pension Scheme 1995.
This question has been arisen because of the clarification given by the ministry of labor, government of India in letter dated 10.05.1999, stating now the paragraph 12(3), 12(4) and 12(5) of the Employee Pension Scheme 1995, in respect of employees who has been contributing to Employees Family Pension Scheme 1971 and Ceased to became the members of the scheme after 16-11-1995. The EPF Commissioners throughout the country work out pension as per that clarification and the pension as per EPF scheme has been reduced by applying the notification.

To determine the validity of such clarification the following question come for consideration which are as follows-

1. What is the rate of pension prescribed under the EP Scheme 1995 Para 12(2) of the EPF Scheme specifies that the monthly Members pension = (pension able salary x pension able service)/70.

This is the pension payable or the pension able services rendered subsequently to 15/11/1995.

Para 12(3): in the case of an employee who was a member of ceased family pension scheme, 1971 and who has not attained the age of 48 years on the 16th November, 1995.

Superannuation/retirement/short service pension shall be equal to the aggregate of

1. Pension as determined under sub-Para (2) for the period pension-able service rendered from the 16th November, 1995 or Rs. 635/- per month whichever is more:

2. Past service pension benefit shall be as given below:
The past service benefits payable on completion of 58 years of age on, 16-11-1995.

Subject to a minimum of Rs. 800/- per month provided the past service is 24 years. If the aggregate service of the member is less than 24 years, the pension and the benefit compounded as above shall be reduced proportionately subject to a minimum of Rs. 450/- per month.

On completion of the age of 58 years after 16-11-1995, the benefit under column (2) of column (3) above, as the case may be shall be multiplied by the factor given corresponding to the period between 16.11.1995 and the date of attainment of age of 58 to arrive at past service pension payable.

Para 12(4) in case of an employee who was a member of the ceased family pension, 1971 and has attained the age of 48 years but less than 53 years on the, 16th November, 1995, the superannuation retirement pension hall is equal to the aggregate of:

1. Pension as determined under sub Para (2) for the period of service rendered from the, 16th November, 1995 or Rs. 438/- per month whichever is more;

2. Past service benefits as provided in sub-Para (3) subject to a minimum of Rs. 600/- per month, provided the past service is 24 years. The pension payable and the past service benefit taken together shall be proportionately less subject to the minimum of Rs. 325/- per month.36

Para 12(5); in the case of an employee who was a member of the ceased family pension scheme, 1971 and who has attained the age of 53 years or more on the 16th November, 1995, the superannuation/ retirement pension shall be equal to the aggregate of:
1. Pension as determined under sub Para (2) for the period of service rendered from the, 16th November, 1995 per month or Rs. 335/per month which ever is more.

2. Past service benefits provided in sub-Para (3) subject to the minimum of Rs. 500/- per month, provided further that if it is less than 24 years the pension payable and the past service benefits shall be proportionately lesser, but subject to the minimum of Rs. 265/- per month”

It may be seen that in all the three cases namely Para 12 (3), 12(4), 12(5) of EP Scheme. If the past service or pension able service up to 15-11-1995 is 24 years, a minimum amount is prescribed under clause (b) under each of the above sub-paragraphs and payment of such a minimum is not subject to any condition, provided the employee has a minimum 24 years of past service. Under clause (a) under each of the above sub paragraphs, has minimum prescribed pension. Under clauses (a) and (b) the total pension payable shall be not less than the minimum prescribed under (a) + the minimum under (b) under Para 12(3), 12(4), & 12(5). It is obvious that for getting the minimum past service benefit under clause (b) in 12(3), 12(4), 12(5) the only condition is not less than 24 years of past service.

(2) Whether the clarification given in the said letter of the government of India reflect the intention manifesto in the provisions of Para 12(3) 12(4) & 12(5) of the EPF Scheme 1995.

The clarification given by the government in Para (2) of its letter may be seen; according to that, for getting the minimum pension in clause (b) in paragraph 12 (3), 12(4) and 12(5), two conditions are to be fulfilled, (i) the employee should have 24 years of service and (ii) the aggregate of (a) & (b) in paragraphs 12(3), 12(4) and 12(5) should be less than the prescribed minimum of Rs. 800/-, Rs. 600/- and 500/- as the case may be.
The first condition namely the employee should have 24 years of service is very much in the above paragraphs in the scheme. Hence it is valid. But the second condition is not at all found in the EP scheme and there is no ward or context to suggest such a condition i.e. condition (ii) in the letter. Thus this condition is foreign to the provision of the EP scheme.

(3) Whether the clarification contained in the letter at. 10.05.1999 of the government of India reduces the rate of pension provided in the EP scheme.

The condition that to get the minimum pension under clause (b) in pars 12(3), 12(4) & 12(5), the aggregate of (a) and (b) should be less than the prescribed minimum, evidently reduces the pension payable.

(4) Whether such clarification is valid with reference to the provision of concerned laws and regulations.

It has been stated that the government of India has given the above clarification in their letter dated 10.05.1999 under the provisions in paragraph 41. Paragraph 41 provides that where any doubt arises with regard to the interpretation of this scheme, the central government shall decide the same and issue direction for resolving any deficiently in the disbursement of pension or in the implementation of this scheme, in both the cases some body should have raised doubt with regard to interpretation or would have expressed difficulty. As seen from the ‘Letter’ dated 10.05.1999 of the government of India, no doubt or difficulty had been stated. The letter of the Government of India is in response to the letter dated 4.5.1999 of the chief Provident Fund Commissioner. In that letter that word used is Amendment it is inerable there from that what the Chief PFC had suggested to the government, is only to amend the EP scheme, so as to while down the minimum guarantees in the scheme. The Govt. has not chosen to amend the EP scheme on the lines of the clarification given in their letter at. 10.5.1999, as it is wrong with procedural
harmless. They had reduced the rate of pension by a capricious order, which infringes on law as stated below.

The government letter at 10.5.1999 is not in conformity with law.

1. The minimum prescribed in clause (b) in Para 12(3), 12(4) & 12(5) is unconditional. The only requirement to the minimum is that the member should have 24 years of service.

2. According to sec. 6(A) (3) of the EPF Act, the beneficiaries under the ceased scheme shall be entitled to draw the benefits, not less that the benefits they entitled to under the ceased scheme from the pension fund. The classification of pension made by the government of India in its letter dated 10.5.1999 reduced the rate of pension provided not only under FPF scheme 1995 but also that provided under the EPF scheme 1971.

So it is invalid under the law of Employee Provident Fund.

Administration of Fund

The administration of Pension Fund rest in the Central Board in such manner as may be prescribed in scheme. The Central Board perform such other function as may be required to perform by or under any provision of pension scheme account called Employees Pension Fund account shall be opened by the Commissioner in such manner as may specified by the Central Board with the approval of the Central Government.

The Regional Committee shall advise the Central Board on such matters in relation to the administration of the pension scheme as the Central Board may refer to it from time to time and in particular, on-
1. Progress of recovery of contributions under the scheme both from factories and establishments exempted under section 17 of the Act and other factories and establishments governed under the Act;

2. Expeditions disposal of prosecutions,

3. Speedy settlement of claims relating to pension and other benefits under this scheme.

A separate account shall be kept called the Employee’s Pension Administration Account for recording of all the administration expenses of the Employee’s Pension Fund.

The account of the pension fund as also the Employees Pension Administration Account shall be maintained by the Commissioner in such form and in such manner as may be specified by the Central Board with the approval of the Central Government. The account of the pension fund including the administrative expenses incurred by the Central Government in constellation with the Comptroller and Auditor Central of India.  

**Employees’ Deposit Linked Insurance Scheme**

This scheme is a beneficial scheme not only for the employee but beneficial for their dependents after his demise. This scheme here defined like as-

**General Observations**

The Employee Provident Fund Amendment Act 1976 was passed under which Central Government has within the purview of section b(c) been empowered to frame a scheme to be called Employee Deposit linked Insurance Scheme for the purpose of providing life insurance benefit to the employees of any establishment or class of establishments to which the Act applies.

There shall be established as soon as may be after the framing of the Insurance Scheme, a Deposit linked Insurance Fund into which shall be paid by
the employer from time to time in respect of every such employee in relation to whom he is the employer, such amount, as per prescribed rules.

This scheme may provide that any of its provisions shall take effect either prospectively or retrospectively or on such date as may be specified in this behalf by that scheme.

**Payment of Contribution to the Fund**

The amount not exceeding being more than one percent of the aggregate of the basic wages, dearness allowance and retaining allowance (if any) for the time being payable in relation to such employee as the Central Government, by notification in the Official Gazette, specify, the employer shall pay into the Insurance Fund such further sums of money, not exceeding one-fourth of the contribution which he is required to make as the Central Government may, from time to time determine to meet all the expenses in connection with the administration of the Insurance Scheme other than the expenses towards the cost of any benefits provided by or under that scheme.40

The contribution payable by the employer and the Central Government shall be calculated on the basis of the basic wages, dearness allowance and retaining allowance, if any actually drawn during the whole month whether paid on daily, weekly, fortnightly or monthly basis. Whether the monthly pay of employee exceed five thousand rupees the contribution payable in respect of him by the employer and the Central Government shall be limited to the amount payable on a monthly pay of five thousand rupees including dearness allowances, if any, and cash value of food concession. Each contribution shall be calculated to the nearest rupees, 50 paisa or more to be counted as the next higher rupee and fraction of a rupee less than 50 paisa to be ignored.
Modes of Payment of Contribution to the Fund

The contribution by the employer shall be remitted together with the administrative charge at such rate as the Central Government may fix from time to time to the Insurance Fund within fifteen days of the close of every month by a separate bank draft or a cheque or by remittance in cash in such manner as may be specified in this behalf by the Commissioner. The cost of remittance, if any, shall be born by the employer. It shall be the responsibility of the employer to pay the contribution payable by himself in respect of the employees employed by or through a contractor.

The Central Government shall credit its contribution to the insurance fund as soon as possible after the close of every financial year.

The commissioner shall deposit the bank draft or cheque received from the employers in the State Bank of India or any bank specified in schedule I to the Banking Companies Act, 1970.

Payment of Accumulation

On the death of an employee who is a member of the fund or at a provident fund exempted under the concerned provisions of this Act, the persons entitled to receive the provident fund accumulations of the deceased, shall, in addition to such accumulations be paid an amount equal to the average balance in account of the deceased in the fund or of a provident fund exempted under the provisions of this Act during the preceding 12 months or during the period of his memberships, whichever is less, except where the average balance exceeds rupees twenty-five thousand, the amount payable shall be rupees twenty five thousand plus 25 per cent of the amount in excess of rupees twenty five thousand subject to a ceiling of rupees twenty five thousand.\textsuperscript{41}
Administration of Fund

The contributions received from the employers and the Central Government shall be credited to a separate account called the Insurance Fund Central Administration Account and all expenses in connection with the Administration of the scheme other than the cost of benefits provided by or under the scheme shall be met out of this account.

The amount received as the employer's contribution and also the Central Government's contribution to the insurance fund shall be credited to an account called the Deposit Linked Insurance Fund Account and all expenses towards the cost of any benefits provided by or under the scheme shall be met out of this account.

The Deposit Linked Insurance Scheme provides that all moneys belonging to or standing to the credit of insurance fund shall be kept in deposit with Central Government in the public account. The Central Government shall allow interest at a rate not less than 8.5% per annum.

All interest, rent and other income realized and net profits or losses, if any, from the sale of investments not including therein the transaction of the insurance fund, central administration account shall be credited or debited, as the case may be, to the insurance fund.

The Insurance fund Central Administration Account shall not except with the previous sanction of the Central Board be expending for any purpose other than the payment of benefits in accordance with the provisions of this scheme.

The insurance fund shall be operated upon by such officers as may be authorized in this behalf by the Central Board.
All expenses relating to the administration of this scheme including the expenses incurred on regional Committee shall be met from the Insurance Fund Central Administration Account.

The Central Board shall maintain the accounts of its income and expenditure including its administrative account and the balance sheet. The account shall be prepared for financial year and the book shall be balanced on the thirty first years of March each year.

The account of insurance fund including the Insurance Fund Central Administration Account shall be audited in allowance with the instruction issued by the Central Government in consultation with the Comptroller and Auditor General of India. The charge on account of audit shall be paid out of the Insurance Fund Central Administration Account Budget.

The Commissioner shall place before the Central Board each year before the first fortnight of February a budget showing separately, the probable receipt for the contribution and from the levy of administrative charges and the expenditure which is proposed to be incurred during the following financial year. The budget as approved by the Central Board shall be submitted for sanction to the central government within a month of its being placed before the Central Board.

The Commissioner may at any time during the year; make budgetary expropriation of funds sectioned in the budget by the Central Government provided that-

(1) The total amount sanctioned in the budget by the Central Government is not exceeded.

(2) It is made only for meeting such expenses of administration as are to be met from the insurance fund Central Administration Account in accordance with Para 18 of the scheme; and
(3) Every re-appropriation so made shall be reported by him to the Central Board at its next meeting.

The Commissioner shall place before the Central Board a supplementary budget for a financial year, giving detailed estimates and reasons of inescapable expenditure which is likely to incurred during the year for which no provision has been made in the sanctioned budget and which can not be covered under the provisions of this scheme. The supplementary budget as approved by the Central Board shall be submitted for sanction to the Central Government within a month of its being placed before the Central Board.

Any expenditure incurred by the Commissioner over and above the sanctioned budget of the financial year and not covered under the provisions of this scheme shall be reported to the Central Board at the earliest practicable moment after the excess is established for its consideration and for obtaining sanction of the Central Government.42

Penal Administration

The Central Provident Fund Commissioner, any Additional Central Provident Fund Commissioner, and Deputy Provident Fund Commissioner, any Regional Provident Fund Commissioner may, by order-

1. In a case where a dispute arises regarding the applicability of these schemes under to an establishment, decide such dispute; and

2. Determine the amount due from any employer under any provision of this Act, the other schemes or the Family Pension Scheme as the case may be, and for any of the aforesaid purpose may conduct such inquiry as he may deem necessary.

He shall than make an order determining the amount due from any employer as aforesaid. Where a demand for contribution to the Provident Fund is made but the liability is deputed by the employer, the determination of
liability is a condition precedent to any order made under sec/7-A of the Act, the officer conducting any inquiry for the above purpose shall have the same powers as are vested in a court under Civil Procedure Code.

For trying a suit in respect of the following matters:

1. Enforcing the attendance of any person or examining him on oath
2. Requiring the discovery and production documents;
3. Receiving evidence on affidavit
4. Issuing commissions for the examination of witnesses.

Where the employer, employee or any other person required to attend the inquiry and fails to attend such inquiry without assigning any valid reason or fails to produce any document or to file any report or return when called upon to do so, the officer conducting the inquiry may decide the applicability of the Act or determine the amount due from any employer, as the case may be, on the basis of the evidence adduced during such inquiry and other documents available on record.

Provided that no such order shall be set aside merely on the ground that there has been an irregularity in the service of the show cause notice if the officer is satisfied that the employer had notice of the date of hearing and had sufficient time to appear before the officer.43 Where an order under the concerned section is passed against an employer ex parted, he may, within three months from the date of communication of such order, and if he satisfies the officer that the show cause notice was not duly served or that he was prevented by any sufficient cause from appearing when the inquiry was held, the officer shall make an order setting aside his earlier order shall appoint a date for proceeding.44

In the case of, Nandinee Travels Pvt. Ltd. v/s Regional Provident Fund Commission, Goa45 the court laid down a reasonable rule in reference of penal
administration of provident fund schemes. In this case the petitioner company which was engaged in travel agency business was clubbed together with three other companies. The Regional Provident Fund Commissioner demanded payment of contribution under the Act. No opportunity was given to the employer to represent his case before commissioner. This order was challenged by the petitioner. It was held that the test to determine functional integrality under sec/7-A of the Act was not mere geographical proximity or financial capacity or dependency, but to consider whether one unit would survive in the absence of the other and whether in matter of finance the employer had kept them distinct or integrated.

It was observed by the High Court that Section 7-A of the Employee’s Provident Funds Act, 1952 contemplated a quasi-judicial inquiry with opportunity being given to the employer to represent his case. It was held that impugned order of the R.P.F. commissioner was not sustainable for not applying proper test to determine functional integrality and also for not giving proper opportunity in inquiry under sec/ 7-A of the Act as the inquiry was quasi judicial in nature.

**Deceased Family Immediate Pension Scheme**

If a government servant, other than a casual or daily-rated employee, holding a Gazette or non-Gazette post in a permanent or a post in temporary capacity dies while in service (whether on duty or on leave with or without leave salary), his family will be eligible for relieve in the shape of an advance in accordance with the provisions of this scheme subject to the office memorandum issued by the concerned department.

The relief may be allowed in the form of advance limited to two month’s Basic Pay and Dearness Pay taken together of the deceased government servant or Rs 8,000, whichever is less, provided that the amount so sanctioned does not exceed the estimated payments. The sanction of advance should be
communicated to the Account Officer by the Head Officer and contain the following particulars:

1. Name and designation of the government servant;
2. Status of the government servant (whether gazette or non-gazette); 
3. Pay last drawn;
4. Amount of advance sanctioned;
5. Name or names of the beneficiaries to whom the payment of advance is to be paid;

The advance paid should be recorded in the register of the Head of Account. Under this advance, civil advance, other advance, lump sum advance should be providing for immediate financial reliefs to the deceased Government Servant’s family.

The advance will be adjustable against the arrears of pay and allowances including leave salary, death gratuity, balances in the Contributory Provident Fund or General Provident Fund or any other payment due in respect of deceased Government Servant and becoming payable to the family. The adjustment of advance should be made as soon as possible, but should not be delayed beyond the period of six months reckoning from the date of sanction of the advance.

The beneficiaries under this are scheme governed as follows:

1. In case the deceased Government Servant was governed by the provisions of the CCS (Pension) Rules, 1972, or was a subscriber to the contributory provident fund, the payment of advance should be made to the person or the persons in the same manner as the payment of death gratuity or the payment of the balances in the contributory provident fund would have been paid.
2. In case other than the one governed by CCS (P) Rule 1972 the payment of the advance should be made to the person eligible to receive the death gratuity becoming payable on the death of the government servant.

3. A separate undertaking should be taken from each person to whom the payment of advance is paid that he or she agrees to the amount of advance being recoverable from any amounts payable on the death of the Government Servant.

To enable the Head of the Office to make immediate payment to the family of the deceased government servant, the head of office is authorized to use, for this purpose, the imprest (money given in loan) or other resources available with him. If the imprest or other resources are not sufficient to cover the payment, the head of the office should draw the amount from the treasury on a simple receipt in a prescribed form. As soon as the payment of advance has been made, the head of the office will immediately inform the Account Officer and also advise him as to how the advance is to be adjusted against the payment becoming payable in respect of the deceased government servant. The fact of the payment of the advance should also be indicated in the form. The fact of the payment of advance should also be made by the Head of Office in the last pay certificate in respect of a non-gazette Government Servant. A copy of the letter sanctioning advance to a Gazette government servant may be endorsed to the Treasury Officer concerned so that the Treasury Officer may make specific mention of the advance in last pay certificate.

In the case of government servant who dies while on deputation in Foreign Service, the advance may be sanctioned by the Parent Department.

In so far as persons serving in the Indian Audit & Accounts Department are concerned, these orders have been issued after consultation with the Comptroller and Auditor General of India.46
This scheme is a beneficial instrument in the hand of the employees to provide immediate relief to their families after their demises. This scheme cast a strict responsibility on the concerned department Head Officer to take immediate action to provide immediate protection just after the death of employee.

2. Group Insurance and Pension Schemes

The Group schemes are those schemes which provide by the statutory framework in hidden manner, meaning their by statute permit to the employer to provide better benefit scheme in view of schemes expressly provided y the statute. These schemes are as follows-

Group Life Cover Scheme

Group life Cover Scheme is a scheme which does not cast any thing extra to an employer considering the charge being paid to the PF authorities under the EPF & MP, Act. This Act has a provision for Employee Deposit linked Insurance cover for all members of PF administered by Employee Provident Fund Organization (EPFO). Every employer who maintains PF with EPFO is required to contribute 5% of basic salary every month towards EDLI benefits. This remittance is made along with monthly PF deposits. The basic salary for this purpose is capped as Rs. 6500 p.m. This means that an employer is required to contribute a maximum of Rs. 390 p.a. towards EDLI benefits.

The life cover benefit by PF Act under EDLI is a sum of Rs. 60,000 in the event of death of a member of PF.

Under the PF Act, there is a provision for exemption from EDLI contribution in case employer can demonstrate that they have in place an equivalent or a better life cover benefit for their employees. Also, majority of employees consent to alternate life cover benefit in lieu of EDLI benefit is insisted upon by PF Authorities. An employer, who can demonstrate better
benefits and employees consent to same, can then apply for an exemption from compliance with EDLI stipulations under PF Act. Documentation in the form of alternate life cover scheme, and employees consent is required to be filed with application to Regional EPFO authorities.

Most life insurance companies have a specially tailored life cover product and can provide all the guidance to implement this scheme.

The extent of life cover that can be provided under a policy with a life insurance company, based on age profile and number of employees in a company, with same amount that would have been otherwise paid to EPFO, can vary from 2 lakes – 4 lakes. This is for the simple reason that an annual contribution of Rs. 390 will provide a life cover of only Rs. 60,000 with PF authorities, whereas, a life insurance company can provide cover of anywhere from 2 lakes – 4 lakes for same amount.

Numbers of employers are choosing this product to provide a better life cover at same cost. The administrative effort in securing employees consent is worth the effort. EPFO do not normally reject the application under this provision, and advance intimation and discussion with EPFO authorities could help in making sure that proper roll out is carried out of this benefit.

This schemes depend on the choice of employer and employee, whether they want better life cover scheme than the EDLI schemes. Generally EPF Act provides relaxation in reference to the exemption from EDLI scheme. In reference of such relaxation the employer and employee choice to invest in the insurance to amount deposit to EPFO in lieu of EDLI in which life insurance corporation can provide a better life cover to the employee than EPFO.

**Group Life Insurance Scheme**

It is said that life insurance is never bought. It is always sold. It is quite obvious that earning individuals with dependent family members or financial
liabilities should have adequate life insurance cover; however, it is very rare that people take adequate life insurance cover. One should revisit the level of life cover based on life events like marriage, birth of a child, etc, to ensure the growing family needs will be met in case of an unfortunate event.

Employers can demonstrate that they care for their employees by taking adequate life cover on their employee’s life, for the benefit of dependants. In India, often families look towards employer for financial assistance in case of death of an employee, and an adequate life insurance benefit could exactly meet this need. So the employer take steps by introducing group insurance schemes, in which employee nominate and subscribe to their family member for the purpose of taken benefit after his/her demise.

In the reference of Deceased Family Immediate Pension Scheme the court in, Harmesh Singh v/s State of H.P. was of the view, that if a female employee does not file nomination but only subscribe to their family as per the scheme, as well as, as per the meaning given to the term family, the family member of deceased employee can entitled for insurance amount under Group insurance scheme.

The key advantages of an employer provided cover under this scheme could be-

1. Employees are often not required to undergo a medical test to determine the premium individually.
2. Premium is quoted based on group data on age, and applies uniformly to all employees. The premium quoted on group basis, is often much lower than the premium quoted on personal basis even in the age group of 25-30 years, it is even more beneficial for employees in the higher age group.
3. The level of cover provided is also higher than what an employee would go for an individual basis life insurance companies would often provide cover up to certain multiple of annual earning of an employee.

The employers could provide an optional additional life cover on premium participation basis by employees. A life cover of 2-4 times of annual earnings is considered as an ideal cover than an employer could provide. Some employers may choose to provide uniform cover to all employees at a certain level (called as graded cover) e.g. Rs 5 lakhs to entry level employees going up as per their grade in the company.

The scheme is vary necessary for future necessity. In respect of this scheme an employee can individually be apply for that very scheme from any insurance company but generally the employee does not take this step in individual capacity but take in a group through the employer because by taking this scheme through the employer they receive higher life cover. So this scheme cast the responsibility on the employer to think about the welfare of their employee.

**Group Gratuity Scheme**

Group gratuity scheme is more an employer convenience scheme than employees. A gratuity trust formed to invest the fund made for gratuity, which can ensure that the employer’s future liability for gratuity is funded. It removes uncertainty in cash flows of employer, and also ensures employees future rights. The amount contributed to a trust is tax deductible, as against, just a provision in accounts. Brief highlights of some aspects of the scheme are outlined here under-

1. Appropriate valuation of gratuity liability is a starting point for adequate funding. It is important that the assumptions for gratuity valuation are discussed with the actuaries carrying out the valuation. Some of the key assumptions are employee attribution rate, annual salary revision rate,
and investment return on investments. Employee attrition and salary revision rate are some assumptions on which actuaries should look at company's historical data, and also discuss about future expectations, of the employer, Actuaries are interested in real long run expectations, as against next few year's expectation only, e.g. traditionally in manufacturing industry an attrition rate of employees at 4% p.a. and salary revision rate of 4-6% is considered appropriate, however, whether such rates would be good for some new economy sectors like software etc. is doubtful, and possibly higher % assumptions in this regard would be more appropriate. An inappropriate assumption could mean both inadequate provision for gratuity liability in account and hence inadequate funding to the trust.

2. Historically companies in India have invested their gratuity funds with LIC in conventional fund management schemes, and LIC has delivering returns in the range of 9-12% p.a. depending on their fund management performance each year. In the last couple of years, the private life insurance companies have been promoting unit linked (UL) investment schemes for gratuity funds, under which depending on the financial markets performance, the returns could be either higher or lower. The trustees could also choose the mix of debt/ equity and change same from time to time, depending on their expectations of market performance. The advantage of UL product could be that if the returns from investment are better than investment returns assumed in gratuity liability valuation, then future contributions required could be lower. On the other side, the conventional investment scheme could provide a minimal guaranteed return, and thus ensuring that corpus once set apart for gratuity funding is never depleted. In today's matured financial markets, UL looks like the way to go, and LIC has also now introduced UL investment option for Gratuity Schemes. If one life company does not deliver good performance over a time, one could also switch the
investments to a different life company. If in house investment skill are available, large organizations could manage investments on their own too.

3. If funds are invested with a life insurance company, under a gratuity policy, employers could provide for gratuity benefits on future service also, as gratuity payable on death of an employee. The liability under the Gratuity Act is for past service only, however, keeping the additional provision in gratuity policy could provide additional benefit to employees, and par takes the nature of a life cover.

The Group Gratuity Scheme is beneficial tool to earn much and much on the name of gratuity. Under this scheme there is responsibility of the employee to choice better investment option through the plan of either LIC or other private company, the purpose must be one, much and much profit.

**Group Mediclaim (Hospitalization) Scheme**

Group Hospitalization scheme is to take care of hospitalization needs of an employee and his dependants. The premiums of such schemes have gone up significantly in the last two years due to losses being incurred by insurance companies on this scheme. This is perhaps the most valuable of the perks an employer could offer. Some of the valuable innovations in the hospitalization scheme are features like-

1. Cash less admission, wherein insured employee and their family members can be admitted to any hospital in the network of the insurance company without need to pay the cost of treatment, and the bills are sent to insurance company for settlement. A card is issued to all members insured, and hospital would admit on the basis of the card issued by insurance companies. The entire administration is often done by specialized intermediaries called the Third Party Administrators (TPA) appointed by the insurance companies.
2. Floater covers, wherein the employee and his family member are collectively covered for a sum assured. The amount of cover available could be used for need of any family member instead of individually allocating the sum assured.

3. Pre-existing diseases cover: Normally individual insurance policies do not cover pre-existing diseases. However, group schemes are often issued with waiver of this condition whereby hospitalization required for even known medical conditions of a patient at the time of admission to policy are covered for treatment.

Some of these innovations have also led to increase in claims cost and hence the premiums. Hospitals are often accused of carrying out unwanted tests or prolonging treatment to inflate the cost, while patient also do not realize since they have cashless admission. Pre-existing diseases cover is valuable particularly for elderly parents; however, it does lead to overall increase in claims level for a group policy, and hence higher premiums in subsequent years.

The companies are taking various measures to restrict the overall cost like-

1. Restricting the number of family members that can be enrolled. Some employee, his/her spouse and up to two children and do not extend cover to parents. The latest innovation is not giving cover to parents under the age of 60, since they may be earning members and not really dependant on employees. Some employers are capping the amount that can be used by parents in the overall floater cover, e.g. If the floater cover is Rs. 2 lakes, the cover available for parents could be limited to Rs. 1 lake.

2. Requiring employees to co-pay part of the cost of hospitalization. This ensures financial participation by employee and hence more consciousness in controlling over all cost of treatment. Some schemes have deductibles like Rs. 5,000, wherein the employee has to himself
bear the cost of hospitalization up to this amount or this much amount will not be paid by insurance if cost exceeds this amount.

3. Requiring employees to use only network hospitals. There are hospitals which are in the panel of insurance company might have negotiated corporate terms.

4. Requiring employees to take prior authorization for treatment, say 24 to 28 hours before actual admission for an identified treatment. Prior authorization ensures that insurance company can have an opportunity to ensure that only treatment which is required for the patient is proposed to be provided. Prior authorization will of course be not possible for emergency admissions.

5. Restricting the amount that can be spent on certain diseases. E.g. limiting the amount for a contract operation to Rs. 15,000. Insurance companies have now identified many treatments which can be done as a day care procedure without need for admission or over night stay.

Restricting diseases as per exclusion or inclusion disease which facilitates the employer as well as their family member that they apply for such disease by which they are affected.

The above principle has been liberally interpreted by the court in Talvinder Chawdhary v/s Union of India and Others. In this case a mediclaim insurance policy was taken by the petitioner in the year 1997 which was renewed from year to year till 2002. The last renewal of the policy expired on Dec. 28, 20002. Deposit reminders the Development Officer failed to collect the premium amount and therefore the policy could not be renewed. On the petitioner personally visiting the office of the insurance company, the policy was issued with a clause excluding cordial disease and related diseases, on the basis that in the year 1998, the petitioner suffered a similar problem when payments had to be mad under the policy. The petitioner called upon the insurance company to remove the said condition by his latter dated Feb 21, 2003 and also informed if of the fact that Development Officer had not
collected the premium as usual and that was the main reason for the delay. As he not renewed the policy in time, a fresh proposal was taken, followed by an examination from a panel doctor and the exclusion clause was inserted in the policy. On this writ petition:

Held, allowing the petition, that there was a practice of insured persons being reminded by Development Officers and premiums being collected by them. The existence of such an officer was not denied by the insurance company. Despite reminders, the Development Officer failed to collect premiums as usual. The policy of the petitioner expired on December 28, 2002 and the petitioner approached the insurance company on Feb. 21, 2003. There was a delay of less than two months and the petitioners never sought for insurance coverage for the period of lapse. The insurance company included the exclusion clause in respect of “cordial arrest disease” in the policy issued. The delay of two month can not deprived the petitioner from benefit.

6. Restricting room type that can be availed for treatment. Private hospitals offer variety of rooms like semi-private, private, deluxe, etc for admission. Apart from the cost of room, the cost of rest of the treatment also varies depending on the room type. For e.g. the cost of a heart by pass surgery could be Rs. 1.5 Lake with admission in a semi private room, whereas the same operation could cost Rs. 2.5 Lake with admission in a deluxe room.51

The management of medicalim scheme is concern there are some responsibilities on the part of the both insurance company as well as policy holder, which are as follow

1. The policy holders should follow all the terms and conditions of the scheme and insurance company guided them.
2. The policy holders deposit the amount from time and company reminds and properly collects it.
3. If delay taken by policy holders the company remind to the policy holder in reference of the renewal of policy.

4. The policy holder loaded only prescribed risk on the insurance company.

The condition of loading risk has been specifically prescribed by the court in, Ashok Kumar Dhingra and Others v/s Oriental Insurance Company. In the instant case, the question before the court was, of the renewal of the med claim policy subject to the condition of loaded risk. The insurance company imposes two conditions in this respect. That the renewal of med claim policy subject to the premium being loaded by 200% and the imposition of the first loss clause to the extent of Rs. 20,000/ and the imposition of these conditions is based on the past claim history and the adverse loss ratio which the insurance company was facing in respect of the insured in the past few year. The insurance company is also required in the past few years. The insurance company is also required to maintain a solvency margin inter alias based on the concept of incurred claims with reference to the average of the net increased claim during the specified period not exceeding three financial year.

The court observe that the insurance company in imposing the condition of loading the premium by 200% and introducing the first loss to the extent of Rs. 20,000 was neither unreasonable nor arbitrary.

Group Personal Accident Scheme

Accident could happen in the course of employment or otherwise. A Group Personal Accident Scheme can provide an employer ability to meet statutory responsibilities that an employer may have in case of an accident in the course of the employment. This scheme provides financial compensation in cases of hardships caused due to an accident. The fund value of cover is paid in case of death due to an accident. The cover provide for compensation in case of loss of limb, eye sight or hearing capacity, permanent and temporary
incapacitation. The % of sum assured paid varies for partial disablement, and full sum assured is paid on total disablement. In case of total temporary disablement, wherein an employee is unable to come to work and hence, could be on loss of pay, the insurance policy pays a compensation for every week of disablement, e.g. it could be 1% of sum assured for every week of disablement, capped at 100 weeks. This compensatory accidental benefit scheme provides benefit to employee for increasing his own strength for the better production.

**Group Superannuation (Pension) Scheme**

The Group Pension Scheme is for accumulating funds for pension benefits for employees. Life insurance companies offer this product, under Income Tax Act, in which up to 27% of employees basic salary contributed towards provident fund and superannuation benefits is exempt from personal taxation in the hand of the employees. Since, PF is normally 12% of basic salary; another 15% could be contributed towards superannuation scheme. However, in the recent year fringe benefit tax is attracted for contribution beyond Rs. 1 lake per annum towards an individual employee. Nevertheless, from an employee’s immediate tax free perquisite and future pension benefits perspective, contribution towards superannuation by employer can be a significant benefit that can be extended to employees.

This benefit is often extended to more senior level employees, and can be introduced as an optional benefit also, wherein, employees can chose whether they would like to receive the equivalent compensation now, or would like to have deferred benefit in the form of pension, by contribution of an amount towards superannuation. Similar to Gratuity a Superannuation Trust would be required to be formed, and approved by tax authorities for the contribution being deductible for employer. The investment of funds can be either managed by the Trust or managed by life insurance companies.
The key benefit of this scheme are savings for future of employees in addition to PF contributions, and secondly the amount being not taxable subject to limit of 15% of basic salary.53

This scheme is an old age security which provides better life to the employee after their retirement as well as their dependent after their demises.

Group Schemes offer an immense opportunity to employers to provide significant benefit to their employees and family members for their various insurance needs. The cost/premium is also often lower with added benefits of waivers. The premium incurred is not considered as a perquisite in the hands of employees and hence not taxable to the employees. However, the introduction of fringe benefit tax since 2005 has been some dampener and leading to some employers reducing their expenditure on group schemes. The cost of hospitalization scheme has seen significant increase due to growing cost of healthcare and life style habits of employees. Employers need to step up their engagement in better health for employees, for both promoting employee’s health care and managing health care costs. Employers who pay EDLI charges along with PF deposits, have an opportunity to offer better life cover to their employees by opting for life cover with insurance companies, and must make use of same in the long run, employers who provide better insurance benefits will have more employee loyalty, and will score on this basis with prospective employees too internationally, the better employers are distinguish by the amount and nature of insurance benefits offered by employers, and the same is being seen in India also.

1.2 Insurance and Pension Schemes; in the Government Regulations

The government is a body which makes schemes for the welfare of the employees on which the security of employee will depend. These schemes are as follows-
1. Central Government Regulated Schemes

The schemes introduced by the central government have much both for central and state government employees, these schemes are as follows-

**Liberalized Ex-gratia lump Sum Compensation Scheme**

Liberalized scheme for payment of ex-gratia lump sum compensation to the families of Central Government Civilian Employee who die in harness is a very beneficiate scheme.

Under this scheme Central Government civilian employees paid from civil estimates, other than those to whom the Workmen's Compensation Act applies, who sustain injuries or contract diseases or die or are disabled or incapacitated on account of causes which are accepted as attributable to or aggravated by government service are eligible for certain special benefits under the Central Civil Services (Extraordinary Pension Rules). The benefits available under these rules have been amended and liberalized from time to time. Separate orders have also been issued by government, to provide for the grant of Liberalized Pensioners Awards in case of death or disability arising in certain special circumstances, such as, (i) attack by or during action against extremists, anti-social elements, etc., and (ii) enemy action in international war or border skirmishes.54

The question for the liberalization and nationalization of the existing schemes, and the recommended guidelines has been engaging the attention of government from some time, particularly in the context of the increase in militancy and extremist activities in different parts of the country. The fifth Central Pay Commission having been appointed in the mean time, the Commission had been requested to examine the existing benefits available in terms of various schemes and guidelines, and to recommend in case of death in various circumstances in any part of the country, which could replace all
isolated decisions that might have been taken in the past by the government or by various individual ministers for different disturbed regions in the country.

In suppression of all earlier orders issued by Government as well as by Individual Ministries and Departments in so far as these relate to the payment of ex gratia lump sum compensation in certain specified circumstances, the President is pleased to decide that families of Central Government Civilian Employees, who die in harness in the performance of their bonafide official duties under various circumstances, shall be paid the following ex gratia lump sum compensation.

1. Death occurring due to accidents in the course of performance of duties-
   Rs. 10 lakhs
2. Death occurring in the course of performance of duties attributable to acts of violence by terrorists, anti-social elements etc – Rs. 10 lake.
3. Death occurring during enemy action in international war or border skirmishes and action against militants, terrorists, extremists, etc. Rs. 15 Lake.
4. Death occurring during enemy action in international war or war like engagements specifically notified Rs. 20 lake

The graded structure of ex-gratia lump sum compensation takes into account the hardships and risks involved in certain assignments, the intensity and magnitude of the tragedy and deprivation that the families of government servants experience on the demise of the bread winner in different circumstances. The compensation is intended to provide an additional insurance and security to employees, who are required to functions under trying circumstances and are exposed to different kinds of risks in the performance of their duties.

The conditions governing the payment of ex-gratia lump sum compensation and guidelines to be observed are as follows-
1. The main condition to be satisfied for the payment of the ex-gratia lump sum compensation in the specified circumstances is that, the death of the employee concerned should have occurred in the actual performance of bonafide official duties, in other words, a causal connection should be established between the occurrence of death and Government service.

2. The power having been delegated to the Administrative Ministries to sanction ex-gratia payments. It shall be their responsibility as well as that of the financial advisers to satisfy themselves that, the death of the government servant to be compensated by the payment of the lump sum ex-gratia to the family, in fact occurred in the actual performance of bonafide official duties and to establish its connection and nexus with Government Service. This could be done on the basis of medical and other documents relating to the case.

3. Even, if a government servant had died in such circumstances that a medical report could not be secured, the nexus and causal connection with government service would need to be adequately established in determining the entitlement to the ex-gratia lump sum payment. In deciding this issue, all evidence (both direct and circumstances) shall be taken into account and the benefit of reasonable doubt will be extended more liberally in filled service cases, as provided in the guidelines for conceding attributability of a disablement or death to government servant forming part of the Central Civil Services (Extraordinary Pension) Rules.

4. In cases of accidents of commercial aircraft resulting in the death of passengers, compensation is payable to next of kin by the national or private airline concerned in terms of international conventions. The ex-gratia lump sum compensation in terms of these orders will, therefore not be admissible in addition in the event of death due to accidents while traveling on duty by commercial aircraft. The payment of ex-gratia in these cases will be without prejudices to the bond required to be executed by the civilian government employees indemnifying the
government against any claims on account of death while traveling by service aircraft.

5. Railways also pay compensation to the next kin of passengers killed in train accidents. Therefore, the ex gratia compensation admissible.

6. Ex-gratia compensation will be admissible to police personnel killed while employed in aid of the Civil Administration in quelling agitations, protest demonstration, riots, etc. regardless of whether such agitation, demonstrations, etc., are resorted to by a members of the public, political parities, etc, or by other public servants, including police personnel in addition, in the context of a perceptible increase in violence – related incidents over the year. Central Government Civilian employees on duty could become unwritten victim of bomb blast in public places or vehicles, indiscriminate shooting incidents in public, etc. often resorted by terrorists, anti-social elements, etc. The compensation therefore is admissible in case of death in such incidents, provided the employees concerned were actually on duty at the relevant time.

7. Cases of death resulting from acts of violence or assault by terrorists, anti-social elements, etc. against a government servant with the intension of deterring or preventing him from performing his duties, or because of any act done or attempted to be done by such government servant in the lawful discharge of his duties; or because of his official position will also be relevant for the payment of ex gratia.

8. Ex-gratia compensation will generally be restricted only to those cases where the death of the employees is directly caused by actual filled operations. In addition, families of central government civilian employees killed after being kidnapped by militants, terrorists, extremists, etc, because of their official position or with a view to spreading terror will also be entitled to the compensation under this clause.

9. The ex-gratia compensation in the circumstances specified in this scheme shall be admissible under Central Civil Services (Extraordinary
Pension) Rules or the Liberalized Pensioner Award Scheme, as the case may be. This will also be mutually exclusive of such other benefits as may be admissible under the Central Government Employee's Group Insurance Scheme, General/Contributory Provident Fund, etc. and will be payable in addition to such benefit.

10. In determining the admissibility of the ex-gratia compensation payable from central government funds, ex-gratia payments, if any, made to families of the deceased government servants from state funds by the state government concerned shall not be taken into account and shall be excluded.

11. In certain cases, relief is also provided to families of deceased government servants from sundry Government sources such as the Prime Minister's Relief fund, etc. in such cases it should be ensured that the aggregate of the relief / ex-gratia compensation paid from different sources does not exceed Rs. 10 lake in each individual case.

12. In view of the fact that the ex-gratia compensation in terms of this scheme is payable to the families of the deceased government servants, default or contributory negligence, if any, on the part of the government servant concerned shall not be taken into account in sanctioning the compensation.

13. Any related issue not specifically covered in these orders, shall be decided in terms of the relevant provisions in this regard contained in the Central Civil Services (Extraordinary Pension) Rules as amended from time to time and the instructions issued there under.

14. Where any doubt arises as to the interpretation of the provisions of their schemes. It shall be referred to the Deptt. of Pension & Pensioners’ Welfare for decision.

This is a very beneficial scheme for the civil employees. This scheme provides benefit in addition to the pension of the employee those who die and disable in harness. This scheme is a kind of relaxation for the families as well
as employee those who die and became disable in harnesser any other was like situation.

**Liberalized Scheme for Pensioners Award**

This scheme will be applicable to the government servant in the following circumstances-

1. Death or disability attributable to acts of violence by terrorists, anti-social elements, etc, whether in their performance of duties or otherwise. Apart from the cases of death or injury sustained by personnel of the central police organizations while employed in aid of the civil administration in quelling agitation, riots or revolt by demonstrators, other public servant including police pensioner, etc, died or injured by bomb blasts in public places or transport, indiscriminate shooting incidents, in public, etc., would be covered under this category.

2. Death or disability arising as a result of (a) attack by or during action against extremists, anti-social elements, etc. and (b) enemy action in international war or border skirmishes and warlike situations, including cases which are attributable to (i) extremists acts, exploding mines, etc. while on way to an operational area, (ii) kidnapping by extremists; and (iii) battle inoculation as part of training exercise with live ammunition.

The benefits under these orders will be restricted only to those cases where the death/disability is directly caused by actual operations.

The benefit to the family in the event of the death of government servant within the purview of this scheme is as follows -

1. If the government servant is survived by the widow, she will be entitled to family pension equal to the pay last drawn by the deceased government servant. The said family pension shall be admissible to her for life or until her remarriage.
2. In the event of remarriage of the widow, family pension will be allowed at the rates of family pension and subject to the conditions laid down for family pension under CCS (Pension) Rules, 1972 from the date following the date of her remarriage.

3. If the government servant is not survived by widow but is survived by child/children only, all children together shall be eligible for family pension at the rate of 60% of basic pay, subject to a minimum of Rs. 2,500. The children allowance as admissible now shall stand abolished.

4. Where the government servant dies as a bachelor or as a widower without children, dependant pension will be admissible to parents without reference to the pecuniary circumstances at 75% of the pay last drawn by the deceased government servant for both parents and 60% of the pay last drawn by the deceased government servant for a single parent. On the death of one parent dependant, pension at the letter rate will be admissible to the surviving parent.

5. Where family pension or dependant pension is allowed in terms of these orders, no other family pension or dependant pension will be admissible under any other orders or rules in consideration of death of the same deceased government servant

The benefit to the government servant in the event of his being invalided out of service on account of injury is as follows-

1. **Disability Pension; First Mode**

1. Disability pension comprising a service element equal to the retiring pension and gratuity to which the employee would have been entitled to on the basis of his pay on the date of invalidation but counting service up to the date on which he would have retired in the normal course and disability element equal in amount to normal course and disability element equal in amount to normal family pension subject to the condition that the aggregate of the service
and disability element shall not be less than 80% of the pay cost drawn, for 100% disability.

2. For lower percentage of disability, the disability element shall be proportionately lower.

2. **Disability Pension; Second Mode-**

1. Disability pension, comprising a service element equal to the retiring pension and gratuity to which the employee would have been entitled to on the basis of his pay on the date of invalidation but counting service up to the date on which he would have retired in normal course and disability element equal in amount to the pay last drawn subject to the condition that the aggregate of the service and disability elements shall not exceed the pay last drawn, for 100% disability.

2. For lower percentage of disability element shall be proportionately lower.

1. The extent of disability or functional incapacity shall be determined in the following manner for purpose of computing the disability element forming part of benefit-

<table>
<thead>
<tr>
<th>% of disability assessed by board</th>
<th>% reckoned for computation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 50%</td>
<td>50%</td>
</tr>
<tr>
<td>Between 50% &amp; 75%</td>
<td>75%</td>
</tr>
<tr>
<td>Between 76% &amp; 100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

2. The findings of the Medical Board on the extent of disability would be treated as final and binding unless the employee himself seeks a review by preferring an appeal to an authority immediately superior to the one who had constituted the Board. In these cases the appeal is accepted than a review of medical board will be binding on all parties. The extent of disability as
determined and accepted would be treated as final and the employee would not be required to appear before Medical Board periodically for the purpose of obtaining a certificate that on all parties.

3. If disability pension allowed when such circumstances, no other pension will be admissible.58

This scheme is a kind living a safer life for the employees after their disablement as well as for their dependent after the demise of employee.

Central Government Employee Group Insurance Scheme

1. This scheme, which is compulsory to all the central government employees provides at a low cost and on contributory and self financing basis, the twin benefit of an insurance cover to help their families in the event of death in service and a lump sum payment to augment their resources on retirement.

2. A portion of subscription is credited to the insurance fund and the other portion to the surviving fund which earns interest at prescribed rate compounded quarterly. The apportionment is at 30% to insurance fund and 70% to saving fund with effect from 1.1.88 at the assumed mortality rate of 3.60 per thousand per annum.

3. Employees are enrolled as member from 1st January every year. If an employee enters service on or after 2nd January in any year, he is enrolled as a member only from 1st January of next year.

The Group to which an employee belongs will be determined with reference to the post held by him on a regular basis on the 1st January.

4. On regular promotion of a member to a higher group after the 1st January in any year, his subscription will be raised only from the 1st January of the next year.
5. Recovery of subscription for a month will be affected from the pay for that month i.e. from January. The subscription is payable till the end of service including the month in which an employee retires, dies, resign or is removed from service. If an employee dies during a month before recovery of subscription for that month, his dues will be paid after deducing the subscription.

6. Arrears of subscriptions of an employee who was on extraordinary leave for any period will be recovered with interest due under the scheme from his salary for the month in which he resumes his duty in not more than three installments. If an employee dies while on extraordinary leave, the arrears of subscription due from him will be recovered with interest from the amount payable under the scheme.

7. Benefit payable under this scheme are likely as-

1. Retirement, resignation benefit: The employee will be paid-

   1. Lump sum due to him out of the saving Fund for the entire period of membership in the lowest group; and

   2. Amounts due to him for the additional units by which subscription was raised due to promotion – for the period from which the rate was raised, to the date of cessation of membership.

2. Death while in service benefit—The nominee/heir will be paid

   1. The amount of appropriate insurance cover to which the employee was entitled at the time of death, and lump sum and amounts as in the case of above, for period till the date of death if he had been a member or

   2. Only the insurance cover, if death takes place before becoming a member.
8. When there is a valid nomination to the nominees, in the manner indicated in the nomination, the benefit will be paid to the nominee.

9. If a person who, in the event of death of a Government servant while in service, is eligible to receive the insurance amounts, is charged with the offence of murdering the government servant or for abetting in the commission of such an offence, his/her claim to receive insurance amount will be suspended till the conclusion of the criminal proceedings instituted against him/her. On the conclusion of the criminal proceedings, the person, if convicted, will be debarred from receiving the share of insurance amounts, which will be paid in equal shares to other eligible persons. If acquitted, his/her share will be paid without any interest.

10. In case an employee's whereabouts are not known despite efforts by police on due complaint to than, the accumulation from the saving fund will be payable to the nominees or heirs after one year following the month of disappearance of the employee, the insurance amount will be after elapse of seven years following the month of disappearance, on production of a proper and indisputable proof of death or a decree of court presuming the employee to dead as per section 108 of Indian Evidence Act. Full subscription for one year following the month of disappearance and at the reduced rate of insurance premium alone for the next six years, together with interest shall be recovered from the
heirs/nominees of the missing employees, when the dues become payable.

11. The scheme is in the nature of contract between an employee and the Government. No recovery from the amount payable under the scheme can be made excepting the dues under the scheme or as specifically authorized by the employee. It is legally not permissible to adjust Government dues against the payment deal to the employee or his nominee under the scheme.

12. Financing from GPF/CPF is permissible only in exceptional circumstances when the financial position of an employee does not permit him to contribute both to GPF/CPF and group insurance scheme. He may be permitted a non-refundable withdrawal from GPF/CPF account of an amount equivalent to one year’s subscription paid towards the scheme.

13. Income tax rebate is admissible for the amount of subscriptions paid under the scheme as in the case of GPF/CPF contributions, life insurance premium, etc. except to the extent of the amount withdrawal from the GPF/CPF on account of such subscriptions.

14. No withdrawal/loans/advances permissible out of the insurance/saving fund. Accumulated benefits are payable only on the cessation of membership from the scheme on account of death, retirement, resignation, etc.

15. A member can be permitted by the Head of the Department to assign the insurance cover and accumulations in saving fund in favor of a recognized financial institution as security for obtaining loans for construction/purchase of house/flat/ready built house in his/her name or in the name of his/her spouse or any other member of the family. In such cases, at the time of settlement of the claim under the scheme, the
amount claimed by the financial institution as due from the employee on amount of loan will be paid to the institution without any detailed scrutiny any only the balance. If any, will be paid to the employee/nominee.59

This scheme is a contract between the employee and government which provide insurance benefit to the group of employee in addition to their benefits.

Central Government Heath Scheme

1. The benefits of CGHS accrue from the date on which the government servant applies for a CGHS card. CGHS is a compulsory scheme for all central government employees residing within the areas covered by CGHS dispensaries. As soon as a person joins central government services and intimates his residential address which is within a CGHS covered area, CGHS contribution at the appropriate rate should be recovered whether the CGHS card is issued or not. But in such cases, the offices concerned should ensure that the employee applies for a card and if he is not applying despite intimation, suitable action should be taken.

2. A compulsory monthly contribution is levied on all entitled class of government servant and pensioner within the preview of this scheme as indicated below-

<table>
<thead>
<tr>
<th>Basis pay + DP</th>
<th>Rate of monthly contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension + DP</td>
<td></td>
</tr>
<tr>
<td>up to Rs. 3,000</td>
<td>15%</td>
</tr>
<tr>
<td>Rs. 3,000 to Rs. 6,000</td>
<td>40%</td>
</tr>
<tr>
<td>Rs. 6,000 to Rs. 10,000</td>
<td>70%</td>
</tr>
<tr>
<td>Rs. 10,000 to Rs. 15,000</td>
<td>100%</td>
</tr>
<tr>
<td>Rs. 15,001 and above</td>
<td>150%</td>
</tr>
</tbody>
</table>
When both husband and wife is central government servant covered by the scheme, the contribution will be recovered from only one of them whose pay is higher. The recovery of contribution is affected through monthly salary of bills. It is recoverable during the period of duty, suspension and leaves not exceeding four months the employee has the option not to pay the contribution, in which case the facilities under the scheme will not be available to him and his family members.

3. Pensioners/Family Pensioners can avail the benefit of the CGHS in the concerned manner

1. All Central Government Pensioners/Family Pensioners including those who retired with contributory provident fund benefits, who were eligible for availing Central Government Heath Scheme facilities while in service, are eligible for availing CGHS facilities after retirement irrespective of whether they were or were not availing CGHS facilities while in service. It is not necessary that these pensioners/ family pensioners should be living in the areas covered under the CGH scheme.

2. The pensioners/ family pensioners have the option to get their names registered with any of the dispensaries in the above mentioned cities. They should make an application in the prescribed Performa to the Additional Director, CGHS concerned, stationed in the concerned cities who will issue CGHS identity card.

3. A retired employee who does not join the CGHS immediately after retirement has to pay a registration fee of Rs. 30, if he subsequently desires to get himself registered with the CGHS and apply for the CGHS identity card.

4. An employee transferred to another CGHS station or goes to serve abroad leaving his family at the old station, may continue to pay the contribution, in which case his family can continue to receive the
benefits at the old station for that duration. However, if the transfer is to a non CGHS station, this facility is admissible only for six months.

5. Facilities available are as follows-

1. Medical attendance including consultation with AMA at a CGHS dispensary, polyclinic or CGHS wing of the hospital or at recognized hospitals.

2. X-ray, laboratory and other diagnostic facilities at CGHS laboratories or other laboratories or recognized hospitals.

3. Supply of drugs prescribed by the AMA, administration of injections/dressing/minor surgical procedure in the dispensaries or specialists centre.


5. Treatment at a specialized hospital (even though not recognize under the scheme) if the Director, CGHS, certifies that such treatment is essential for the recovery/prevention/checking of deterioration of the patients conditions.

6. Special treatment for disease like TB, cancer, etc.

7. Specialist consultation in selected centers and polyclinics/hospitals, etc.

8. Super specialty treatment, e.g., kidney transplant and coronary artery bypass graft etc.


10. Intra-ocular lens implantation/treatment and cost of spectacles after cataract operation.

11. Reimbursement of charges for undergoing angioplasty in the recognized hospitals with prior permission of CHGS.

12. Reimbursement of cost of

   1. Digital hearing-aid
2. Cyper stents up to a maximum of two (serving and retired)

3. CPAP/BIPAP Machines (once in a lifetime) for domestic use

4. TAXUS stent up to maximum of two.

5. Replacement period of hearing aids will be 3 years in the case of child below 12 years. With the approval of Director CGHS, the cost of more than two stents may be reimbursed.


14. Post-operative treatment relating to neurosurgery, cardiac diseases, cancer, kidney transplantation and hip/knee replacement surgery in the same institution/hospitals where the surgery was earlier carried out with prior permission of CGHS.

15. For OPD treatments, beneficiaries should get the medicines only from CGHS dispensary concerned and the cost of medicines purchased from outside is not reimbursable.

16. Reimbursement of cost of neuron-implants, viz. deep brain stimulation implants, intra thecal beclofen pump, intra-thechal morphine pump, spinal cord stimulators.

17. Hospital accommodation/free, diet facility should be provide to the government servant within the purview of the scheme.

This scheme is a health conscious scheme for the working class which provides medical benefits to employee to prevent their diseases and maintain their health for participating in the national production.

New Pension Scheme

Recently the government of India has introduced a new Defined Contribution Pension Scheme replacing the existing system of Defined Benefit Pension system. The government of India approved this proposal, dated 22.12.2003. The New Pension Scheme comes into operation with effect from
1.1.2004 and is applicable to all new entrants to central government service, except to Armed forces, joining government service on or after 1.1.2004.

The salient features of the New Pension Scheme are as follows:

1. The New Pension Scheme will work on defined contribution basis and will have two tiers – Tiers-I and II. Contribution to tier-I is mandatory for all government servants joining government service on or after 1.1.2004, whereas Tier-II will be optional and contribution in that tier depend at the discretion of government servants.

2. In Tier-I, Government Servants will have to make a contribution of 10% of his basic pay plus DA, which will be deducted from his salary bill every month by the PAO concerned. The Government will make an equal matching contribution.

3. Tier I contributions (and the investment returns) will be kept in a non-withdraw-able pension, Tier-I Account. Tier-II contributions will be kept in a separate account that will be withdraw-able at the option of the government servant. Government will not make any contribution to Tier-II account.

4. The existing provisions of Defined Benefit Pension and GPF would not be available to new government servants joining government service on or after 1.1.2004.

5. In order to implement the scheme, there will be a Central Record Keeping Agency and Several Pension Fund Managers to offer three categories of schemes to government servants, viz., options A, B and C based on ratio of investment in fixed income instruments and equities. An Independent Pension Fund Regulatory and Developmental Authority (PFRDA) will regulate and develop the pension market.
6. As an interim arrangement, till such time the statutory PFRDA is set up, an interim PFRDA has been appointed by issuing an executive order by Minister of Finance.

7. Till the regular Central Record Keeping Agency and Pension Fund Managers are appointed and the accumulated balances under each individual account are transferred to them, it has been decided that such amount representing the contribution made by government will be kept in public account in India. This will be purely a temporary arrangement as announced by the government.

8. It has also been decided that Tier-II will not be made operative during the interim period.

9. A government servant can exist at or after the age of 60 years from the Tier-I of the Scheme. At exit, it would be mandatory for him to invest 40 per cent of pension wealth to purchase an annuity (from an IRDA, regulated life insurance company), which will provide for pension for the lifetime of the employee and his dependent parents/spouse in the case of government servants who leave the scheme before attaining the age of 60, the mandatory annihilation would be 80% of the pension wealth.

10. The following guidelines are issued for the implementation of the new pension scheme during the interim arrangement for the guidance of the PAOs/DDOs.


2. Contributions payable by the Government Servants towards the scheme under Tier-I, i.e., 10% of the (Basic pay plus DA), will be recovered from the salary bill every month.
3. The scheme of voluntary contributions under Tier-II will not be made operative during the period of interim arrangement and therefore no recoveries will be made from the salaries of the employees on this account.

4. Recoveries towards Tier-I contributing will start from the salary of the month following the month in which the government servant has joined service. Therefore, no recovery will be effected for the month of joining for example, for employees joining service in the month of Jan. 2000, deductions toward Tier-I contribution will start from the salary bill of February, 2004. No deduction will be made for his salary earned in Jan. 2004. Similarly, deductions for those joining service in the month of February, 2004 will start from the salary bill of March, 2004 and so on.

5. No deduction will be made towards GPF contribution from the government servants joining the service on or after 1.1.2004 as the GPF scheme is not applicable to them.

6. It has been decided that pending formation of a regular Centre Record Keeping Agency, Centers Pension Accounting Office will function as the Central Record Keeping Agency for the above scheme.

7. Immediately on joining government service, the government servant will be required to provide particulars such as his name, designation, scale of pay, date of birth, nominees for the fund, relationship of the nominee, etc. in the prescribed form. The DDO concerned will be responsible for obtaining this information from the government servants covered under the new pension scheme. Consolidated information for all those who have joined service during the month shall be submitted by the DDO concerned in the prescribed format to his pay and Account officer by 7th of the following month.
8. On receipt of form the DDO’s PAO will allot a unique 16 digit Permanent Pension Account Number (PPAN). The first four digit of this number will indicate the calendar year of joining government service, the next digit indicates whether it is a civil or a non-civil Ministry (for all Civil Ministries this digit will be “1”), the next digit will represent PAO code (which is used for the purpose of compiling monthly accounts) the last five digits will be the running serial number of the individual Government servant which will be allotted by the PAO Concerned. PAO will allot the serial number pertaining to individual government servant from ‘00001’ running from January to December of calendar year.

9. The pay and account officer will maintain an Index Register for the purpose of allotment of PPAN to new entrants to government service.

10. The PAO will return to the DDO concerned, a copy of the statement duly indicating their account numbers allotted to each individual by 10th instant. DDO in turn will intimate the account number to the individuals concerned and also note in the pay bill register.

11. The particulars of the government servants received from the various DDOs will be consolidated by the PAO in the format and sent to the Principal Accounts Office by the 12th of every month.

12. The Principal Account office in turn will consolidate the particulars in the prescribed format and forward the same to Central Pension Accounting Office by 15th instant. The CPAO will feed this information in their computer database.

13. The DDOs/CDDOs will prepare separate Pay Bill Registers in respect of government servants joining government service on or after 1.1.2004. The DDOs/CDDOs will have to prepare separate pay bills in respect of these government servants and will send the same with all the schedules.
to the PAO on or before 20th of the month to which the bill relate. Cheque drawing DDOs may note that hereafter in respect of government servants joining service on or 1.1.2004, they will only prepare pay bill and not make payment. Such bills will be sent by them to the pay and accounts offices for pre-check and payment.

14. The DDO/CDDO will prepare a recovery schedule in duplicate in the prescribed form for the contributions under Tier-I and attach them with the pay bills. The amount of the contribution under Tier-I should totally with the total amount of recoveries shown under the corresponding column in the pay bill.

15. The accounting procedure for these deductions is being finalized and shall be notified shortly.

16. It may be noted that along with the salary bill for the Government Servants who join service on or after 1.1.2004, the DDO/CDDO shall also prepare a separate bill for drawl of matching contributions to be paid by the government and creditable to pension account.

17. The bill for drawl of matching contribution should also be supported by schedules of recoveries in form.

18. On receipt of the salary bill in respect of government servant joining service after 1.1.2004, PAO will exercise usual checks and pass the bill and make the payments. After the payment is made and posting done in detailed posting registrar, one set of schedules relating to pension contributions will be detached from the bills as done in the case of other schedules such as GPF, long-term advances. The schedules will then be utilized for posting the credits of contributions in the detailed ledger account of the individual.
19. The employee's contributions under Tier-I and Tier-II and government's contribution should be posted in different columns of the individual ledger account and broadsheet and tallied with the accounts figures as being done in the case of GPF.

20. These account should not be independent of GPF accounts maintained in the case of pre-1-1-2004 entrants.

21. The PAO will consolidate the information available in the New Scheme Schedules received from the various DDOs and forward the same in a floppy in the prescribed from to Principal Accounts Office by 12th of the month following the month to which the credit pertains. Principal Accounts Office in turn will consolidate the information and send the same in electronic form to the Central Pension Accounting Office by 15th.

22. CPAO on receipt of this information from all the Pr. AOs (including the Non-Civil Ministries) will update its database and generate exception reports for missing credits, mismatches, etc, which will be sent back to the PAOs, concerned through the Pr. AOs for further action.

23. Whenever any government servant is transferred from one office to another either within the same accounting circles or to another accounting circle, balances will not be transferred by the PAO to the other Account Office. However, the Drawing and Disbursing Officer should clearly indicate in LPC of the individual the unique account number, the month up to which govt., servant's contribution and the Government's contribution have been transferred to the pension fund.

24. No withdrawal of any amount will be allowed during the interim arrangement. Provisions regarding terminal payment in the event of his leaving the government service during the interim period shall be notified in due course.
25. Detailed instructions on the interest payable on Tier-I balances shall be issued in due course.

26. At the end of each financial year, the CPAO will prepare annual account statements for each employee showing the opening balance, details of monthly deductions and government matching contributions, interest earned, if any, and the closing balance. CPAO will send these statements to the Pr. A.O. for onward transmission to the DDO through the PAO.

1. After the close of each financial year, CPAO will have to report the details of the balances to each Financial Account Offices, who will forward the information to each PAO for the purpose of reconciliation. The PAO will reconcile the figures of contributions posted in the ledger account of the individuals as per their ledger with figures as per the books of CPAO.

2. After the appointment of CRA and Fund Managers, this office will issue detailed instructions on transfer of balances to CRA.

3. All the controllers of Account/Controller of Accounts are requested to circulate the above guidelines to all the PAOs/DDOs/CDDOs of their Ministry.61

After a lot of discussion and debate New Pension Scheme comes into existence through the passage of PFRDA-Bill 2005. This scheme convert define benefit system into define contribution system at the eve of fiscal stress of government. Now we can expect for better result for this scheme.

2. **Insurance and Pension Scheme: in the Informal Sector**

   Informal sector are those group of people who are living below poverty line and able to save for there future, so the government is introducing some scheme for these people which are as follows-
Senior Citizen Saving Scheme

The Senior Citizen Saving Scheme Propounded by the central government in the year 2004. This scheme has been introduced for the benefit of the senior/aged people of the nation.

Under this scheme an individual who attains the age of 60 years and above on the date of opening of an account and who has attained the age of 55 years but less than 60 years who has retired under voluntary retirement scheme on the date of opening of account can became the member of this concerned scheme.

Under this scheme the retired personnel of Defense Services (excluding Civilian Defense Employee) shall be eligible to subscribe.

In this scheme any depositor may open account at any deposit office by making an application in concerned form along with the amount of deposit as per the pay-in-slip form, duly filed in along with age proof. A depositor may operate more than one account subject to the condition that the deposits in all accounts taken together shall not exceed the maximum limit as specified. The more than one account shall not be opened in the same deposit office during a calendar month. A depositor may open the account in individual capacity or jointly with spouse.

There shall be only one deposit in the account in multiple of one thousand rupees not exceeding rupees fifteen lakh. It means that the deposit restricted to the retirement benefit or rupees fifteen lakh, which ever is lower. The withdrawal is not permissible before the expiry of 5 year from the date of opening of account. The depositor may extend the account for a further period of 3 years by making an application to the deposit office within a period of one year after the maturity period of five years. The concerned office (prescribed bank) shall as soon as it come to the notice that a deposit exceeds the time
prescribed, request the depositor in writing, to withdraw the excess deposit immediately.

Under this scheme the deposit may be made either in cash, if the amount deposit is less than rupees one lake, and either by cheque or demand draft drawn in favor of the depositor and endorsed in favor of the deposit office. Where a deposit is made by cheque or demand draft, the date of deposit under this scheme will be the date of encashment of the above cheque or demand draft. Where a deposit made by outstation cheque or demand draft, the collection charge at the prescribed rate shall be payable along with the deposit and the date of realization of the cheque or demand draft shall be the date of deposit.63

The depositor may at the time of opening of the account under this scheme nominate a person or persons who, in the event of death of the depositor shall be entitled to payment due on the account. If such nomination is not made at the time of opening of the account, it may be made by the depositor at any time after the opening of the account but before its closure, by an application, accompanied by the pass book to the deposit office. The nomination made by the depositor may be concerned or varied by a fresh nomination.

The nomination facility will be in the joint account. However in such case, the joint account holder will be the first person entitled to receive the amount payable in the event of death of the depositor and the nominee’s claim shall arise only after the death of both the depositor and the joint holder.

In case of joint account where the spouse is the sole nominee, the spouse shall also be eligible to make, cancel or vary the nomination made earlier, after the death of the depositor,
Every nomination and cancellation or verification thereof shall be registered in the deposit office shall be valid from the date of such account registration, the particulars of which shall be shall be entered in the pass book.

The deposit made under this scheme shall bear the interest at the rate of nine percent per annum from the date of deposit. Interest shall be payable from the date of deposit to 31st March 30th June 30th September 31st December as the case may be in case of any date of payment, specified under this scheme fall on Sunday or a holiday, the previous working day shall be deemed to be the due date for the purpose of interest payment. If so authorized, interest payable on the dates, shall be credited to the depositor saving account in the deposit office in which the account exists, subject to the condition that by so credit of the interest amount, the maximum limit of balance, if any, in the saving account, is not exceeded. If the interest payable every quarter is no claimed by a depositor, such interest will not earn additional interest. Interest shall be rounded off to the nearest multiple of rupee one and for this purpose any amount of fifty paisa or more shall be treated as rupee one and any amount less than fifty paisa shall be ignored.

The excess amount shall carry interest at the rate applicable from time to time to the post office saving account and such interest shall be payable from the date of deposit of excess amount to the end of the month preceding the month in which the deposit office request the depositor to withdraw the excess amount, the amount of excess interest, if any, already paid to the depositor, shall be deducted.

In case of an account continued after maturity, the deposit in such account shall earn interest at the rate applicable to the new accounts opened or to be opened under the provision of these rules on the date of maturity. In case of an account which is not extended on maturity and closed at any time post maturity interest at the rate of as decide from time to time shall be payable. The deposit made at the time of opening of account shall be paid by the deposit
office at which the account stands to the depositor on or after expiry of 5 years from the date of opening of account on production of account book accompanied by written application. In case of depositor does not close account on maturity, and also does not extend the account, the account shall be treated as matured and the depositor will entitled to close the account at any time subject to the condition. In case of death of depositor before maturity, the account shall be closed and deposit refunded on application to nominee, in case of no nominee paid to the legal heir. No deduction is made in case of premature account closure.

National Old Age Pension Scheme

In effort to widen the reach of the social security for the aged poor, the central government in 1995 introduces National Old Age Pension Scheme. This scheme aims to provide monthly pension to thirty percent of poorest elderly. This programmed provides benefits for poor people above the age of 75 years. Under this scheme a pension of Rs. 75/- per month is provided to eligible persons.

Recently the Pension under NOAPS has been increased from 75/Rs. to 200/Rs. And the state government has been advised to make an equal contribution from their resources so that a destitute pensioner gets at least 400 Rs. every month.

The eligibility criteria to became the member of this scheme is that the person concerned must be member of concerned state which implement this scheme, attain the age of 65 years and above, must be disable, issueless person, widow and destitute women. Recently its scope has been expanded by including the person above 65 years living below poverty live rather than mere destitute above 65 years of age. They do not have monthly income from all sources not more than 1000/- for individual and Rs. 1500/- If both husband and wife are alive.
To become the member of this scheme the application form must be duly filed in all respect, must be attested/verified by the concerned authority. The age proof certificate must be attached to the application form. Each and every application form scrutinize carefully by concerned authority after that all sanction case allotted a Personal Ledger Number for account.

The concerned authority sent the information to the concerned beneficiary regarding grant of pension and advise him/her to contact for preparation of identity cards and opening of joint saving bank account in the schedule bank.

The District Social Security Officer draw the amount of pension through a bill from the government treasury and sent the draft/pay order to the Nodal Bank/coordinating bank at district level for disbursement of pension to the beneficiaries account with a list of beneficiaries indicating their Account Number and Bank Branches.

The nodal/coordinating bank transfers the amount of the pension scheme to the concerned branches for credit to the account of beneficiaries. This process is completed within 15 days by the banks.

The beneficiaries receive their pension as are credited into their account through the bank, in case the beneficiaries due to death or any other reason remained fail to draw his/her pension/from the bank continuously for four quarters, the amount lying undisturbed in such account, is reversed back to the District Social Security Officer concerned within 15 days of the completion of fourth quarter in shape of Bank Draft.

The Public Provident Fund Scheme

The public provident fund scheme is a scheme introduce by central government under the informal sector. This scheme is for 5 years at the interest
rate of 8% compounded annually. This scheme is operated through post office and the Nationalization Bank.

Under this scheme the minimum deposit Rs. 500/- and maximum deposit is Rs. 70,000/- in a financial year. One deposit with a minimum of Rs. 500/- is mandatory in each year. The deposit can be in lump sum or in convenient installments, not monthly installments in a year or two installments in a month subject to total deposit of 70,000. It is not necessary to make a deposit in every month of the year. The deposit can be varied to suit the convenience of the account holders. The deposits shall be in multiple of Rs. 5/- subject to minimum amount of Rs. 500/- The deposit in a minor account is clubbed with the deposit of the account of Guardian for the limit of Rs. 70,000/- The deposit in PPF qualify for rebate under section 80-c of Income Tax Act, the interest on deposits is totally tax free, as well as the deposit are exempt from wealth tax.

For taking benefit under this scheme the account can be opened by an individual or a minor through their guardian. The grandfather/mother can not open a PPF account on behalf of their grand son or daughter. Those who are contributing to GPF and or EDF account can also open account. The opening of joint account is not permissible under this scheme. The age does not bar for opening the account under this scheme.

PPF account can be opened either in post office or Nationalized Bank. The account can transfer from one post office to another, from one bank to another bank.

The account in which deposit are not made for any reason treated discontinued account and such account can no be closed before maturity. The discontinued account can be activated by payment of the minimum deposit of Rs. 500/- with default fee of Rs. 50/- for each defaulted year. The
nominee/legal heir of PPF account holder has an option to extend the PPF account for any period of 5 year on each time.

The pre-mature closure of a PPF account is not permissible except in some cases. The account holder can retain the account after maturity for any period making any future deposits. The balance in the account will continue the interest at normal rate as admissible of PPF account till the account is continued.

The one withdrawal in each financial year is also admissible in such account but the facility of first withdrawal in the seven year of account subject to 50% of the amount at credit preceding three year balance.

The balance amount in PPF account is not subject to attachment order or decree of court in respect of any debt or liability.

This scheme is very best for long term investment.

**Rashtriya Swasthya Bima Yojna**

Keeping in view the vulnerability of poor households in the time of medical emergencies, the RSBY has been launched by the central government to provide a support system to the BPL families in the participating states and district through the provision of health insurance in case of hospitalization. There is a five year plan for rolling out the RSBY which allow each participating state to cover 20% of their respective districts each year. Almost every large state government has expressed its intention of joining the scheme and many have already issued tender notice. The unique feature of RSBY is the provision of smart card based health insurance coverage. The card will facilitate portability of benefits and cashless medical cover up to Rs. 30,000 for the unorganized sector workers and his family per annum. More than 50,000 smart cards have already been issued in the NCT of Delhi, Haryana and Rajasthan where the scheme has been operational zed. Fifteen states has
advertised tender notices for selecting insurance companies and Punjab, Bihar, Uttarakhand have recently signed M.U. with centre to operational zed the scheme at earliest. The ambitions scheme, when fully operational in next five years, would be one of the largest social sector programmed in the world involving several cove beneficiaries.69

**Aam Admi Bima Yojna**

Under this scheme all the rural landless household in the country will be provided life and disability insurance cover. The cover will be for Rs. 75,000 on death due to accident and permanent disability due to accident. In case of partial disability due to accident, the insurance cover would be Rs. 37500. When the death of a member occurs, prior to terminal date, Rs. 30000 will be payable as the insurance amount. The premium to be charged under the scheme will be Rs. 200 per annum per member of whom 50 percent will be contributed by the central government and remaining by the state governments. The Finance Minister has already committed Rs. 1000 crore for this scheme in the budget.70

**Janshri Bima Yojna**

JSBY is a collective social security scheme of life insurance Corporation of India. Its main object is to provide insurance security on concession rates to those rural and urban poor people who are living below poverty line.

This scheme was launch during the year of 2005-06 with the Rs. 25 state contribution per worker, per year. During the annual plan 2005-06, 19,082 workers were covered under this scheme. During annual plan 2006-07, about 40,000 workers were covered. This scheme is initially sanctioned only for 3 years. Now for current financial year 2007-08, Rs. 15.00 lack has been kept for the scheme. The labor class is in favor of this scheme and trying to contribute it. Therefore provision for sum of Rs. 15.00 laces is proposed for financial year 2008-09 to cover 60,000 labors under scheme.71
Janani Suraksha Yojna

JSY is a safety instrument for the mother in reference of National Rural Health Mission. This scheme has been implemented with the object of reducing maternal and neo-natal mortality by promoting institutional delivery among the poor pregnant women.

This scheme was launched in the year of 2005 in all states and union territories. This scheme is 100% centrally sponsored scheme.

This scheme constitute a hope among the women, that the accredited social health activities which are effective link between the government and poor pregnant women, facilitate the women to avail service of maternal case and arrange reference transport.

This scheme gives emphasis on the poor pregnant woman with special dispensation for state having low institutional delivery rate. Under the scheme the government providing special care to the women, under the control of state by providing special facilities for delivery.

National Scheme for Welfare of Fishermen and Training and Extension

This scheme has been sponsored by the central government to provide financial support as well as training and extensions the fishery sector. The total outlay approved by this scheme for the entire period of co plan is 35 crore.

This scheme provide funds of Rs. 40,000 for house construction for each respective fishermen, Rs. 35,000 for tube well for each village of the fishermen and 1,75,000 for the construction of community hall in our village. The cost of this investment equally shares by the centre as well as state government.

The group accident insurance for active fishermen is another benefit prescribed by the government. In this benefit the government would be insured for Rs. 50,000 against death or permanent total disability and Rs. 25,000 for
partial permanent disability. This insurance cover will be for a period of 12 months and the policy will be taken out by FISHCOPFED in respect of participating state.

There is also the provision for saving cum relief benefit. Under this benefit Rs. 75/- per month shall be collected from eligible marine fishermen for a period of 8 months in a year. A total of Rs. 600/- thus collected will be matched with 50% contribution i.e. Rs. 300/- each by state government and central government separately. The total sum of Rs. 1200/- thus collected will be distributed during the four lean months to the beneficiary in four equal monthly installment of Rs. 300/- each. The interest accrued will also be disbursed with the fourth installment.

This also provides special training regarding fisheries, which cost has been shared on 80:20 bases between the government of India and the state government. In reference of this training every year state should submit proposal before the central government that in such reference the state wants to provide training to their fisherman and the cost of this project will be such.

**Handloom Weaver’s Comprehensive Welfare Scheme**

This scheme has been launched to provide assistance to the handloom weavers. This is a centrally sponsored scheme entailed an expenditure of Rs. 257 crore. This scheme will be implemented by the central government through the help of weaver’s co-operative societies as well as public and Private Sector Corporation.

This scheme provides many kinds of benefits such as- work shed-cum-housing benefit, for which a subsidy of Rs. 7,000/- for rural work shed and Rs. 9,000/- for urban work shed is extended to the handloom weavers. Health insurance benefit, for the reimbursement of the cost of medicine and treatment of diseases like T.B., Asthma upto Rs. 1500/- per weaver per annum, cost of testing of eyes Rs. 40/- and cost of spectacles Rs. 150/- Maternity benefit of Rs.
500/- per delivery twice in life time and Rs. 1,00000, for health centre etc. Accidental death benefit, the death or permanent total disablement will be given to the weavers.

Recently this scheme has been facilitated by LIC and other private insurance companies such as ICICI, Reliance, and TATA-AIG etc.\textsuperscript{73}

5. Concluding Remark

After the broad discussion of overall statutory and governmental regulated insurance and pension schemes in India, the conclusion come out is that the evolution of social security schemes in the form of insurance and pension is not new one step. From the past, these types of schemes are considering necessary for the overall progress of the national economy.

So India introduces these scheme and made necessary change in these schemes from time to time, but these schemes are not satisfying to the people up to final extent. There is need of some broad approach on the part of government in the form of codified law on social security which defines each and every aspect of social security schemes of India including pension and insurance. From the vary beginning, the committees and commission are setting to discuss the present, past and future of social security schemes in India, but these committee give different view and so not any new step taken by the government, the example is introduction of New Pension System through the PFRDA-Bill, which still in pending. The government implements New Pension System but it does not have any legislative backing.

So firstly the governments setup any high power committee, which consist the expert personalities of concerned issues. Than move again to codify the social security laws as a complete code like constitution of India. After that government can introduce some new schemes and properly regulate them with already introduce schemes of insurance and pension.
The schemes must be only of one type that is statutory scheme both formal and informal sector. The government must be only implementing agency both at central and state level with the help state government.
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