The problem of old age protection has been engaging the attention of the economists, the social reformers and the Government for some time. It has assumed importance due to the our developing economy and the consequent industrialisation of the country. This thesis makes a study of the "Administrative and Cost Implications of Paying Retirement and Old-Age Pensions to Industrial Workers of U.P." It has been suggested that the qualifying age for retirement be fixed at 60 and 55 years for male and female workers respectively. However, a retirement test may also be applied to work as a corrective force in the employment situation.

Of the available sources of old age protection to the industrial workers of U.P. viz., the Employees' Provident Fund, the employer-instituted schemes of providents funds, private savings, mutual insurance and life insurance, none provides an adequate protection to them. The U.P. Government has taken a lead in paying Old Age Pensions to the destitutes since 1st. December, 1957; but the amount of pensions is hardly justifiable as an adequate provision for old age. The Study Group have also recommended the conversion of the Employees' Provident Fund Scheme into one of pensions. They maintain status quo in financial matters. I differ with them and am of the opinion that the scheme should be financed by the insured, their employers and the Government so that none escapes the responsibility of providing against old age.

ABSTRACT

The problem of old age protection has been engaging the attention of the economists, the social reformers and the Government for some time. It has assumed importance due to the our developing economy and the consequent industrialisation of the country. This thesis makes a study of the "Administrative and Cost Implications of Paying Retirement and Old-Age Pensions to Industrial Workers of U.P." It has been suggested that the qualifying age for retirement be fixed at 60 and 55 years for male and female workers respectively. However, a retirement test may also be applied to work as a corrective force in the employment situation.

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The proportionate share of the parties should bear a reference to their respective capacities to pay and share in administration of the scheme. Thus, the insured, their employers, the Central and the State Governments should pay in the ratio of 42 : 48 : 6 : 4 respectively. Payment of contributions by the employees would, however, reduce their wages and may affect their standard of living. But, the retirement benefits would recompense this loss in their retired life. Again, the employers' contributions are likely to raise the cost of production by some 1.5%. But, since they can pass it on to the labourers and consumers of their product, this burden will not be felt heavily by them. The States' share being nominal, it would also not burden materially the general tax-payer. The fear that the enforcement of this scheme would hamper foreign trade and check capital formation is merely notional. As a matter of fact, this will lead to investment of enormous pension funds which would provide employment to labour and speed up the process of capital formation.

It is pointed out that the scheme may be financed on an accumulation basis and the fund may be invested in government securities for their comparative safety, even yield and liquidity. The proceeds of such issues should be applied by the Government for the promotion of social and economic utility projects. For the sound administration of the fund, a three-tier Central Board of Investment is recommended.
To reduce the cost of management, it is recommended that the existing machinery of the Employees' State Insurance and the Employees' Provident Fund schemes be integrated and a new pattern of organisation be evolved in which the government representation be reduced and brought in parity with the representation of the insured and their employers.

Thus, the aim of this thesis has all along been to focus attention on the administrative and cost problems and to make suggestions for the feasibility of the scheme.